

LuxCSD Investor-CSD Functional specifications – Estonia, Latvia, Lithuania (Nasdaq CSD) and Malta (MSE)

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 the Baltic markets - Estonia, Latvia, Lithuania (Nasdaq CSD) - and to Malta (MSE) via CBF for all securities made TARGET2-Securities (T2S)-eligible by Nasdaq CSD and MSE as Issuer-CSD.

Market access

Market link overview

Asset coverage	Securities primarily deposited with Nasdaq CSD and MSE
Settlement link	LuxCSD has a direct account at CBF.
Asset servicing provider	CBF
Withholding tax agent role	n.a.

Settlement

Customers will have access to the Baltic markets (Nasdaq CSD) and Maltese market (MSE) and can therefore access counterparties located in Nasdaq CSD and MSE.

In addition to this, LuxCSD customers will be allowed to settle Baltic and Maltese securities with any CSD-In participant that is an investor in Nasdaq CSD and MSE 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 are available in the [Market Link Guide - Baltics valid from 2 December 2019](#) and the [Market Link Guide - Malta valid from 2 December 2019](#).

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

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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).

Asset servicing

The asset servicing of LuxCSD for securities primarily deposited in Nasdaq CSD/MSE covers all events applicable on the Baltic and Maltese markets and the following business processes and services:

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

The sections below describe the specifics for each business process applicable for the Baltic and Maltese markets. Unless specified below, the asset servicing on the securities primarily deposited in NASDAQ CSD and MSE are the same as described in the [LuxCSD Customer Handbook](#). Further changes will be described through the regular publications.

Corporate actions on stock (based on settled positions)

Event announcements for Baltic and Maltese securities are created based on the information received from NASDAQ CSD and MSE as Asset Servicing providers. The event announcement process on both markets is subject to the market specifics below:

Event announcement - COAF	Not available on the markets.
Rights trading	Not offered.
Payment management	No withholding tax is deducted from interest on Nasdaq CSD/MSE-eligible securities, cash distributions are made gross.

Corporate actions on flows - Market claims

Market claims will follow generic specifications except for the following specificities applicable to the Baltic and Maltese markets:

Eligible trades	Reverse market claims are not applicable.
Claim detection rules	Cum/Ex-flag option is not applicable.
Non-T2S eligible proceeds	In accordance with the Nasdaq CSD and MSE 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 if the counterparty is outside of LuxCSD or Clearstream.

All other trades will be subject to market claims following the standard LuxCSD service description using the corresponding CBL accounts of LuxCSD customers.

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Corporate actions on flows - Transformations

Transformations will follow generic specifications except for the following specificities applicable to the Baltic and Maltese markets:

Non-T2S eligible proceeds	In accordance with Nasdaq CSD/MSE transformation rules, no transformation will be generated for non-T2S eligible proceeds (for example, cash distributions in a currency other than EUR) for cross-border trades if the counterparty is outside of LuxCSD or Clearstream. All other trades will be subject to re-instructions following the standard LuxCSD service description using the corresponding CBL accounts of LuxCSD customers.
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Corporate actions on flows - Buyer protection

Corporate actions on flows are 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 is offered as per LuxCSD service description.

The enhanced Proxy Voting Service with Institutional Shareholder Services (ISS) is not available.

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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