

Further changes related to Clearstream Banking November Release 2013

Effective,

Monday 18 November 2013

as part of Clearstream Banking's¹ ongoing commitment to the timeliness and quality of our services to customers, we will implement enhancements to our existing services. The services impacted and details of the enhancements can be found below.

Custody services and Connectivity

Major enhancements will be made to our MT564 Corporate Action (CA) Notifications, Income Pre-Advice Report (IPAR) and MT566 CA Confirmations. Changes will be offered through all existing connectivity channels, as follows:

- New event types will be reported in order to reduce the usage of OTHR events.
- Income and Corporate action events relative to the same security will be linked. It will allow for example, to know there is a corporate action "Default" at the same time as a coupon payment.
- MT564 notifications will be improved by reporting "Dissenter's rights" for mandatory events in a structured field.
- A new qualifier ITYP containing the IRS classification of the revenue will be added.
- Confirmation of payment messages will be aligned with Securities Market Practice Group (SMPG) recommendations and CA Notifications (MT564).
- The linkage between CA Confirmations (MT566) and CA Notifications (MT564) will be improved.
- MT566 CA Confirmations will be generated for tax refunds.
- An additional IPAR will be run at 08:00 CET.

1. Clearstream Banking refers to Clearstream Banking S.A., 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).

Event coverage extended

In order to reduce the number of OTHR events, new event types (CAEV) will be added in the scheduling of an MT564/568 CA Notification, IPAR and MT566 CA Confirmation (as and where applicable). The table below shows the new event types that will be added:

ACTV (Trading Status Active)	This event type will be used when trading in the security has commenced or has been reactivated.
ATTI (Attachment)	This event type will be used to announce a combination of different security types to create a unit.
DETI (Detachment)	This event type will be used to announce a separation of components that comprise a security.
DLST (Trading Status Delisted)	This event type will be used when the security is no longer able to comply with the listing requirements of a stock exchange and is removed from official board quotation.
DVSC (Scrip Dividend /Payment)	This event type will be used to announce scrip dividends.
INCR (Increase in Value)	This event type will be used for an increase in the face value of a single security.
ODLT (Odd Lot Sale / Purchase)	This event type will be used for sale or purchase of odd-lots to/from the issuing company.
PLAC (Place of Incorporation)	This event type will be used to announce a change in the state of incorporation for US companies and a change in the place of incorporation for foreign companies.
PPMT (Instalment Call)	This event type will be used to announce an instalment towards the purchase of equity capital, subject to an agreement between an issuer and a purchaser.
REMK (Remarketing Agreement)	This event type will be used to announce a purchase and sale of remarketed preferred equities/bonds through the negotiation of interest rate between the issuers and the holders.
SMAL (Smallest Negotiable Unit)	This event type will be used in case of modification of the smallest negotiable unit of shares. This event type will be used in case of modification of the smallest negotiable unit of shares.
SUSP (Trading Status Suspended)	This event type will be used when the trading in the security has been suspended.

Customer benefit

New event types in corporate action notifications will increase the straight-through processing (STP) rate.

Enhanced content in event notifications and confirmations

The content of MT564 CA Notifications, Income Pre-Advice Reports (IPAR) and MT566 CA Confirmations will be enhanced in all connectivity media:

- A new field “Dissent” on mandatory CA events will be reported in sequence D:22F::OFFE//DISS on the MT564 CA Notification. It will notify the customer of their right to refuse a mandatory event. The impacted events are:
 - MERGER/MRGR-MAND
 - EXCHANGE/EXOF-MAND
 - STOCKDIVIDEND/DVSE-MAND
 - REVERSE SPLIT/SPLR-MAND
 - BONUS/BONU-MAND
 - SPIN-OFF/SOFF-MAND
 - SPLIT/SPLF-MAND
 - Payment in Kind/PINK-MAND
- The linkage section of corporate action notifications will be enhanced in order to be able to automatically link income events (INTR, DVCA, CAPD, CAPG, SHPR, DRAW, PCAL, PRED, MCAL, REDM, DECR and DRCA) with on-going corporate action events on the same security and vice versa. The linkage section of MT564 is also improved when an event has been withdrawn and replaced.
- The linkage of MT566 will be improved. Field:20C::PREV in sequence A1 will contain the senders' reference (:20C::SEME) of the previously sent MT564 or MT566 message (this applies to SWIFT messages only). A previously sent MT564 message is the last MT564 (either CA Notification or IPAR), sent for the same BIC address and for the same safekeeping account (:97A::SAFE). If no message is found for the same BIC and account combination, the field :20C::PREV will not be sent. In the case of reversals, field :20C::PREV refers to the previous MT566.
- MT566 confirmations will be aligned with SMPG recommendations and MT564 notifications. For details of changed fields please refer to [Announcement A13075 Changes related to Clearstream Banking November Release 2013 dated 17 May 2013](#).
- The IRS income classification for income events on the US markets will be shown on the MT564 and MT566 CA Confirmation reports, in sequence D2/E2 (Cash Movement). This applies to all formats: ISO and PDF. This field will be present for event types DIVIDEND, CPNSTR, CPNFLR, with Country of Tax = US and Taxability flag = Y. For details regarding the classification please refer to [Announcement A13075 Changes related to Clearstream Banking November Release 2013 dated 17 May 2013](#).

Customer benefits

- More detailed information is provided in the notification.
- Quality enhancements are delivered through all connectivity media.

Scheduling of reports

A new IPAR message will be generated at 08:00 CET. This new intraday IPAR will be added to the existing intraday batches running at 11:00,14:00 and 16:00 CET.

Customer benefits

- Increased timeliness in availability of information.
- Quality enhancements are delivered through all connectivity media.

CreationOnline

Significant enhancements will be made in CreationOnline and CreationDirect via Internet to improve efficiency:

- The following warning message will appear in CreationOnline when customers create unsolicited CA instructions: "Clearstream Banking recommends to carefully read the proposed options included in the notification before creating an unsolicited instruction and to use the "respond" button when activated".
- A new flag will be added to the MT564/568 CA Notification report scheduling and CA reference data screen to allow the customer to exclude income events with securities in default. The CAEV of the impacted events are: INTR, DVCA, CAPD, CAPG, SHPR, DRAW, PCAL, PRED, MCAL, REDM, DECR and DRCA.
- The new purpose code "Decrease in value" will be added in CreationOnline Cash Post Release screens for payments done for Decrease in value events.
- The CreationOnline dashboard for TEFRA events relating to notifications of Certifications requests for securities falling under TEFRA D rules will be enhanced.

A new sub-balance will be introduced in CreationOnline and reports. This subtype will advise the customer if a position is blocked because NOQU was certified or because the customer forgot to certify and CBL blocked the position. The sub-balance "Blocked for Certifications" will be added to the list view field Balance Type to show relevant positions.

- The subscription options of the Urgent Uninstructed Report will be enhanced in order to allow customers to subscribe by event type and to select the reporting period.

The current selection by event group (Corporate Actions / Tax Certifications) will be maintained, and the user will be able to do the event selection by event group, or by individual event type (one or the other).

- The CA instruction screen on COL will be enhanced in order to allow selection of all ISO countries on the beneficial owner tab.
- Today customers can upload a CSV file with up to 100 instructions via CreationOnline. This service will be enhanced by introducing a similar functionality for CreationDirect via Internet (CDI). The new service will significantly increase (up to 10,000) the number of custody instructions that can be submitted by the users via a CSV file. The file will be validated and forwarded for processing.

Customer benefits

- Increased quality through more granular reports and refined user management.
- Reduced risk through usage of respond button in CreationOnline.

Tax Services

Tax refund payments will generate MT566 confirmation messages

The MT566 confirmation messages will be reported with the CAEV of the original income event. A new qualifier TXRC, Reclaim of Taxes Amount will be used in field :19B::TXRC// (Reclaim of Taxes Amount) and field :92A::TXRC // (Reclaim of Taxes Rate) in subsequence D2-Cash Movements to report the Reclaim of Taxes Amount/Rate in case of Tax refund payment. In addition the business process indicator will be set to TAXR (:22F:: ADDB//TAXR) to indicate that the confirmation is related to a tax refund.

Improvements to reporting and processing of dividend payments on Canadian shares held on the US market

For Canadian securities held in the U.S.A. the 25% default rate will be taken into consideration and will be reported in a structured field on the MT564 Income Pre-Advice Report (IPAR). No certification request will be generated.

Enhancements to certification requests and tax specificities following the new Spanish law (RD1145/2011)

The certification process will be enhanced by sending the appropriate certification request to customers based on the tax specificity of the underlying security.

Customer benefits

- Tax refund payments reported through structured message.
- Improved tax information for US income events.
- Increased quality through more granular reports.

Cutover

In general for all of the new services described above no special cutover is required. The enhanced reports will be generated automatically for all customers from 18 November 2013. Customers need to review their scheduling of reports in CreationOnline in order to benefit fully from the enhancements offered (for example, include the new event types in their scheduling of reports). More detailed information on report scheduling namely for the CIRPR and CACONF report will be provided in the detailed release information planned for September 2013.