

LuxCSD Investor-CSD Functional specifications - Austria - OeKB

Introduction

This document describes the market specific processes in the given market that deviate from the generic processes and services as described in the LuxCSD Customer Handbook for the LuxCSD customer 48xxx accounts.

LuxCSD introduces a new link to OeKB through CBF for all securities made TARGET2-Securities (T2S)-eligible by OeKB as Issuer-CSD.

Market access

Market link overview

Asset coverage	Securities primarily deposited with OeKB
Settlement link	LuxCSD has a direct account at CBF
Asset servicing provider	CBF
Withholding tax agent role	n/a

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Settlement

Customers will have access to the Austrian market and can therefore access counterparties located in OeKB.

In addition to this, LuxCSD customers will be allowed to settle Austrian securities with any CSD-In participant that is an investor in OeKB as well, provided that the counterparty Investor-CSDs have established the technical configuration to settle in T2S with LuxCSD participants.

Instruction specifications

The instruction specifications will be available on the LuxCSD website.

Counterparty formats

Customers are requested to inform their counterparties to use the following details.

ICP counterparties (SWIFT ISO 15022)

Note: ICP counterparties should ask their domestic CSDs or local custodians for the correct format to reach LuxCSD customers. Some CSDs or local custodians may have proprietary formats that differ from the below.

Place of settlement	LUXCLULLXXX
Delivering/Receiving Agent (DEAG/REAG)	BIC11 of the LuxCSD participant
Buyer/Seller	BIC11 of the underlying customer

DCP counterparties (SWIFT ISO 20022)

Depository	LUXCLULLXXX
Party 1	BIC11 of the LuxCSD participant
Party 2	BIC11 of the underlying customer

Cash management

Please refer to the [LuxCSD customer handbook](#) for description of cash management services in central bank money (Cash settlement in T2S environment).

Primary Dealer service

Primary Dealers/Recognised Dealers will be able to settle primary auction flows from their LuxCSD account in conjunction with their central bank cash account of choice in T2S.

This enhancement is part of an ongoing initiative between Clearstream Banking, LuxCSD and major European Debt Management Offices and National Central Banks to leverage the new settlement functionalities provided on the T2S platform to make cross-border settlement in Central Bank Money a reality in European government bond markets.

Ultimately, this new settlement model will allow primary Primary Dealers to consolidate their post trade activities in a single securities account at LuxCSD, used in conjunction with a central bank cash account of their choice, thus benefiting from cash and collateral pooling on a pan-European basis.

For the settlement according to section 5 of the Master Agreement in respect of the issuance of Government Bonds of the Republic of Austria via an auction system the following SWIFT standard settlement instructions are to be applied:

- Place of Settlement: OCSDATWWXXX
- Delivering Agent: AFFAATWWXXX
- Safekeeping Account: OCSD233918 (optional with OeKB CSD)

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Primary Dealers wishing to receive their securities on their LuxCSD account need to instruct a cross-CSD instruction to the Austrian market with the Austrian Treasury - Oesterreichische Bundesfinanzierungsagentur as counterparty. In addition, interested customers should communicate their own settlement instructions details in LuxCSD to OeKB CSD, the Auction Agent for Austrian Government Bonds: govbonds@oekb.at.

Asset servicing

The asset servicing of LuxCSD for securities primarily deposited in OeKB covers all events applicable on the Austrian market and the following business processes and services:

- Event announcement and entitlement forecast;
- Corporate action instructions handling;
- Payment management;
- Transaction management (e.g. market claims, transformations);
- Tax services;
- Proxy voting services.

The sections below describe the specifics for each business process applicable for the NBB market. Unless specified below, the asset servicing on the securities primarily deposited in NBB are the same as described in the Customer Handbook. Further changes will be described through the regular publications.

Corporate actions on stock (based on settled positions)

Event announcements for Austrian market securities are created based on the information received from the Asset Servicing Provider (Erste Group Bank AG). The event announcement process on the Austrian market is subject to the market specifics below:

Event announcement - COAF	Not available on the market
Rights trading	Not offered
Fractions handling	In accordance with the Austrian market practice, the fractions will be handled as follows: <ul style="list-style-type: none">• If applicable, the fractions will be paid out with the denomination of 0.001.• If not applicable, provided that company pays out only whole shares, no fractions will be paid.
Payment management	No withholding tax is deducted from interest on Austrian debt securities. The current standard rate of withholding tax on Austrian equities is 27.5%, which is reclaimable via the standard reclaim procedure at LuxCSD. The eligibility of beneficial owners to reclaim tax applied on Austrian equities is limited only to residents of Double Taxation Treaty (DTT) countries.

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Corporate actions on flows - Market claims and reverse market claims

Market claims on specific events	Following Austrian Issuer CSD market claims rules, CHOS events will not be subject to markets claims.
Cum/Ex indicator	<p>Following Austrian Issuer CSD market claims rules, the Opt-out as well as the Cum-/Ex-Indicator can be used for underlying settlement instructions and will be taken into consideration for matching. However, the indicators are not taken into account for market claims detection. This applies to all types of transactions.</p> <p>LuxCSD will follow the Issuer-CSD rules and therefore the Opt-out as well as the Cum-/Ex-Indicators will be disregarded from market claim detection.</p>
Compensation basis	<p>Interest: Market claims are processed on gross basis without tax adjustment.</p> <p>Dividends: Market claims are processed on a net basis (at maximum withholding tax rate) without tax adjustment.</p>
Non-T2S eligible proceeds	<p>In accordance with OeKB market claim rules, no market claims will be generated for non-T2S eligible proceeds (for example, cash distributions in a currency other than EUR) for cross-border trades when the counterparty is outside of LuxCSD or Clearstream.</p> <p>All other trades will be subject to market claims following the standard LuxCSD service description using the corresponding CBL accounts of LuxCSD customers.</p>
Fractions handling	<p>If the calculated quantity of units from a market claim results in a decimal number, the resulting fractions are either compensated for in cash or not, as announced by the issuer.</p> <p>If an issuer in the Austrian capital market does not grant a compensation in cash and there are fractions, the free of payment market claim instruction will show the quantity of units commercially rounded to a maximum of three places after the decimal comma. In case of securities quoted in nominal value the amount will be commercially rounded to a maximum of two places after the decimal comma.</p> <p>If the issuer compensates for any fractions in cash and a reference price for compensations is announced, the market claim would be generated as below:</p> <ul style="list-style-type: none">• A free of payment instruction for units without places after the decimal comma; and• A free of delivery instruction where the cash amount equals the product of the compensation price and the places after the decimal comma (fractions).
"CSD Hold" status of market	The Austrian Issuer CSD generates all market claims with a status "CSD Hold" and releases them only after the corporate action (cash and/or securities delivery) was settled. To align with the market rules, LuxCSD will generate its market claims instructions legs only upon corporate action (cash and/or securities delivery) settlement. This means that in case of cross-border trades, the market claim legs will match only when the LuxCSD's leg is generated, that is upon corporate action settlement.

Corporate actions on flows - Transformations

Non-T2S eligible proceeds	<p>In accordance with OeKB transformation rules, no re-instructions will be generated for non-T2S eligible proceeds (for example, cash distributions in a currency other than EUR) for cross-border trades when the counterparty is outside of LuxCSD or Clearstream.</p> <p>All other trades will be subject to re-instructions following the standard LuxCSD service description using the corresponding CBL accounts of LuxCSD customers.</p>
Transformations on specific events	<p>As per Austrian Issuer CSD market claims rules, CHOS events will not be subject to transformations.</p>
Fractions handling	<p>If the calculated quantity of units from a transformation results in a decimal number, the resulting fractions are either compensated for in cash or not, as announced by the issuer.</p> <p>If an issuer in the Austrian capital market does not grant a compensation in cash and there are fractions, the transformation instruction will show the quantity of units rounded down from the maximum number of places allowed for the ISIN to a maximum of three places after the decimal comma.</p> <p>If the issuer compensates for any fractions in cash and a reference price for compensations is announced, the transformation would be generated as below:</p> <ul style="list-style-type: none">• A free of payment instruction for units without places after the decimal comma; and• A free of delivery instruction where the cash amount equals the product of the compensation price and the places after the decimal comma (fractions)

Corporate actions on flows - Buyer protection

Subject to a manual buyer protection mechanism.

In line with the CAJWG Market standards for Corporate actions processing, the MT564/568 Corporate Action Notification messages will include the following Buyer Protection (BP) key dates:

- Election to counterparty deadline in :98a::ECPD;
- Guaranteed participation date in :98a::GUPA.

Proxy voting services

The LuxCSD proxy voting service, as per LuxCSD service description, is offered on a “best efforts” basis. An enhanced proxy voting service with Institutional Shareholder Services (ISS) is not available.

Tax services

In line with the market practice, LuxCSD offers a standard refund service on Austrian equities that are taxed at source by default with 27.5% withholding tax whereas no withholding tax is deducted from interest on Austrian debt securities held in LuxCSD. See the Market Taxation Guide - Austria.

Residents of Austria cannot reclaim withholding tax through LuxCSD.

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Glossary

Acronym or abbreviation	Description
AGMs	Annual General Meeting
BP	Buyer Protection
CAJWG	Corporate Action Joint Working Group
CASCADE	CBF application for securities settlement
CASG	Corporate Action Sub-group
CCP	Central Counterparty
CeBM	Central Bank Money
COAF	Official Corporate Action reference
CoBM	Commercial Bank Money
CORP	Corporate Action reference
CSC/NCSC	(Non) Collective Safe Custody
CSD	Central Securities Depository
Customer	Customer means LuxCSD customer, unless otherwise specified
DCAs	Dedicated Cash Account in T2S
DCP	Directly Connected Participant
DVP	Delivery Versus Payment
DWP	Delivery with Payment
ECSDA	European Central Securities Depositories Association
EGMs	Extraordinary General Meeting
ICP	Indirectly Connected Participant
ICSD	International Central Securities Depository
INBA	Instructed Balance
MSU	Minimum Settlement Unit
NTS	Night Time Settlement
PFoD	Payment Free of Delivery
RVP	Receipt versus Payment
RWP	Receipt with Payment
SAC	Securities account in T2S
SE	Stock Exchange
T2S-in securities	Securities issued by a T2S CSD
T2S-out securities	Securities issued by a CSD/ICSD outside of T2S
UNBA	Uninstructed Balance