Shareholder Communication Enhancement (SCE) Project
Implementation of ISO 20022 for General Meetings

High-Level Overview
January 2024

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Content

Introduction

Key Points and Major Changes

ISO 20022 message flows

Xact Web Portal

High Level Implementation Timeline and Communication Plan

Contact Information

Shareholder Communication Enhancement (SCE)

Project background

Challenges with ISO 15022	Advantages of ISO 20022	Outcomes of the SCE project
Risk of low STP rates	Improved automation	Enhancement to the General Meetings process
Lower efficiencies	Enhanced communication capabilities	Rollout of MX messages
Shared MT messages with Corporate Actions	Open for future innovation	Rollout of new GUI module
Increased cost	Global benchmark standard in payments messaging	New DE market process for CBF accounts

Shareholder Communication Enhancement (SCE)

Introduction

🎯 SCE Project

- **Enhancing Clearstream General Meeting services for clients**

- **Allow higher automation and STP rates which cannot be achieved with the current ISO 15022 formats or manual workarounds and processes**

- **Aligned and standardised service level across all Clearstream entities, all asset types and all markets**

> **Today** clients with investment holdings in the respective securities can choose between Clearstream General Meeting services or Clearstream General Meeting services via ISS.

> **From November 2024 on**, the Clearstream General Meeting services will migrate from ISO 15022 to ISO 20022 Swift message structure for all markets and asset classes, including instruction and registration flows, status messages and meeting results, when applicable.

> Clients that do not support the ISO 20022 message format for meeting instructions will be able to use the new GM module of Xact Web Portal as an alternative. All General Meetings will be processed in OneCAS system and be available via Xact Web Portal.

> For General Meeting notifications (seev.001), a coexistence of notification via MT564 will be offered. However, instructions/status updates/meeting results are only accepted or sent in ISO 20022 format / via Xact.

> Improvements for the German Market which enable a full meeting services offering for German assets to CBF customers and introduction of a new market process to connect issuers

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SCE – Clearstream General Meeting Services

OneClearstream – One comprehensive service offering in the future

Markets where proxy services are offered (Clearstream website)

CBF/LuxCSD-issued securities	European markets	Funds transfer agents	Eurobonds issuer agents	Global markets

All meeting events (BMET, XMET, MEET etc.)

All asset classes (Shares, Bonds, Funds etc.)

Clearstream
OneCAS system

Notification:
- seev.001 via Swift FINplus network
- MT564 (coexistence) via Swift network or MQ
- Xact Web Portal

Instruction:
- seev.004 via Swift FINplus network
- Xact Web Portal

CBF/CBF-i Account	CBL Account	LuxCSD Account

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Content

Introduction

Key Points and Major Changes

ISO 20022 message flows

Xact Web Portal

High Level Implementation Timeline and Communication Plan

Contact Information

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SCE – Different ways to process General Meetings

Impacts may vary based on the current setup

CBF/CBF-i Account	CBL Account	LuxCSD Account

**Which proxy voting service do you use?
Are you using a third-party provider?**

Clearstream General Meeting services via ISS

Clearstream General Meeting services

Third-party provider via Power of Attorney

Do you plan to support ISO 20022 messages for GM (seev.001 - 008) by November 2024?

Not yet Yes

1
- Generally, no change to current ISO 15022 or ISO 20022 setup
- Eurobonds in ISO 20022 to be added

2
- MT564 coexistance
- Xact Web Portal

3
- ISO 20022 functionality
- Message subscriptions setup
- RMA key setup

4
- Third-party provider setup stays in place
- Message subscriptions setup
- RMA key setup

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SCE – German Market

A more thorough view on enhancements in the German market

Current process

DE Issuer Agent

Existing market process to go directly to the issuer agent

Clearstream

- Basic notification for CBF accounts
- EN agenda included for CBF-i/CBL accounts

- Highly manual, including old formats (pdf, Email, DAMBA)
- Separate registration via CASCADE RS

Clients

Issuer Agent Interface process

DE Issuer Agent

Clearstream
Issuer Agent Interface

- ✓ DE + EN agenda
- ✓ Standardised approach allows for quicker communication
- ✓ Guaranteed completeness & data quality

Clearstream

- ✓ Standardised message format (STP)
- ✓ Standardised and automated registration (RS) as part of the seev.004
- ✓ Better deadlines for the instructions due to STP
- ✓ Alternative via Xact Web Portal

Clients

- Clearstream has initiated the project **"Issuer Agent Interface"** to improve corporate event communications between issuers, issuer agents, intermediaries and investors
- A "Golden Operational Record (GOR)" for general meeting announcements between issuer and Issuer-CSD

Note: Not all Issuer Agents might be connected to the Issuer Agent Interface for the 2025 season

Content

Introduction
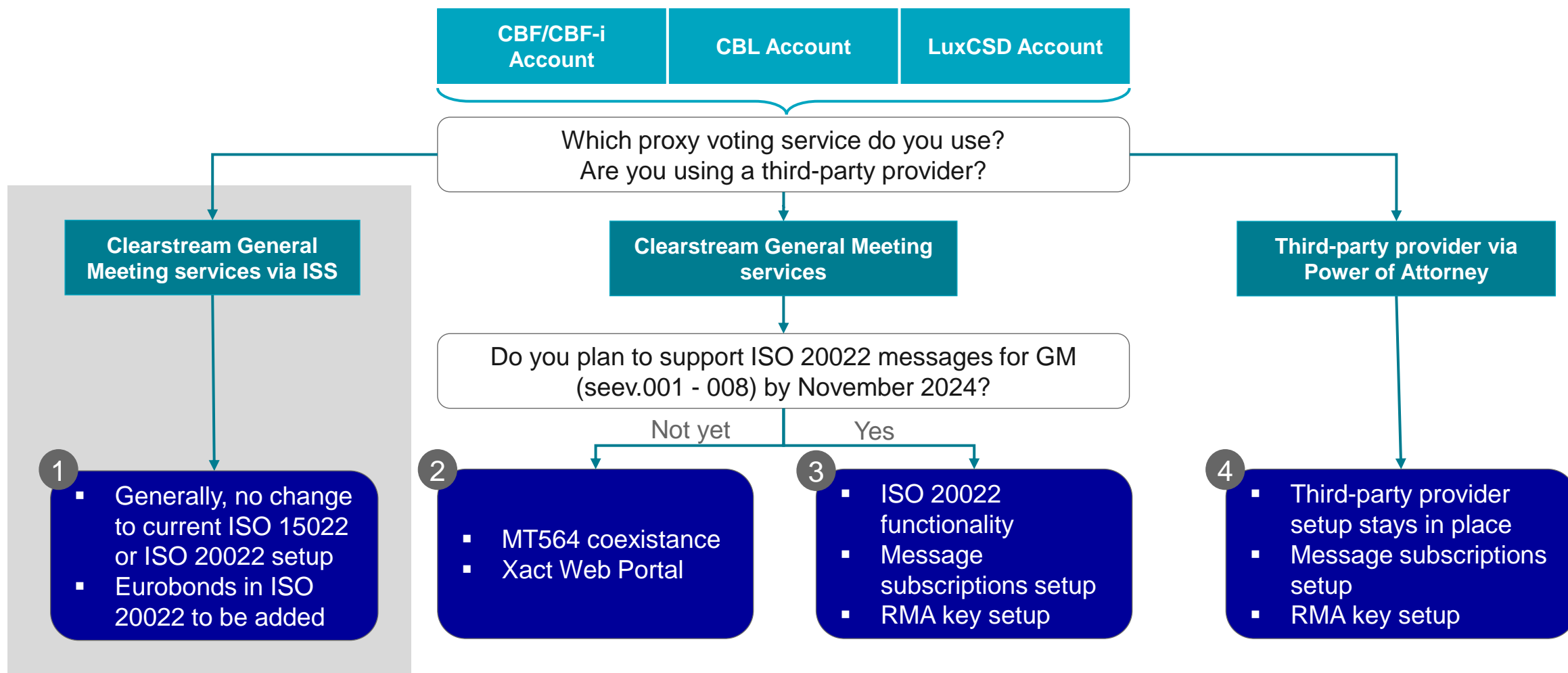
Key Points and Major Changes

ISO 20022 message flows

Xact Web Portal

High Level Implementation Timeline and Communication Plan
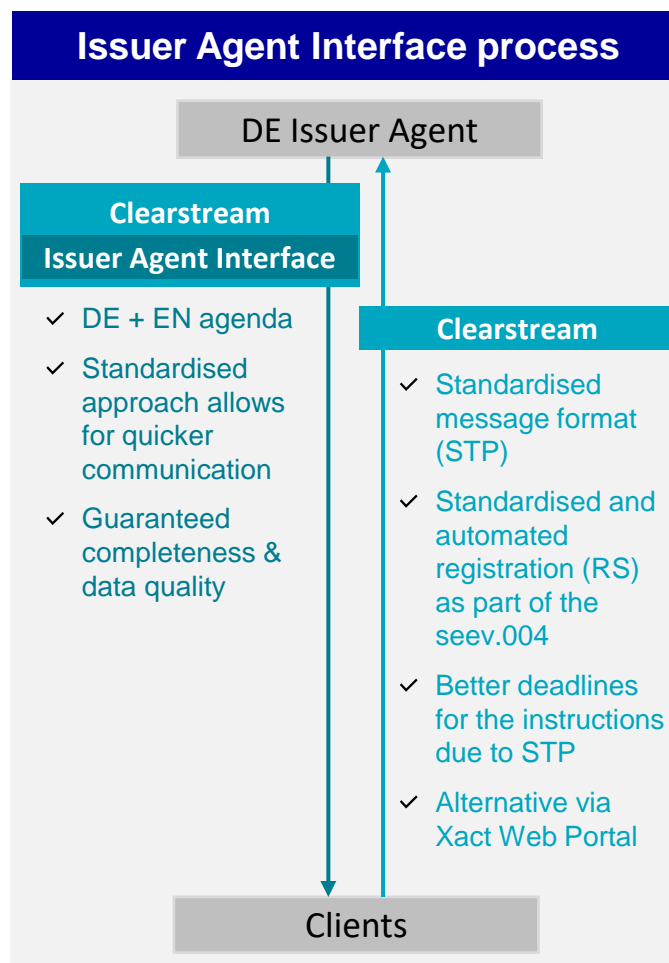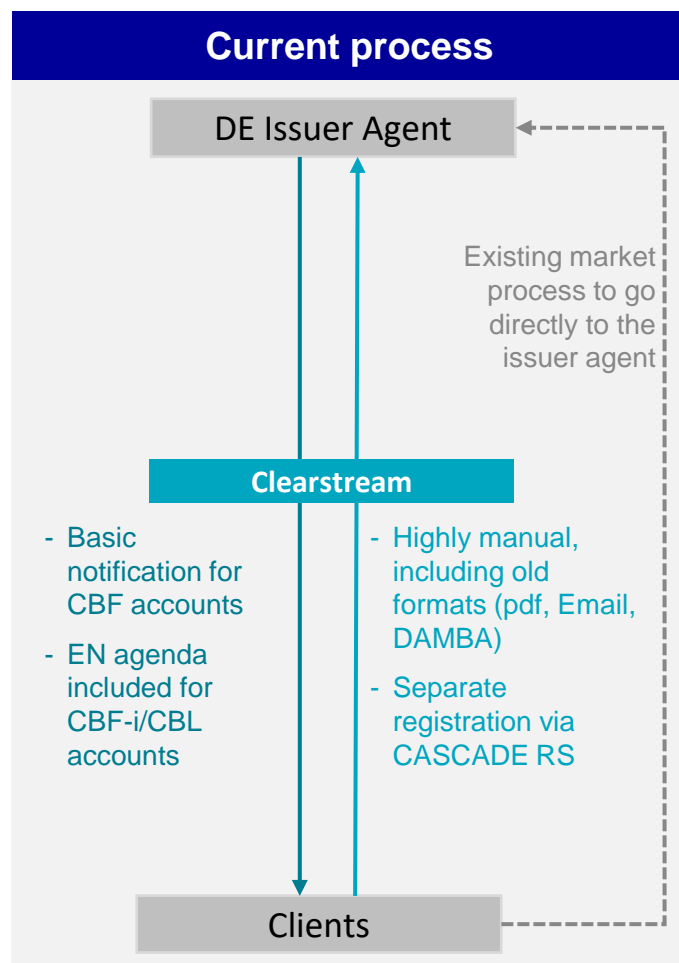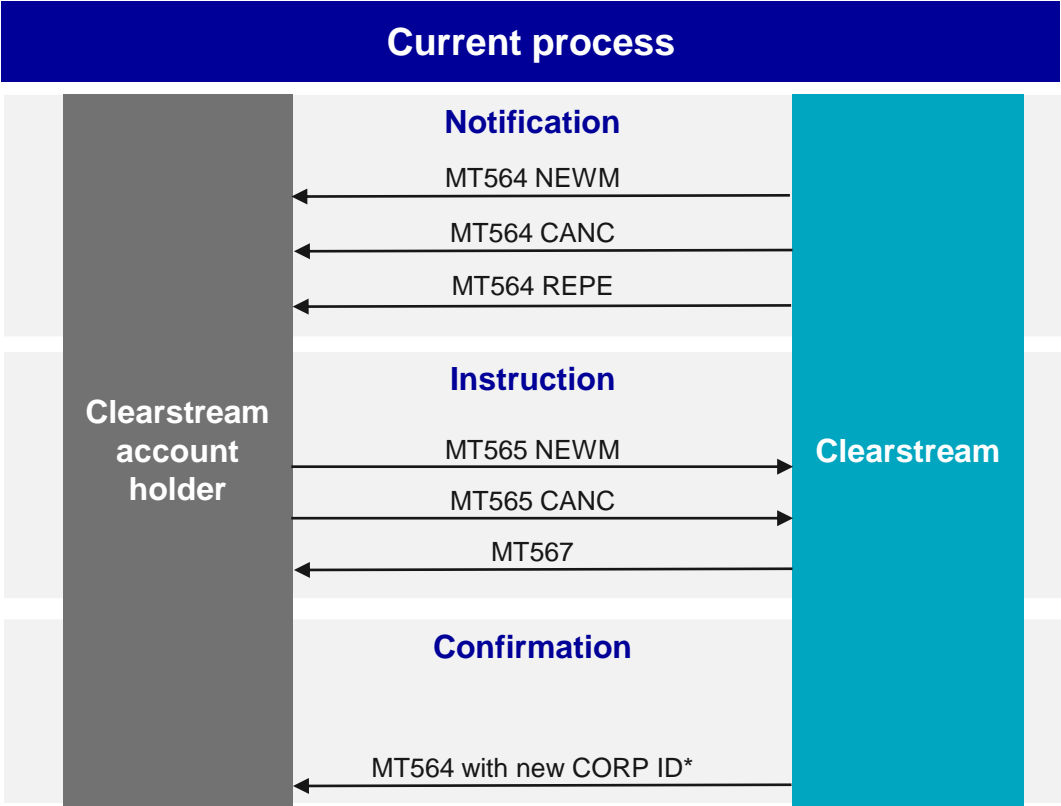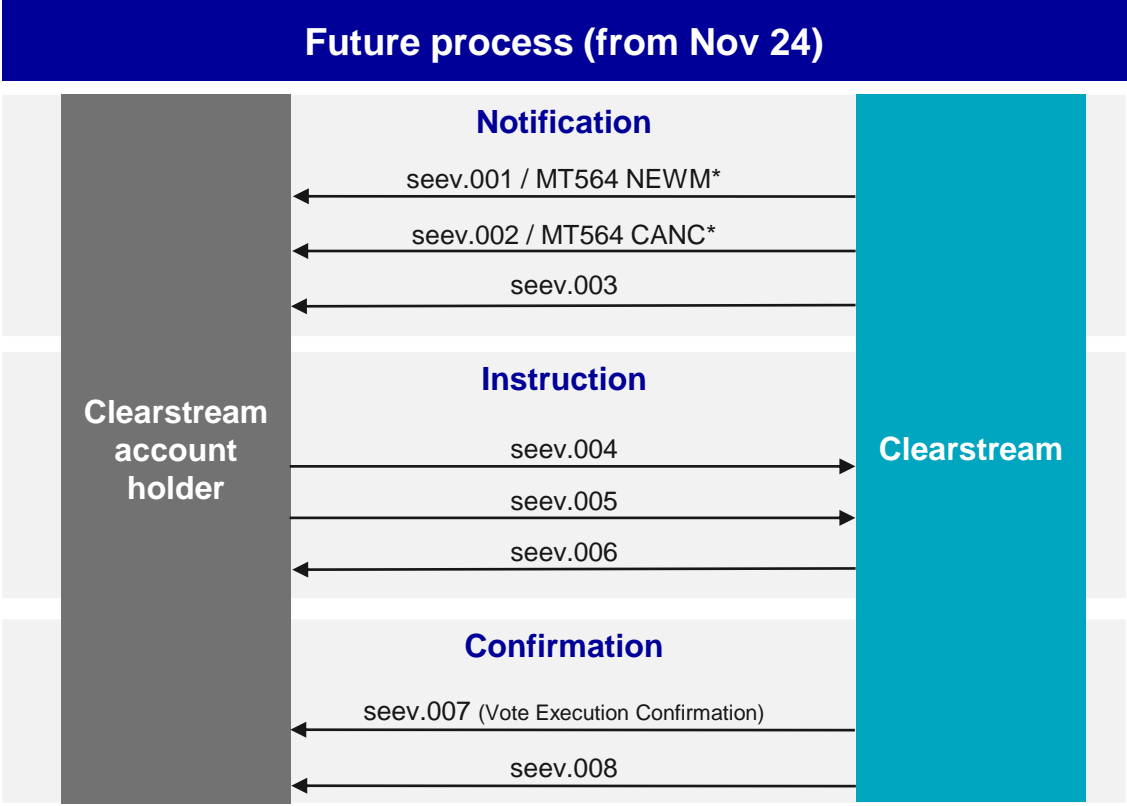
Contact Information

SCE – SWIFT Reporting

General Meetings communication via ISO 20022 and ISO 15022

Current process		Future process (from Nov 24)	
Notification		**Notification**	
MT564 NEWM		seev.001 / MT564 NEWM*	
MT564 CANC		seev.002 / MT564 CANC*	
MT564 REPE		seev.003	
Instruction		**Instruction**	
MT565 NEWM		seev.004	
MT565 CANC		seev.005	
MT567		seev.006	
Confirmation		**Confirmation**	
		seev.007 (Vote Execution Confirmation)	
MT564 with new CORP ID*		seev.008	

Left column: Clearstream account holder ↔ Clearstream

Right column: Clearstream account holder ↔ Clearstream

* Limited to selected meeting events

* Coexistence for MT564 Notification and Cancellation

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10

SCE – Swift Reporting

Meeting Notification (seev.001) & Meeting Cancellation (seev.002)

Meeting Notification (seev.001)

- Clearstream uses multiple sources to create the notification
- One notification is created per Clearstream account
- The resolution is always provided in English language.
  For German securities, the resolution might additionally be received and forwarded in German
- Meeting resolution and vote options are reported in standardised fields (previously in the narrative)

- Clearstream forwards all types of meeting events, however not for every type the instruction process is offered. The participation methods MAIL and VIRT are generally not supported. This is indicated on notification level with the qualifier "Supported by the account servicer" set to *false*

- The Vote Market Deadline is forwarded by Clearstream as set by the issuer
- The Vote Deadline is determined by Clearstream based on the markets' STP-capabilities
- For registered shares, Clearstream indicates via "Registration Securities Deadline" by when a registration has to be instructed
- The "Securities Blocking Period End Date" indicates that Clearstream will automatically block the instructed securities within this period.

Meeting Cancellation (seev.002)

- Clearstream will generally forward any meeting cancellation as received from the market

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SCE – Swift Reporting

Meeting Notification – MT564 coexistence

Approach	- For notifications, there is a parallel coexistence of MT564 messages in addition to seev.001 (and seev.002 in case of cancellation) messages - This MT564 for coexistence is directly mapped from the seev.001. Therefore, differences to today's MT564 can be expected - Please note that coexistence is not planned for other Swift messages (such as instructions/MT565 or status advice/MT567) - English resolution and vote options are displayed in the narrative 70E:ADTX.
Connectivity	- The MT564 coexistence requires a separate and new subscription, which Clearstream will create - Existing subscriptions for CA Notifications are not impacted
Timeline	- As of now, there is no specified end date for the MT564 coexistence - Generally, considering the advantages of the structured messages and overall market tendency towards ISO 20022, we would expect most clients to move to ISO 20022 within few years. It should also be considered that instructions can only be accepted in ISO 20022 format or via Xact Web Portal

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SCE – Swift Reporting

Meeting Instruction (seev.004) & Meeting Instruction Cancellation (seev.005)

General	- A valid instruction requires the usage of the participation method mentioned in the notifications as well as key data such as ISIN, meeting ID, account/ holding information → the full message structure including mandatory fields will be available via Swift MyStandards - Clearstream allows multiple single instructions within one seev.004 message - Vote Execution Confirmation (seev.007) can be requested, but is only available when provided by the market or issuer - For CBF clients, the 7-digit account format should be used - Clearstream prefers the usage of Global Vote Instruction
Instructions in ISO 15022	No instructions in MT format allowed. However, clients have the alternative to create instructions in Xact
German Registered Shares	- If a registration is required, it must be requested via the dedicated registration flag - When a Shareholder Company Register ID is present, registration flag should not be used
Connectivity	- No subscription in Xact Web Portal is required in order to send seev.004/005 - However, instructions are only accepted from a validated BIC of the account owner or appointed third-party service provider - Each instruction should be sent to the CBL-BIC CEDELULLXXX

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SCE – Swift Reporting

Meeting Status Advice (seev.006)

General	▪ The message is sent by Clearstream for each received single instruction or instruction cancellation, including
	    ▪ Once the instruction is received by Clearstream (PACK - Accepted)
	    ▪ Once the instruction has been forwarded to the depository, provider or agent (FRWD – Forwarded)
	    ▪ Once a status message is received back from these parties (RCIS – Received by Issuer)
	▪ Please note that the ultimate status message regarding the processing of the instruction is sent by the depository, provider or agent and merely forwarded by Clearstream

Reason codes	▪ For an accepted instruction, the Processing status code PACK will be reported ▪ In case the holding is not sufficient, the instruction will be recycled for up to 5 days and the pending status LACK (Lack Of Securities) will be reported ▪ In case the instruction does not pass the message validation, the instruction will be rejected, and the respective Reason Code will be reported → A detailed list of validations and reason codes will be provided in the Detailed Functional Specifications
German Registered Shares	▪ In case of a registration only or registration with voting, the processing status REGM (Registered To Participate At Meeting) will be reported. In the status message, Clearstream also adds the "Company Register Shareholder Identification" for events where a registration in CASCADE-RS has been successfully processed ▪ A general rejection code will be used for failed registration requests in CASCADE-RS

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Content

Introduction

Key Points and Major Changes

ISO 20022 message flows

Xact Web Portal

High Level Implementation Timeline and Communication Plan

Contact Information

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SCE – General Meetings ISO 20022
Connectivity Approach – Subscription in Xact Web Portal

Subscription for the new functionality via Xact Web Portal will generally follow the same process:

- From the main menu navigate to **Reporting and Monitoring** => **Manage Report Subscriptions** => **Create**
- In a first step, the usual settings (reporting channel, reporting frequency, included accounts) can be defined
- In a second step (when selecting **Report Details**) additional filters tailored exclusively for General Meeting messages will be available, enhancing user convenience

Filter	Changes
Event type	Choice between all GM event types: BMET, CMET, GMET, MIXD, SPCL and XMET. Multi selection is possible to define for which event types the reporting should be created. The default selection is on "ALL" event types.
SRD indicator filled	Selection is possible to limit the reporting to events where the SRD indicator is filled in the notification provided by the market Note: This indicator is not validated by Clearstream. Based on current market analysis, filtering with this is not recommended by Clearstream
Issuer Market	List of all countries. Multi selection is possible to define for which issuer countries the reporting should be created. The default selection is on "ALL" countries.
Header To BIC	Selection is possible to define the BIC in the message header, e. g. own BIC or third-party provider BIC

SCE – Xact Web Portal

New Module for General Meeting Services

>> All functionalities related to General Meetings will be accessible within a distinct module of the Asset Servicing section.

Meeting Event

- Advanced filters specifically dedicated to General Meetings will allow for convenient and straightforward search of meeting events
- Event Details with comprehensive information about the meeting, providing more user-friendly (standardised) and detailed view
- Creation of a Meeting Instruction possible directly from a selected Meeting Event

Meeting Instruction

- Instructions can be created from scratch or via the selected meeting event
- Instruction screen allows user-friendly way of creating instructions with all relevant information in standardised fields
- Existing instructions (also instructions submitted via Swift) can be queried with "Meeting Events"- (Meeting ID etc.) or "Meeting Instructions"-related (Message Reference etc.) filters
- Details and processing status can be accessed for every instruction
- Cancellation Request or Duplication of the instruction can be done directly in the screen

Meeting Results

- Meeting Results can be directly accessed via a separate submenu
- Advanced filters will allow for convenient and straightforward search
- Meeting Results only available when received from the market

Content

Introduction

Key Points and Major Changes

ISO 20022 message flows

Xact Web Portal

High Level Implementation Timeline and Communication Plan

Contact Information

SCE – General Meetings ISO 20022
High Level Implementation Timeline and Communication Plan

SCE General Meetings ISO 20022	2023			2024											
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Project Timeline 2023-2024															
Overall Project	■	■	■	■	■	■	■	■	■	■	■	■	■	■	
Internal Specification phase	■	■													
Client Testing									▨	▨	▨	▨			
Go-Live														★	
Communication Milestones															
Client Documentation															
Detailed Functional Specifications	■	■	■	■	▨★	▨	▨								
MyStandards (Message structures & examples)	■	■	■	■	▨★	▨	▨								
FAQ (if needed)					▨	▨	▨	▨	▨	▨					
Client Handbook update											■	■	■	★	
Client Testing															
Testing Guide					■	■	■	■★							
Testing Registration and Setup								■★	▨	▨	▨				
Testing Support - queries handling									■	■	■	■			
Client Migration															
Migration Guide							■	■	■	★					
Connectivity forms / Reporting subscriptions							■	■	■	★					
Post-migration support														■	■
Customer Queries Handling via sce-project@clearstream.com	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■

≫ Client communication will be done via Announcements and updates of the Clearstream General Meetings webpage

Content

Introduction

Key Points and Major Changes

ISO 20022 message flows

Xact Web Portal

High Level Implementation Timeline and Communication Plan

Contact Information

SCE – General Meetings ISO 20022
Contact Information

To ensure a smooth transition, your valuable feedback, including any suggestions, questions or concerns, is imperative for us and we kindly ask you to share it **in English**.

When submitting your questions, please **include your Clearstream account,** and **structure your questions** according to below format (best in an Excel file with one question per row):

- Question ID
- Topic
- Related Market/Global Question
- Description/Question

SCE Client Readiness Team

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