



Clearstream Banking S.A. ("Clearstream") and  
Euroclear Bank SA/NV ("Euroclear Bank") hereby announce a

# Joint Invitation

to participate in the 2024 public process of qualification to become:

**Common Depositary, Common Service Provider  
and Common Safekeeper**

## Background Information

1. Clearstream and Euroclear Bank (together the International Central Securities Depositories (ICSDs)) separately provide issuers and financial institutions with highly secure and state-of-the-art settlement systems for a wide range of financial instruments across all major financial markets and operate bilaterally a full delivery-versus-payment electronic link enabling their respective customers to settle cross-border transactions throughout the day, thereby increasing the liquidity available to market participants.
2. The ICSDs jointly support the issuance and the settlement of international securities in Classic Global Note (CGN) form by appointing a network of Common Depositories, to safekeep and service these securities. Common Depositories are appointed by the ICSDs under a Common Depository Agreement.
3. The ICSDs jointly support the issuance and the settlement of international securities in New Global Note (NGN) and New Safekeeping Structure (NSS) form by appointing a network of Common Safekeepers and Common Service Providers to safekeep and service these securities. The Common Safekeepers and Common Service Providers are appointed by the ICSDs under a Common Safekeeper Agreement and a Common Service Provider Agreement, respectively.

## Methodology

4. The ICSDs are now initiating a qualification process for Common Depositories, Common Service Providers and Common Safekeepers, at the end of which qualified institutions will be invited to participate in a tender process that will determine the levels of remuneration for each function.
5. Details about the tender process will be provided to these qualified institutions at a later stage. Completion of the qualification process is targeted for 5 August 2024, with terms of the new agreement effective as of 1 January 2025.
6. Before qualified institutions that are new entrants can go live and start their respective functions, they will have, in the course of 2025, to successfully complete the required ICSDs' trilateral testing of functionalities and to go through the different onboarding stages.
7. Qualification of prospective candidates will be assessed jointly by the ICSDs in a two-stage process.

7.a The first stage of the process will consist of assessing and pre-qualifying prospective candidates against a set of primary qualification criteria (cf. paragraphs 10 and 11 below). The assessment will be made based on a formal application submitted by the candidates using the application form in Annex 1 – together with supporting material – within the predefined timeline.

7.b The ICSDs will invite pre-qualified candidates to participate in the second stage of the qualification process consisting, inter alia, of a formal due diligence process to validate each candidate's ability to meet the secondary qualification criteria (cf. paragraph 12 below).

Final qualification will be subject to approval from both ICSDs.

8. Applications received by the ICSDs after the deadline for submission of applications (cf. paragraph 14 below) will be handled on a best-efforts basis, but without any guarantee that the application can be reviewed by the ICSDs in time and that the candidate that has submitted the application late can/will be able and permitted to participate in the tender process.
9. The ICSDs reserve the right to add or to amend the pre-qualification criteria or the qualification criteria at their sole discretion and in this case will inform candidates prior to the deadline to submit applications and materials or prior to the start of the qualification process, respectively.

## **First stage: Pre-qualification Criteria**

10. Entity that applies to perform the functions of Common Depositary, Common Service Provider and Common Safekeeper<sup>1</sup> must, in order to qualify for the qualification process, show that they satisfy a set of pre-qualification criteria. These criteria are set out in detail in paragraph 11 below.
11. Entity should have experience in corporate trust, paying agency, safekeeping and settlement or show operational synergies and experience in working with independent issuer agency business. As a consequence of the mandate allocation policy (cf. paragraph 13 below), entity must demonstrate that they have a certain level of presence and experience in the capital markets issuer agency business or must have similar experience or capabilities such that the ICSDs can expect material benefit from their appointment, such as economies of scale, superior service quality and synergies. Entity must therefore provide both ICSDs with information evidencing their position as issuer agent or with any other relevant information evidencing and illustrating how their qualification can benefit the services provided by the ICSDs to industry players, thereby in turn also benefitting the industry.

<sup>1</sup> Candidates should be able to perform the three functions.

In addition, the entity should meet all the following pre-qualification criteria:

- the entity shall be a credit institution authorised and supervised in accordance with Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 (CRD) and Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 (CRR) or a third country financial institution that is subject to regulatory and supervisory arrangements at least equivalent to those applied in the European Union
- the entity shall provide the name of the national competent authority having authorised it and supporting evidence of such authorisation
- the entity shall have a minimum credit rating of BBB- (from Standard & Poor's and Fitch) and/or Baa3 (Moody's) and be considered of low credit risk according to the internal rating models of each of the ICSDs. Where entity is a subsidiary and/or does not meet these criteria on its own, a guarantee will be required from a credit institution belonging to the same group of companies that meets these criteria
- the entity shall comply with minimum capital adequacy ratio of at least 10.5% (including the capital conservation buffer), Tier 1 + Tier 2 minimum 8% and Tier 1 minimum 6% (Basel set of measures to strengthen the regulation, supervision, and risk management of banks)
- the entity shall have insurance cover satisfying each of Euroclear Bank and Clearstream; it shall provide details of its insurance type and cover in place (professional indemnity)
- the country of incorporation of the entity shall not be a country under embargo/ sanction by the UN, EU, UK, US, or any other jurisdiction where either or both ICSDs operate, sub-deposit securities, hold cash accounts or enter into contracts for money market or foreign exchange operations
- the country of incorporation of the entity shall not be subject to a call for action from the Financial Action Task Force (FATF) in the context of the fight against money laundering and terrorism financing
- neither the entity nor any of its controlling shareholders, subsidiaries or beneficial owners, in the sense of Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, as amended by Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018, whether intermediate or ultimate, is designated under or subject to economic sanctions laws, including but not limited to any sectoral specific restrictions. Neither is it designated or subject to regulations or other instruments of the UN, the EU, the UK, the US, or other jurisdiction in which either or both ICSDs operate, sub-deposit securities, hold cash accounts or enter into contracts for money market or foreign exchange operations
- no director or board member of the entity, of its parents, ultimate parents and subsidiaries is subject to any economic sanctions laws, regulations or other instruments of the UN, the EU, the UK, the US, or other jurisdiction in which either or both of the ICSDs operate, sub-deposit securities, hold cash accounts or enter into contracts for money market or foreign exchange operations, including but not limited to travel bans

- the entity has adopted an Anti-Money Laundering / Counter Terrorist Financing framework and its policies are consistent with the Wolfsberg Correspondent Banking Principles and the International Securities Services Association (ISSA) Financial Crime Compliance Principles
- the entity has adopted a compliance framework that includes, at a minimum, Anti-Bribery and Corruption, Insider Trading and Market Abuse, Conflicts of Interest, the Prevention of Fraud, and the Prevention of Tax Offences
- the entity has adopted a framework / policy, organisational and security measures which ensure(s) compliance with the European Union General Data Protection Regulation (GDPR) or equivalent data protection laws. Each party shall act as separate independent data controller under the applicable data protection laws for the processing of personal data exchanged in the context of performing the services. This means that each party defines on its own purpose and means any personal data processing and in no event shall be considered as joint controllers. Also, third country entities shall sign with the ICSDs the most recent Standard Contractual Clauses (SCCs) for the transfer of personal data from the EEA Community to Third countries (Module One: controller to controller transfers)
- the entity has adopted a framework, policy and controls (including screening), regarding compliance with sanctions that includes, at a minimum, sanctions issued by the UN, the EU, the UK, the US, or any other jurisdiction applicable to it; and its controlling shareholders
- the entity shall be incorporated in a country which settlement currency is eligible in both ICSDs
- the entity shall have in-house secured physical vaults meeting the highest security standards and indicate the location of the vaults to assess any relevant risk; the country of location of the vaults shall comply with any of above criteria applicable to the country of incorporation
- the entity shall adhere to SWIFT standards, as may be amended from time to time
- the entity shall comply with SWIFT's Customer Security Program controls, as may be amended from time to time
- the entity shall have a robust accounting system and adequate internal controls
- the entity has adopted a risk management framework including business resilience framework, Business Continuity Plan and Disaster Recovery Plan which are regularly tested
- the entity has adopted a cybersecurity framework
- the entity has adopted an Environment, Social and Governance (ESG) framework;

The ICSDs will assess whether entity satisfies these criteria based on the completed application form and materials submitted. If deemed necessary, satisfaction of these criteria by pre-qualified candidates will be subject to a more in-depth assessment and validation by the ICSDs during the second stage qualification process.

## Second stage: Secondary Qualification criteria

12. During the qualification process, candidates to the functions of Common Depositary, Common Service Provider and Common Safekeeper will have to confirm their acceptance and compliance with the standard legal and operational requirements of the ICSDs, in line with the relevant legal agreements and manuals of procedures which they will have received in advance. Operational requirements include amongst others:
- the entity shall describe how it plans to grow international securities issuance held in the Common Depositary structure as well as the targeted regions over the next 5 years. The plan should detail actions taken/to be taken to promote Eurobonds to issuers including bare<sup>2</sup> depot
  - the entity shall confirm its capacity to adhere to the terms of the ICSDs service levels as set out in the current relevant legal agreements and manual of procedures. The entity shall also confirm its willingness to make eventual adaptations to their services provided to the ICSDs in order to support the future development and growth of the ICSD service relating to international securities held in the common depositary structure
  - the entity shall confirm that its external auditor reviews annually the adequacy and effectiveness of the internal controls relating to the provision of services provided under the relevant legal agreements and manuals of procedures:
    - for any existing Common Depositary, Common Service Provider and Common Safekeeper: please provide a comfort letter, ISAE 3402 report or equivalent from your external auditor for the latest financial year
    - for new applicants: please provide such comfort letter the year following the implementation (start of operation as Common Depositary, Common Service Provider and Common Safekeeper)
  - the entity shall confirm that independent audit controls of vaults/secure rooms and sub-deposit locations are performed at least annually
  - for any existing Common Depositary, Common Service Provider and Common Safekeeper, entity shall confirm that the information and material collected in the latest due diligence/service review done by each ICSD is still up to date and entity shall describe any material change arising after this review

2 Bare depot: when the Issuer Paying Agent is not the same entity as the Common Depositary

## Mandate Allocation

**13.** The ICSDs will jointly publish, ahead of the tender process, the allocation policy for future mandates of Common Depositary, Common Service Provider and Common Safekeeper. The policy will be articulated around the principle of, wherever possible, maximising synergies with the institutions acting as agents of the issuers and can be summarized as follows:

- Common Depositary and Common Service Provider mandates will be allocated by giving priority to the qualified institution acting as, by order of priority:
  - Registrar or Transfer Agent
  - Issuing & Paying Agent, Principal Paying Agent, or Fiscal Agent
  - Conversion Agent, Exchange Agent, or Warrant Agent; and
  - any other issuer agent function
- Common Safekeeper mandates will be allocated by giving priority to the institution appointed as Common Service Provider, except for securities issued in NGN form that are potentially eligible as collateral for Eurosystem monetary policy or intra-day credit operations, where the Common Safekeeper role will be performed directly by Clearstream or Euroclear Bank
- where no operational synergy between issuer agents and Common Depositaries, Common Service Providers or Common Safekeepers can be found, the ICSDs will allocate the mandates at their discretion, as applicable

## Timetable

**14.** All times mentioned refer to Central European time (CET).

<b>3 April 2024</b>	Initiation of the qualification process for the three functions.
<b>3 May 2024</b> (18:00)	Deadline for candidates to submit applications and materials satisfying the pre-qualification criteria.
<b>24 May 2024</b>	Clearstream and Euroclear Bank inform candidates of the first stage pre-qualification process results. Start of the second stage qualification process (due diligence) for pre-qualified candidates.
<b>21 June 2024</b> (18:00)	Deadline for qualification for candidates to submit applications for qualification process / due diligence.
<b>5 August 2024</b>	Clearstream and Euroclear Bank inform pre-qualified candidates of results of second stage qualification process.
<b>9 September 2024</b>	Start of tender process for qualified candidates.
<b>1 January 2025</b>	Implementation of new contractual framework, including pricing*

\* New providers onboarding will start in the course of 2025.

The ICSDs reserve the right to amend the timings and deadlines in this public invitation as well as to stop the qualification process without providing any reason for it. In such a case no applicant can claim to be reimbursed for any costs incurred in connection with participating in the qualification process.

## Further Information and Application

15. All interested parties are invited to send their official applications, by using the form in Annex 1, to each ICSD on company's letterhead by close of business (18:00 CET) on 03 May 2024, including comprehensive information and supporting materials relevant to paragraph 11 (pre-qualification criteria). Applications must be sent via email containing a copy of the signed version of the application duly filled in) to each ICSD:

to:

● [2024CDQualification@clearstream.com](mailto:2024CDQualification@clearstream.com)

and


● [2024CDQualification@euroclear.com](mailto:2024CDQualification@euroclear.com).


**Note:** if required by the entity's internal policy, originals may also be sent to the ICSDs via registered mail/DHL to the below addresses and individuals (Françoise Pihoué for Clearstream and Alain Discart for Euroclear Bank).

Applications received by the stipulated deadline will be acknowledged by each ICSD.

The ICSDs will keep the received applications confidential and will not disclose information of a confidential nature contained therein, unless required by court order or by a regulatory authority having competent jurisdiction and the order or request complies with applicable procedures and law or regulations.

*If the process following your reply to this invitation to tender (including the tender process) involves the recording and processing of personal data (such as your name, address, email, CV), such data will be processed pursuant to Regulation (EU) No. 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data ("EU GDPR"), Unless indicated otherwise, your replies to the questions and any personal data requested are required to evaluate your application in accordance with the specifications of the invitation and will be processed solely for that purpose by Clearstream and Euroclear Bank. Details concerning Clearstream's and Euroclear Bank's processing of your personal data as suppliers are available on the privacy notice on the Clearstream and Euroclear internet site.*

[Privacy Policy \(clearstream.com\)](#) 

[20.11.2017 - Privacy Notice for Suppliers \(Def.\) \(euroclear.com\)](#) 



16. For any questions relating to this public invitation, including a more detailed description of the roles and responsibilities of Common Depositaries, Common Service Providers and Common Safekeepers, interested parties are invited to contact Clearstream and Euroclear Bank at the following addresses:

**Clearstream Banking S.A.**

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