

LuxCSD

Your gateway to a world of securities and investment funds



LuxCSD - Shaping the future for you

Creating solutions

LuxCSD provides the financial community with issuance, Euro central bank money (EUR CeBM) settlement and asset servicing for a wide range of securities including investment funds.

The development of TARGET2-Securities (T2S), together with other significant market and regulatory initiatives, was the key driver for introducing EUR CeBM settlement in Luxembourg.

LuxCSD will provide a national access point to T2S both from an issuance and a custodian perspective. Thus, it is playing a key role in ensuring Luxembourg's marketplace remains competitive in the future.

Global reach

LuxCSD allows seamless interoperability with Clearstream's International Central Securities Depository (ICSD), thereby providing access to a wide range of markets and counterparties both international and domestic.

Thus, LuxCSD is offering an 'ICSD service level' in EUR CeBM through the same proven infrastructure as Clearstream's ICSD. In other words, Clearstream's customer base can benefit from EUR CeBM settlement at no migration cost.

Local banks, custodians and distributors across Europe can take advantage of our excellent added-value services built on a highly efficient settlement process with access to many counterparties globally.

Efficiency

LuxCSD is a key element to reinforce and shape the future of Luxembourg's leading investment funds centre. Its centralised facility for issuance, settlement and asset servicing is playing a key role in further streamlining Luxembourg's investment funds processing infrastructure.

LuxCSD will provide the investment funds market with an access point to T2S in the same way as it does for other asset classes.

Security

LuxCSD delivers settlement of securities transactions in EUR CeBM. This adds an important complementary feature to the Luxembourg financial centre going forward and reduces risk for financial market participants.

LuxCSD is registered in Luxembourg, one of the world's safest regulatory environments for the management and custody of collateral. Its founding shareholders, the Banque centrale du Luxembourg (BcL) and Clearstream International, further contribute to the stability and safety of the entity.

Access to liquidity

Via LuxCSD, access to Central Bank money (CeBM) and Commercial Bank money (CoBM) is facilitated through a single platform. Primary market distribution via LuxCSD is executed efficiently and in CeBM with access to a maximum quantity of available liquidity. For refinancing purposes, both LuxCSD and Clearstream¹ provide access to a network of central banks.

The European Central Bank (ECB) has acknowledged that LuxCSD securities can be designated as "eligible" in the Eurosystem for collateral purposes provided that the securities fulfil specific criteria defined by the ECB.

Main driver

LuxCSD has been created within the context of the future implementation of the Eurosystem's T2S initiative.

T2S will bring a single integrated process across Europe for delivery against payment (DVP) settlement in EUR CeBM. LuxCSD offers Issuer CSD services for Luxembourg issued securities, and Investor CSD services for securities held at other (I)CSDs.

LuxCSD, as "Issuer CSD", provides the safekeeping and the servicing of eligible securities. The LuxCSD Principal Agent (LPA) is appointed by the issuer to provide the link between the issuer and LuxCSD thereby ensuring timely and accurate processing of the security.

LuxCSD, as "Investor CSD", has an account with Clearstream¹ and other (I)CSDs that allows Investor CSD services to be provided to participants based on these links and in line with the service levels agreed between LuxCSD and its partners.

¹ Clearstream Banking S.A. refers to Clearstream Banking, société anonyme, registered office at 42, avenue John F. Kennedy, L-1855 Luxembourg and registered with the Luxembourg Register of Commerce and Companies under number B-9248 (CBL)."



Issuance

LuxCSD delivers a comprehensive range of services which is provided in connection with the ISIN numbering, eligibility assessment, issuance and distribution of new issues.

When accepting new issues, LuxCSD assists lead managers, lawyers and issuing agents. LuxCSD reviews issue structures and can provide additional information on operational procedures for specific features or requirements of new issues. LuxCSD also advises on the documentation of these procedures in the Offering Memorandum, Prospectus and Agency Agreement upon submission for review.

LuxCSD offers Issuer CSD services to issuers located worldwide seeking to launch securities governed under a wide range of eligible jurisdictions.

LuxCSD offers Investor CSD services for securities held at other (I)CSDs including a full "DVP" link with Clearstream¹.

LuxCSD Principal Agent

LuxCSD Principal Agents (LPAs) are appointed by issuers in order to ensure efficient communication with LuxCSD and the delivery of consistent and effective services to support securities issued in LuxCSD.

Settlement

LuxCSD offers against payment settlement services in EUR CeBM for internal settlement between two LuxCSD counterparties. Thanks to seamless interoperability with Clearstream across all asset classes, LuxCSD customers will be able to settle delivery against payment (DVP) in EUR CeBM, in multiple (non-EUR) currencies in CoBM or free of payment (FOP) with a Clearstream¹ counterpart. In addition, LuxCSD customers have access to Clearstream's global ICSD network of over 50 domestic markets through DVP access to domestic counterparties.

Eligible currencies

LuxCSD supports issuance of securities denominated in multiple currencies with settlement services in EUR CeBM and other currencies in CoBM via cash accounts at Clearstream¹.

Eligible security types

LuxCSD eligible securities include debt, money market and equity instruments, as well as structured products and investment funds. These may be new issues or pre-existing securities that fulfil the necessary criteria for acceptance into the LuxCSD system.

LuxCSD, as Issuer CSD, offers a flexible approach over the form in which new securities can be accepted:

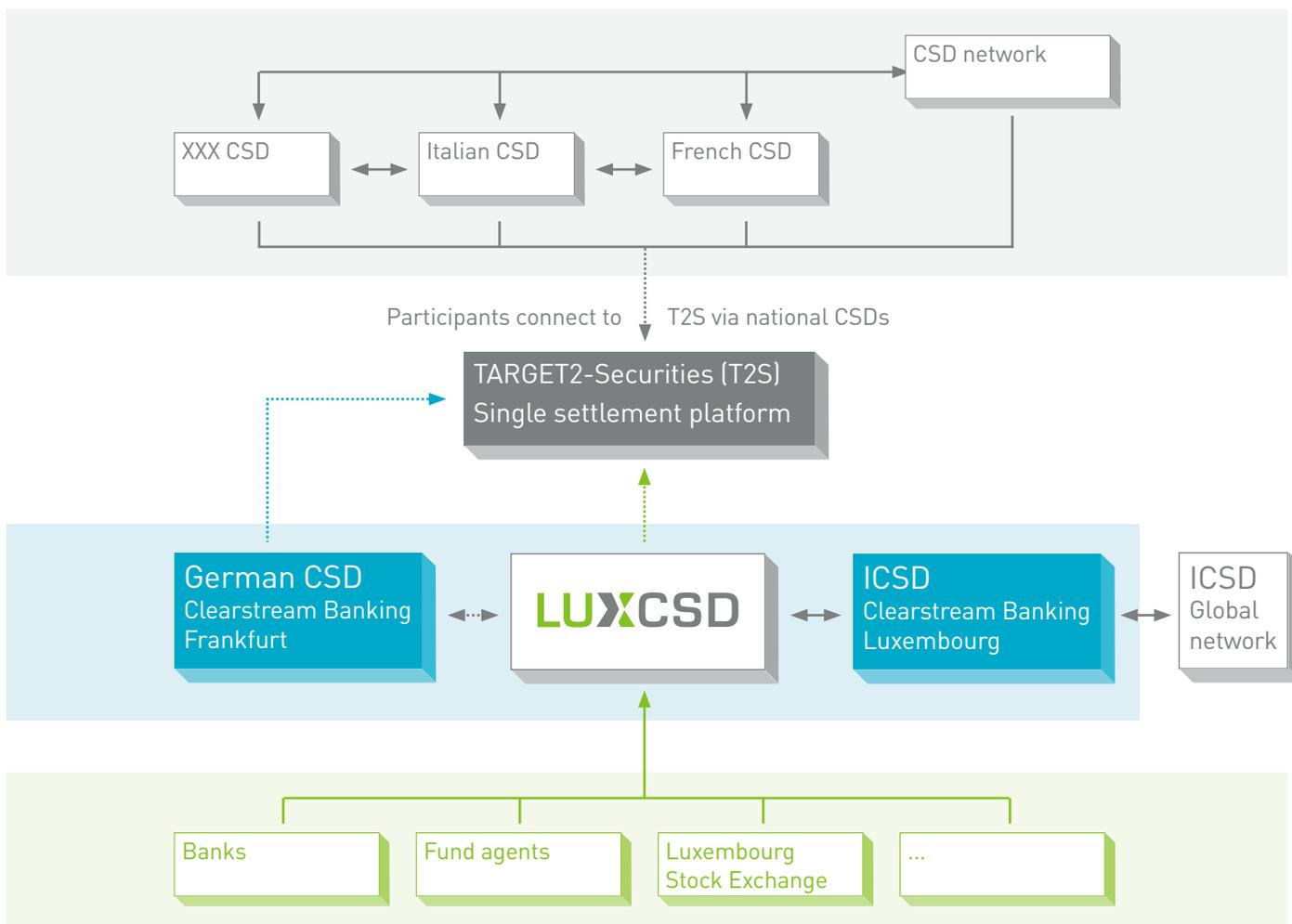
LuxCSD Bearer Global Note (LBN)
LBN is a security represented by a global certificate that refers to the records of LuxCSD for evidence of the total indebtedness (that is, the Issue Outstanding Amount - IOA) of the issuer.

LuxCSD Registered Global Note (LRN)
LRN is a security represented by a global certificate that shall be registered in the name of LuxCSD in the books of the registrar.

LuxCSD Dematerialised Note (LDN)
LuxCSD will support dematerialised securities as soon as the law in Luxembourg has completed its parliamentary process and is implemented. LDN will be a security represented by book entries in LuxCSD and recorded as such in the books of the "teneur de compte central" (TCC). Depending on the instrument, the TCC may be LuxCSD itself or a third-party registrar.

LuxCSD also supports securities eligible in **Clearstream's ICSD (CBL)**. This covers international securities issued through the ICSDs as well as most domestic securities issued in over 50 markets to which CBL has a link.

LuxCSD - your gateway to T2S and the worlds of both ICSD and CSD networks



Key benefits

LuxCSD issuers benefit from

- Maximum access to liquidity via a partner that is able to deliver a full set of new issuance services allied to a global liquidity hub
- Reduced risk through the use of established platforms in a known environment with settlement in EUR CeBM or any currency eligible in Clearstream²
- Eligibility of instruments as collateral for Eurosystem refinancing operations (under development), subject to Eurosystem criteria

- No eligibility, numbering or issuance fees charged by LuxCSD
- Standardised, secure and automated SWIFT-based communication with LuxCSD via qualified LuxCSD Principal Agent (LPA)
- A "single point of access" via a common platform with agents, issuers, lead managers and investors
- Luxembourg as a strong financial centre with an established regulatory and financial environment.

In addition, LuxCSD customers benefit from the most attractive access to the worlds of both ICSD and CSD counterparts and securities:

- A common platform with agents, issuers and investors
- The ICSD's global network of over 50 domestic markets for DVP and FOP settlements for a range of domestic securities
- Multi-currency settlement
- Direct access to T2S CSDs in the future.

² Clearstream Banking S.A. provides a gateway to over 40 currencies which are defined as commercial bank money (CoBM)



Investment funds services

LuxCSD provides services for the routing of investment fund orders and acts as a centralised facility for the issuance, settlement and custody of investment funds. LuxCSD offers automated order routing services for investment fund shares through Vestima. It provides a single entry and reception point for domestic, international and offshore funds, allowing orders and order confirmations to be submitted, validated and routed to the relevant recipient.

LuxCSD offers standard settlement services based on the synchronous exchange of cash in EUR CeBM and LuxCSD-eligible investment fund shares between distributors and the fund settlement agent within LuxCSD. Settlement in currencies other than the EUR in CoBM is also possible via cash accounts at Clearstream¹.

Seamless and efficient

Fund distributors can use the same account for their LuxCSD qualified investment fund shares along with other securities. Alternatively, they can open a designated LuxCSD account to hold such shares exclusively.

For fund providers and transfer agents, LuxCSD is minimising the impact of T2S by providing them with access to

CSD settlement in EUR CeBM through proven fund issuance mechanisms.

Transparency - Position holding in the register

Optimised reconciliation processes with LuxCSD transfer agents contribute to the settlement of orders in alignment with the relevant investment fund register.

LuxCSD acts as custodian for its customers and holds the total of its customer's positions as nominee in an omnibus account, recorded in the investment fund register under the name of LuxCSD. As registered shareholder in the fund, LuxCSD receives the shareholder information from the investment fund.

LuxCSD maintains the individual position of LuxCSD customers and distributes shareholder information accordingly.

Asset Servicing

LuxCSD offers a full set of asset servicing for securities accepted and held by LuxCSD with service levels modelled on international standards and delivered based on the infrastructure of an award-winning and class-leading ICSD.

The services include:

- Handling of exchanges
- Income events and redemptions
- Corporate action events
- Exercise of rights and warrants as instructed by the customer
- Tax and proxy voting services.

LuxCSD customers can hold LuxCSD-issued securities and a wide range of securities from other markets on their LuxCSD accounts.

Counterparty reach

Issuers will have access to all LuxCSD counterparties and participants that hold accounts at both ICSDs. This includes over 2,500 entities including central banks, supranational organisations, central securities depositories, commercial banks and other financial institutions from around the world.

Investors will have access to all LuxCSD counterparties and participants that hold accounts at both ICSDs as well as local counterparties in 50 domestic markets around the world that are accessed via Clearstream¹.

Expertise

LuxCSD is able to leverage over forty years experience and knowledge of an industry-leading ICSD to deliver flexible, efficient and complete new issuance facilities as well as "best in class" settlement and asset servicing.

LuxCSD is working closely with its partner Clearstream¹ in order to leverage its expertise to develop collateral management services.

Contact information

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For information on the **LuxCSD Operating Arrangements, for Issuers & Agents**, please [click here](#).

For information on the **LuxCSD customer handbook**, please [click here](#).

For information on **Luxembourg for Finance**, please [click here](#).

For information on the **Association of the Luxembourg Fund Industry (ALFI)**, please [click here](#).

For information on **the Banque centrale du Luxembourg**, please [click here](#).

For information on **Clearstream**, please [click here](#).