# Euronext Securities Common Corporate Actions Processes

Process Handbook

18/07/2022

EURONEXT SECURITIES

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# 1 INTRODUCTION

# 1.1 Purpose

This document is designed to present the overall Corporate Action processing used by Euronext Securities CSDs.

This process description is applicable to:

- CSD participants (Central Securities Depository Participants)

- Account Controllers

- Issuers and issuer agents

- Paying agents

Currently, this document applies to the debt securities registered in **Euronext Securities Copenhagen** and **Euronext Securities Porto**. In the future, the document will be enriched with information about the other types of securities and other Euronext Securities CSDs.

Description of the terms used throughout the document are provided in the Glossary at the end of this document.

# 1.2 Foreword

**Euronext Securities Copenhagen** and **Euronext Securities Porto** are the first two central securities depositories (CSDs) of the Euronext Securities to converge toward a common corporate action processing platform.

The new corporate action platform harmonizes processing of the corporate action events and provides compliance with the SCoRE corporate actions standards and with the other European corporate actions standards. It will be first implemented for the debt securities in November 2023, to meet the milestones for the implementation of the ECMS platform.

In the future, Euronext will expand the platform to manage corporate actions events for other type of securities, namely Equities, Structured Investment Products (SIP) and Funds.

Until the future implementation is completed, corporate actions events for the other type of securities will follow the current processes in each CSD within the existing platforms.

The main implementation milestones are the following:

| Topic | Time |
|---|---|
| Client documentation (client test, migration, etc.) | Q4 2022 |
| Client test | 17 April 2023 to October 2023 |
| Go-live | 20 November 2023 |

**Points of Attention:**

- At the time of publication, Euronext Securities have validated the reversal process only for cash payments. The teams are currently assessing rules and dependencies of reversals for securities, and the document will be updated on the basis of their conclusions.

# 1.3  Associated Documents

The following table lists the associated documents, which either should be read in conjunction with this document, or which provide other relevant information.

Please refer to the latest version of the documents.

| CSD | Document Title |
|---|---|
| **Euronext Securities Copenhagen** | Future guidelines – implementation of CA standards for debt instruments |
| | VP Online user guidelines |
| | System and technical guidelines |
| | Transaction management specification document |
| **Euronext Securities Porto** | Digital App user guide[1] |

[1] To be provided later

# 1.4  Latest update

The following lists only the most recent modifications made to this document.

| Version No. | Date | Change Description |
|---|---|---|
| 1.0 | 18/07/2022 | First publication for Euronext Securities Copenhagen and Euronext Securities Porto. |

# 2 CORPORATE ACTION CHANGES OVERVIEW

# 2.1 Changes overview for Euronext Securities Copenhagen

### 1. Full support ISO flow

| Id | AS-IS | TO-BE |
|----|-------|-------|
| 01 | No entitlements on ad hoc CA events. | Entitlements on all CA events. |
| 02 | ISO messages to issuer agent and securities account controller. | ISO messages to issuer agent, paying agent, securities account controller. |
| 03 | No notification in case of delays in execution of a Corporate Action. | Notification in case of delays in execution of a corporate action event. |
| 04 | No information on extension of maturity and name change. | Information on extension of maturity and name changes. |

For more information see section Technical Details of Corporate Actions Communication.

### 2. Negative interest processing

| Id | AS-IS | TO-BE |
|----|-------|-------|
| 05 | Two negative interest models (Liquidity & Pre-payment). | One negative interest model (Liquidity). |
| 06 | One confirmation message only for the redemption. | One confirmation message for the interest payment and one confirmation message for the redemption payment. |
| 07 | A CA event PINK is created separately where additional bonds are redeemed | Information on the additional redeemed bonds will be included in the original redemption message. |

For more information see Handling of negative interest section.

### 3. Reversals processing

| Id | AS-IS | TO-BE |
|----|-------|-------|
| 08 | Reversals is handled as a correction of cash | Reversals for cash payments will be implemented as a standard process |

For more information see Reversals section.

### 4. Rounding rules

| Id | AS-IS | TO-BE |
|----|-------|-------|
| **09** | Standard rounding on cash and securities | Rounding down on cash and securities |

For more information see Rounding rules section.

### 5. Interest and redemption payment in T2S

| If | AS-IS | TO-BE |
|----|-------|-------|
| **10** | Summed interest and redemption cash payment on the DCA | One cash payment for interest and one cash payment for redemption on the DCA |

For more information see Payment processing in T2S

### 6. Market claims and transformation

| Id | AS-IS | TO-BE |
|----|-------|-------|
| **11** | Market claims are only handled as settlement messages | Possible also to receive CA messages (MT564REPE/seev.035 and MT566/seev.036) for market claims besides the settlement messages. |
| **12** | No handling of market claims and transformation on negative interest | Handling of market claims and transformation on negative interest in T2S |

For more information see Transaction management section.

## 2.2 Changes overview for Euronext Securities Porto

1. **Notification/Confirmation of corporate actions**

   - ISO 20022 messages implementation for corporate actions notification, confirmation, cancellation, reversal.

   - Main impacts for ISO 15022 messages:
     o Different message types will be sent to participants on the days preceding a mandatory event (NEWM/CANC/REPL/REPE).
     o REPE messages will be sent for mandatory and voluntary events with balances and entitlement notification, in accordance with SCoRE standards.
     o Reminder messages (RMDR) will only be sent for elective events.
     o MT564/MT566 messages will start being send to participants for market claims, if subscribed.
     o Delays or irregularities in corporate actions settlement will be announced through ISO message notification, with the reason provided by the issuer/issuer agent/paying agent for the delay.

   - Reversals – notification advice and confirmation messages will be sent to participants

   - General Meetings Notification will be maintained with no changes: ISO 15022 messages, ISO 20022 messages and proprietary messages - STD (NOTEVT).

2. **Corporate action reports/information**

   - For debt instruments, STD messages, files and reports will be replaced by the new interface (Digital App) for participants, e.g.:
     o Reports: announcements, entitlements, forecasts;
     o Files: EDC-JUR, EDC-AMT, PCA, PVA, VCIfile.

3. **Event Management**

   - A new interface (Digital App) will be available for participants to monitor the entitlements, settlement of corporate actions and management of these events, such as sending instructions for voluntary events.

   - A new interface will be available for issuers/issuers agents/paying agents (Digital App) for monitoring and management of the corporate action events, e.g., creation, update, cancellation of CA events.

- Booking of cash and securities will be simultaneous, to comply with SCoRE standards.

  - Foreseen impacts on redemptions are:
    - **If the total redemption payment is in EUR currency**: settlement instructions (both securities and cash) will be sent to T2S to settle in the NTS on payment date.

    - **If the total redemption payment is in Non-Euro currency**: settlement instructions (both securities and cash) will take place in the morning of the payment date.

- A default option will be communicated and available for all mandatory events with options (CHOS). This option will be applied for any uninstructed balances at the end of record date.

- Conversion events with redemption option will be announced and handled as a single event.

- The amount to be paid as compensation for fractions in distribution events will be informed using the FRAQ field in ISO 20022 messages. If the issuer has chosen to compensate fractions the information will be available in the MT564 field DISF.

- Reversals of corporate actions with cash payments will be available in an automated process, with all the related event information and pre-advice notification.

- Rounding Rules for cash payments: the amount to be paid will be rounded down to the number of decimals permissible in the currency.

## 4. Available Events

New events that will be available for debt instruments:

| ISO Code | Event |
|----------|-------|
| **BIDS** | Repurchase Offer / Issuer Bid / Reverse Rights |
| **BPUT** | Put Redemption |
| **BRUP** | Bankruptcy |
| **CAPI** | Capitalisation |
| **CHAN** | Change |

| ISO Code | Event |
|----------|-------|
| **EXOF** | Exchange |
| **EXTM** | Maturity Extension |
| **INCR** | Increase in Value |
| **OTHR** | Other Event |
| **TEND** | Tender / Acquisition / Takeover / Purchase Offer |
| **WRTH** | Worthless |

## 5. Market Claims and Transformations

- Currently the process of detection of market claims runs at the end of day on record date and after the matching during the detection period. In the new platform, the process of detection of market claim will run on a daily basis, at end of day, on record date and for 20 working days following the record date, i.e., during the detection period (for debt instruments).

- Transformations process will be maintained, i.e., will be run on a daily basis, at end of day, on record date and during the detection period.

- Market claims will be implemented for non-Euro currency debt instruments events.

## 6. Other impacts/changes

- A new Green Light Mechanism will be implemented for debt instruments: paying agent will have the possibility to put on hold a corporate action until the record date and release the event on the payment date, through the new interface (Digital App for Issuer/issuer agent/Paying agent).

# 3 GENERAL OVERVIEW
## CORPORATE ACTIONS

## 3.1 Overview of the CSD functions

This document refers to specific functional roles in common across CSDs such as:

- Issuers,
- Issuer agents,
- Paying agents.

Additionally, more roles participate in the processing of corporate action with different terminology in CSDs.

**Specific roles to the CSDs**

| Euronext Securities CSDs | Roles |
|---|---|
| **Euronext Securities Copenhagen** | <ul><li>Cash account controller, and</li><li>Securities account controller</li></ul> |
| **Euronext Securities Porto** | <ul><li>Participant</li></ul> |

Both account controllers and participants provide corporate action related services to their clients.

## 3.2 Overview of the CA roles

The table below presents the main actions undertaken by the various roles involved in the corporate action processing for **Euronext Securities Copenhagen** (CPH) and **Euronext Securities Porto** (PTO).

The table presents an overview of the main corporate action processing steps for the issuers, issuer agents and account controllers or participants to better understand their respective roles.

**Roles in the Corporate Action events processing**

| Main actions in the corporate action workflow | Common roles | | | | CSD specific roles | | |
|---|---|---|---|---|---|---|---|
| | Issuer | Issuer Agent | CSD | Paying Agent | Cash account controller | Securities account controller | Participants |
| Request the corporate Action (CA) event creation | 🇵🇹 | 🇩🇰(1)🇵🇹 | | 🇵🇹 | | | |
| Enrich details and submit details of the CA event | 🇵🇹 | 🇩🇰🇵🇹 | | 🇵🇹 | | | |
| Perform ISO reporting of the CA event details, including announcement, status advice, election reminder and payment confirmation. | | | 🇩🇰🇵🇹 | | | | |
| Make the cash proceeds available for the CA event | | | | 🇩🇰🇵🇹 | | | |
| Generate the payment instructions | | | 🇩🇰🇵🇹 | | | | |
| Instruct the CSD for elective CA events | | | | | | | 🇵🇹 |
| Receive CA cash payments | | | | | 🇩🇰 | | 🇵🇹 |
| Receive CA securities payments | | | | | | 🇩🇰 | 🇵🇹 |

(1) Interest and redemption events will be created based on the information from the securities registrar, as today.

# 3.3 Eligible Securities

All debt securities (e.g., bonds, commercial paper, treasury bills) registered in **Euronext Securities Copenhagen** and **Porto** are subject to the corporate actions process, identified as supported by these CSDs, according to the processes described in this document.

As investor CSD, Euronext Securities Porto will also apply these processes to the debt securities held via CSD links.

# 3.4 Eligible Currencies

Euronext Securities CSDs handle corporate action processing in the following currencies.

**List of eligible currencies**

| Currency | Euronext CSDs | |
| --- | --- | --- |
| | Euronext Securities Porto | Euronext Securities Copenhagen |
| **EUR** | ● Central Bank Money (T2S) | ● Central Bank Money (T2S) |
| **DKK** | | ● Central Bank Money (T2S) |
| **SEK** | ● Commercial Bank Money | ● Central Bank Money |
| **GBP** | ● Commercial Bank Money | |
| **NOK** | ● Commercial Bank Money | |
| **USD** | ● Commercial Bank Money | |
| **AUD** | ● Commercial Bank Money | |
| **CAD** | ● Commercial Bank Money | |
| **CHF** | ● Commercial Bank Money | |
| **JPY** | ● Commercial Bank Money | |
| **CNY** | ● Commercial Bank Money | |

**Euronext Securities Porto** accepts payments in Euro (EUR) and in other currencies eligible in the Non-Euro Currency Settlement System (SLME).

The Non-Euro Currency Settlement system uses a foreign currency payment system, the Non-Euro Currency Payment System (SPME), operated by Caixa Geral de Depósitos S.A. (CGD), for the financial settlement of transactions and corporate action payments that use other currencies than euro, configuring a "Commercial Bank Money" settlement.

The eligible currencies are listed in ES Porto web here.

# 3.5 Technical Details of Corporate Actions Communication

Euronext Securities CSDs support the following means of communication:

- ISO 20022 standard and terminology
- ISO 15022 standard and terminology, and
- proprietary formats (see specific CSDs documents for more details)
- screens[2] (see CSDs specific documents for more details).

This section provides information on the technical details of the communication, and information associated to these formats.

[2] For **Euronext Securities Copenhagen**, existing relevant screens in VP Online and 3270.

## 3.5.1 ISO 20022 messages

The Euronext Securities corporate action solution catalogue of messages is ISO 20022 compliant.

The following table lists the ISO messages used throughout the corporate action life cycle. Information for support of any additional ISO 20022 messages used in other services (e.g., settlement, meetings, etc) may be identified in dedicated documents.

| Cycle | Message name | Function | Abbreviated name | Message identifier |
|---|---|---|---|---|
| **Notification** | **Corporate Action Notification** | Message sent by an account servicer to an account owner or its designated agent to notify details of a corporate action event and optionally account information, eligible balance and entitlements.<br><br>It may also:<br><br>1. include possible elections or choices available to the account owner,<br><br>2. be sent to remind of event details and/or of missing or incomplete instructions for a corporate action event. | CANO (NEWM) CANO (REPL) CANO (RMDR) | seev.031 |
| | **Corporate Action Cancellation Advice** | Message sent by an account servicer to an account owner or its designated agent to cancel a previously announced corporate action event in case of error from the account servicer or in case of withdrawal by the issuer. | CACN | seev.039 |

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| Cycle | Message name | Function | Abbreviated name | Message identifier |
|---|---|---|---|---|
| **Instruction** | **Corporate Action Instruction** | Message sent by an account owner to an account servicer to instruct election on a corporate action event. | CAIN | seev.033 |
| | **Corporate Action Instruction Status Advice** | Message sent by an account servicer to an account owner or its designated agent, to report the status of a received corporate action election instruction.<br><br>This will include the acknowledgement or rejection of a corporate action instruction. | CAIS | seev.034 |
| | **Corporate Action Instruction Cancellation Request** | Message sent by an account owner to an account servicer to request cancellation of a previously sent election instruction (seev.033). | CAIC | seev.040 |
| | **Corporate Action Instruction Cancellation Request Status Advice** | Message sent by an account servicer to an account owner or its designated agent to report the status of a previously received cancellation request message (seev.040) sent by the account owner.<br><br>This will include the acknowledgement or rejection of a request to cancel an outstanding instruction. | CACS | seev.041 |
| **Entitlement** | **Corporate Action Movement Preliminary Advice** | Message sent by an account servicer to an account owner or its designated agent to pre-advise an upcoming posting or reversal of securities and/or cash postings. | CAPA | seev.035 |
| | **Corporate Action Movement Preliminary Advice Cancellation Advice** | Message sent by an account servicer to an account owner or its designated agent to cancel a previously announced preliminary advice (seev.035). | CAPC | seev.044 |
| **Payment** | **Corporate Action Movement Confirmation** | Message sent by an account servicer to an account owner or its designated agent to confirm the posting of securities or cash as a result of a corporate action event. | CACO | seev.036 |
| | **Corporate Action Event Processing Status Advice** | Message sent by an account servicer to an account owner or its designated agent to report processing status of a corporate action event. | CAPS | seev.032 |
| **Reversal** | **Corporate Action Movement Reversal Advice** | Message sent by an account servicer to an account owner or its designated agent to reverse a previously confirmed posting of securities or cash. | CARE | seev.037 |

### 3.5.1.1 ISO 20022 messages sent and received by Euronext Securities CSDs roles

| Messages details | | | | Common CSDs roles | | Specific CSD roles | |
|---|---|---|---|---|---|---|---|
| **Cycle** | Message name | Abbreviated name | Message identifier | Issuer / Issuer agent | Paying agent | 🇩🇰 Account controller | 🇵🇹 Participant |
| **Notification** | Corporate Action Notification | CANO | seev.031 | ●(2) | ●(2) | ● | ● |
| | Corporate Action Cancellation Advice | CACN | seev.039 | ●(2) | ●(2) | ● | ● |
| **Instruction** | Corporate Action Instruction | CAIN | seev.033 | | | | ● |
| | Corporate Action Instruction Status Advice | CAIS | seev.034 | | | | ● |
| | Corporate Action Instruction Cancellation Request | CAIC | seev.040 | | | | ● |
| | Corporate Action Instruction Cancellation Request Status Advice | CACS | seev.041 | | | | ● |
| **Entitlement** | Corporate Action Movement Preliminary Advice | CAPA | seev.035 | ●(4) | ●(3) | ● | ● |
| | Corporate Action Movement Preliminary Advice Cancellation Advice | CAPC | seev.044 | ● | ● | ● | ● |
| **Payment** | Corporate Action Movement Confirmation | CACO | seev.036 | ●(4) | ●(3) | ● | ● |
| | Corporate Action Event Processing Status Advice | CAPS | seev.032 | | | ● | ● |
| **Reversal** | Corporate Action Movement Reversal Advice | CARE | seev.037 | ●(4) | ●(3) | ● | ● |

Notes:

(2) Issuer, Issuer agents and Paying agents can send corporate actions notifications and cancellation to **Euronext Securities Porto.**

(3) For **Euronext Securities Copenhagen** and **Euronext Securities Porto**, Paying agent will receive one aggregated preliminary advice message and one aggregated movement confirmation message for cash distributions.

(4) For Euronext Securities Copenhagen only, Issuer agent will receive one aggregated preliminary advice message and one aggregated movement confirmation message for securities distributions.

## 3.5.2   ISO 15022 messages

The Euronext Securities corporate action solution catalogue of messages is ISO 15022 compliant.

The following table lists the ISO 15022 corporate action and meeting related messages available. Information for support of any additional ISO 15022 messages used in other services (e.g., settlement, meetings, etc) may be identified in dedicated documents.

| Cycle | Message name | Function | Message identifier |
|---|---|---|---|
| **Notification** | **Corporate Action Notification** | Message sent by an account servicer to an account owner or its designated agent to notify details of a corporate action event and optionally account information, eligible balance and entitlements.<br><br>It may also:<br><br>1.  include possible elections or choices available to the account owner,<br><br>2.  be sent to remind of event details and/or of missing or incomplete instructions for a corporate action event. | MT564 NEWM<br>MT564 REPL<br>MT564 RMDR |
| | **Corporate Action Cancellation Advice** | Message sent by an account servicer to an account owner or its designated agent to cancel a previously announced corporate action event in case of error from the account servicer or in case of withdrawal by the issuer. | MT564 CANC |
| **Instruction** | **Corporate Action Instruction** | Message sent by an account owner to an account servicer to instruct election on a corporate action event. | MT565 NEWM |
| | **Corporate Action Instruction Status Advice** | Message sent by an account servicer to an account owner or its designated agent, to report the status of a received corporate action election instruction.<br><br>This will include the acknowledgement or rejection of a corporate action instruction. | MT567 |

| Cycle | Message name | Function | Message identifier |
|---|---|---|---|
| | **Corporate Action Instruction Cancellation Request** | Message sent by an account owner to an account servicer to request cancellation of a previously sent election instruction (MT565). | MT565 CANC |
| | **Corporate Action Instruction Cancellation Request Status Advice** | Message sent by an account servicer to an account owner or its designated agent, to report the status of previously received cancellation request message (MT656) sent by the account owner.<br><br>This will include the acknowledgement or rejection of a request to cancel an outstanding instruction. | MT567 |
| **Entitlement** | **Corporate Action Movement Preliminary Advice** | Message sent by an account servicer to an account owner or its designated agent to pre-advise an upcoming posting or reversal of securities and/or cash postings. | MT564 REPE + ADDB//CAPA |
| | **Corporate Action Movement Preliminary Advice Cancellation Advice** | Message sent by an account servicer to an account owner or its designated agent to cancel a previously announced preliminary advice (MT564 REPE). | MT564 CANC + ADDB//CAPA + 20C::PREV |
| **Payment** | **Corporate Action Movement Confirmation** | Message sent by an account servicer to an account owner or its designated agent to confirm the posting of securities or cash as a result of a corporate action event. | MT566 |
| **Reversal** | **Corporate Action Movement Reversal Advice** | Message sent by an account servicer to an account owner or its designated agent to reverse a previously confirmed posting of securities or cash. | MT566 REVR |

### 3.5.2.1 ISO 15022 messages sent and received by Euronext Securities CSDs roles

| Messages details | | | Common CSDs roles | | Specific CSD roles | |
|---|---|---|---|---|---|---|
| **Cycle** | Message name | Message identifier | Issuer / Issuer agent | Paying agent | Account controller | Participant |
| **Notification** | Corporate Action Notification (NEW, REPL, RMRD, CANC) | MT564 NEWM MT564 REPL MT564 RMDR MT564 CANC | ●[5] | ●[5] | ● | ● |
| **Instruction** | Corporate Action Instruction | MT565 NEWM | ●[5] | ●[5] | | ● |
| | Corporate Action Instruction Status Advice | MT567 | | | | ● |
| | Corporate Action Instruction Cancellation Request | MT565 CANC | | | | ● |
| | Corporate Action Instruction Cancellation Request Status Advice | MT567 | | | | ● |
| **Entitlement** | Corporate Action Movement Preliminary Advice | MT564 REPE | ●[7] | ●[6] | ● | ● |
| | Corporate Action Movement Preliminary Advice Cancellation Advice | MT564 CANC + ADDB//CAPA + 20C::PREV | ● | ● | ● | ● |
| **Payment** | Corporate Action Movement Confirmation | MT566 | ●[7] | ●[6] | ● | ● |
| **Reversal** | Corporate Action Movement Reversal Advice | MT566 REVR | ●[7] | ●[6] | ● | ● |

Notes:

[5] Issuer, Issuer agents and Paying agents can send corporate actions notifications and cancellation to **Euronext Securities Porto.**

[6] For **Euronext Securities Copenhagen** and **Euronext Securities Porto**, Paying agent will receive one aggregated preliminary advice message and one aggregated movement confirmation message for cash distributions.

[7] For **Euronext Securities Copenhagen** only, Issuer agent will receive one aggregated preliminary advice message and one aggregated movement confirmation message for securities distributions.

# 3.6 Key Dates

Corporate action events are structured with key dates.

For mandatory cash distribution (e.g., an interest payment), the key dates will be:

- Record date
- Payment date.

For mandatory security distribution, or mandatory reorganization (e.g., a final maturity redemption), the key dates will be the same as for cash distributions.

The key dates apply to the various corporate action events, according to the corporate action standards.

On the **Euronext Securities Porto** scope of elective events, such as mandatory or voluntary reorganizations (e.g., an event of conversion), the following dates will be used in addition:

- Start of the election period
- End of the election period
- Market deadline
- Guaranteed participation date
- Buyer protection deadline.

For corporate action reversals, the reversal value date will be the reversal payment date.

# 3.7 Rounding rules

Euronext Securities CSDs comply with harmonized corporate action standard rounding rules when:

- calculating cash or securities payments, and consequentially
- passing on the event ratio in the processing chain, with no rounding or truncation.

### 1. Cash rounding rules

Corporate actions cash payments are rounded down to the number decimals place permissible with the currency of payment (e.g., two decimals place for EUR payments).

**Example of cash rounding**

A cash payment of 2.134.555,567 EUR will be rounded down to 2.134.555,56 EUR.

### 2. Securities rounding rules

Corporate action securities payments are rounded down to:

- the nearest full unit (e.g., 1 unit), or
- the Settlement Unit Multiple (SUM) of the security if any (e.g., 1.2 or 1 EUR FAMT).

However, issuers may announce a payment of cash in lieu (i.e., a fraction compensation in cash). In that case, the securities distributions are processed by rounding down to the nearest integer and fractions are compensated in cash.

**Example of securities rounding (FAMT)**

- Event ratio (NEWO)= 1:3
- Cash in lieu = no
- Eligible position = 1000 FAMT
- Settlement Unit Multiple = 100
- Entitlement = 1000/3 = 333,333333333
- Rounded security payment = 300 (FAMT)

# 3.8   Handling of Fractions

**Euronext Securities Porto** processes corporate action events with securities fractions compensation, if announced as such by the issuer, the issuer agent, or the paying agent.

If the issuer has announced a compensation in cash for the fractions (cash in lieu of securities price or CINL), then **Euronext Securities Porto** will calculate and credit the cash equivalent of these fractions in the participants' accounts on payment date.

Issuer in **Euronext Securities Porto** may choose to use "Lot" calculation method for attributing securities. In case it is used, the attribution of resulting securities occurs only if a minimum lot of underlying securities is available in the securities balance, fractions will not be paid. The attribution of the resulting securities is done iteratively for each minimum matching lot. Here below is an example for the calculations applied for this method:

**Example**: Corporate event for which "lot" is setup as the method, with ratio being - for each lot of 2 underlying securities 3 resulting securities will be granted / received. In case the securities account balance contains fewer than 2 underlying securities, nothing will be granted / received, with the following possible example of attributions:

| Securities balance | Securities to be received / granted | Notes |
|---|---|---|
| 1 | Nothing is received (0) | Securities balance is below the minimum lot |
| 2 | 3 | Lot of 2 matched, and 3 securities are granted |
| 3 | 3 | Lot of 2 matched, and 3 securities are granted<br>The remaining 1 security in the securities balance doesn't match the minimum lot, and doesn't result in any additional securities being granted |
| 4 | 6 | Lot of 2 matched fully twice, and for each lot 3 securities are granted, resulting in 6 securities being granted |
| etc | etc | etc |

**Euronext Securities Copenhagen** corporate action events falling under the scope of this document will not generate security fractions.

## 3.8.1   Fraction compensation in cash

For **Euronext Securities Porto** to process cash compensation of securities fractions, issuers must confirm the compensation price before the payment date.

The compensation price will be applied on the fraction of securities to calculate the cash equivalent amount.

Accordingly, the CSD will credit the whole number of securities to be distributed.

Cash and securities amounts will be settled on the scheduled payment date.

## 3.8.2  No compensation of fractions

If the event terms do not imply a cash compensation of securities fractions, **Euronext Securities Porto** will:

- Round down to the nearest full unit the quantity of securities,

- Discard fractions.

The quantity of new securities will be paid on the payment date as scheduled.

# 3.9  Reversals

A corporate action reversal is the process enabling Euronext Securities CSDs to reverse the cash or securities payments from account controllers or participants if an error has occurred in the processing of an event. <u>For the moment, this section only applies to reversal process for cash payments.</u>

If the change impacts cash (e.g., interest rate), then the CSDs will update the existing event.

The reversal shall be requested by the issuer or their agent or paying agent. Upon the reception of the reversal request, **Euronext Securities Copenhagen** and **Euronext Securities Porto** will:

- initiate the process by sending the reversal pre-advice message (MT564 REPE with ADDB//CAPA or seev.035) with the reversal payment date and the reversal reason ahead of processing of the reversal,

- in case of a new event creation or the update of the existing event:

  o  notify the account controllers and participants with a corporate action notification message (MT564 or seev.031 NEWM or REPL),

  o  send a corporate action movement preliminary advice message (MT564 REPE or seev.035) regarding the corrected entitlement calculation,

- reverse the bookings on the **reversal payment date**,

- confirm:

  o  the reversal processing by sending a corporate action movement reversal advice message (MT566/REVR or seev.037)

  o  the corrected proceeds payment by sending a corporate action confirmation message (MT566 or seev.036), if any.

## 3.9.1  Reversals reasons

As per corporate action standards, the current list of possible reasons for a corporate action event reversal are listed in the table.

One of these reasons will be specified in the reversal notification sent to all participants.

| Reasons | Description | Reason code |
|---|---|---|
| Day count basis difference | Difference in day count basis. | DBCD |
| Incorrect value date | Value date is incorrect. | IVAD |
| Incorrect record date | Record date is incorrect. | IRED |
| Incorrect price | Price is incorrect. | IRPI |
| Undue payment | Payment is not due. | UPAY |
| Incorrect event level tax rate | Event level tax rate is incorrect. | IETR |
| Incorrect payment currency | Payment currency is incorrect. | IPCU |

### 3.9.2 Reversals timeline

**Figure 2 Corporate action payment reversal timeline**
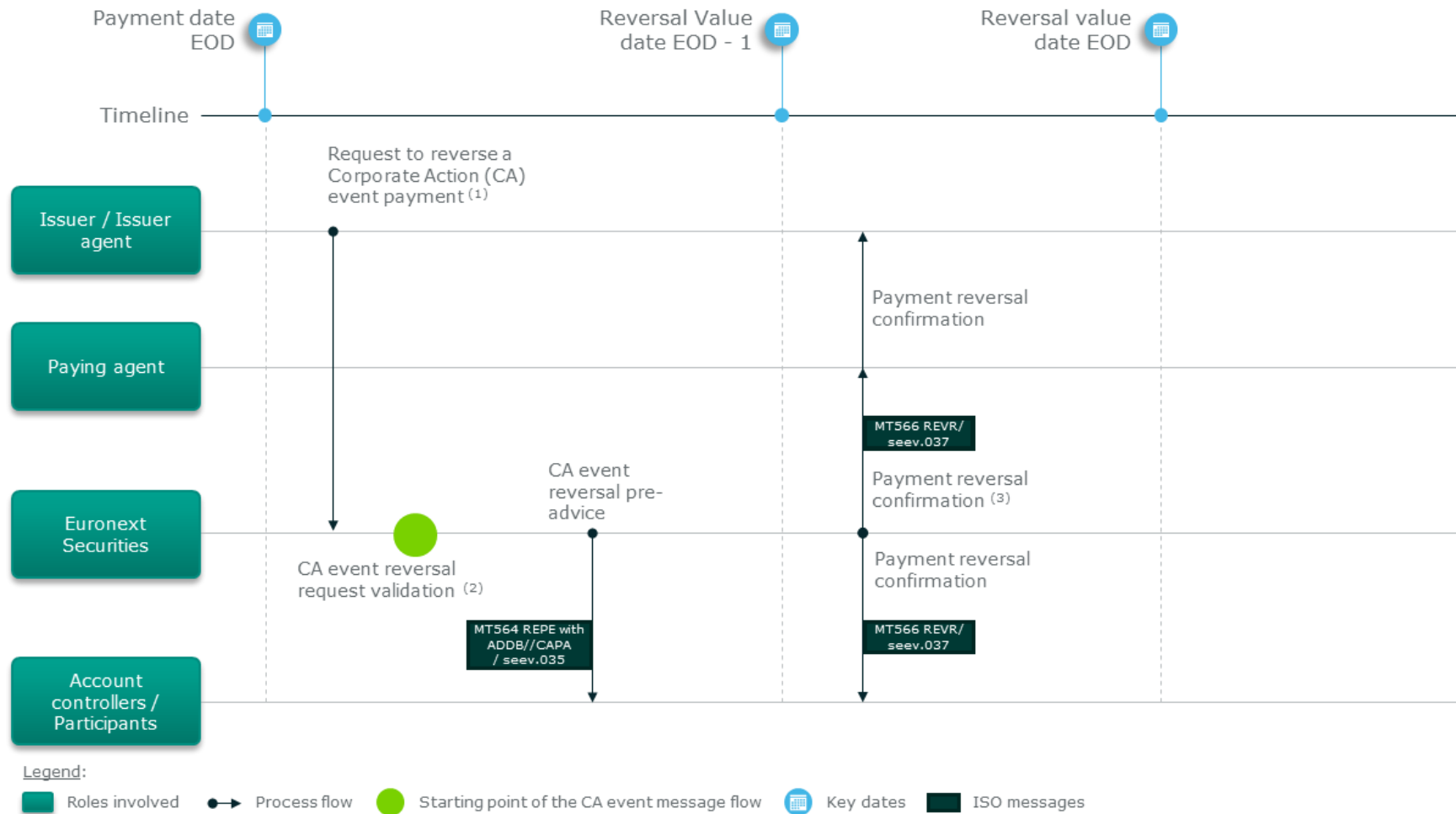
**Notes**:

(1) Issuer or issuer agents or paying agent from **Euronext Securities Copenhagen** and **Euronext Securities Porto** can request a corporate action (CA) event reversal. **Euronext Securities Porto** participants will be able to use the Digital App reversal feature.

(2) CSDs validate the reversal request for further processing and identify the entitlements to be reversed.

(3) Reversal payment confirmation will be sent to the CA issuer agent or the paying agent if it originated the request.

# 3.10 Transaction management

Euronext Securities CSDs are processing corporate actions transaction management (market claim, transformation and buyer protection) in accordance with standards.

For more information on the current guidelines for Euronext CSDs, see:

| Euronext CSDs | Guidelines |
|---|---|
| **Euronext Securities Copenhagen** | Specification of Transaction Management CA on flow document. |
| **Euronext Securities Porto** | Exercise of ownership information and Operational documents |

Market claims and transformations are generated at the end of day on record date and during the detection period.

Throughout the market claim process, in addition to settlement messages, account controllers and participants can subscribe for:

- entitlement messages (MT564/REPE or seev.035), and
- confirmation message (MT566 or seev.036) toward the concerned account controllers or participants.

These messages will use qualifier 22F://ADDB/CLAI (Market Claim) and RELA to refer to the underlying transaction.

There are no changes in the current settlement messages for Euronext Securities Copenhagen and Porto.

## 3.10.1 Market claims timeline

**Figure 3 market claims timeline**
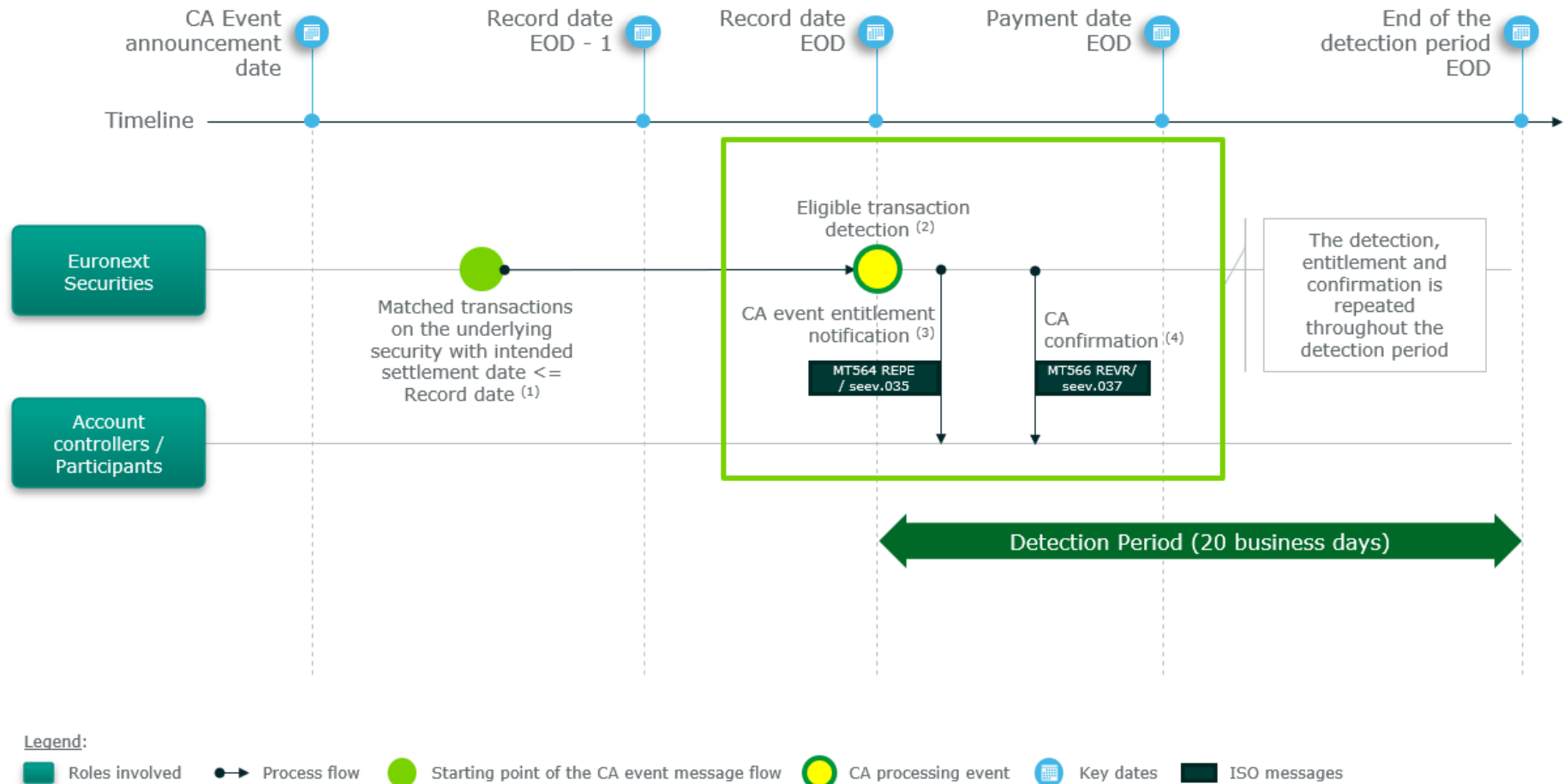
Notes:

(1)  For market claims processing, eligible transactions are already "matched" before or on the record date and unsettled on the record date EOD. During the detection period market claims will be generated when the eligible transactions match.

(2)  Detection criteria are specified in each CSDs transaction management related document. Market claims can be generated from the record date EOD and during the detection period.

(3)  CSDs account controllers and participants will receive, if subscribed, entitlement pre-advice messages for any applicable market claim.

(4)  CSDs account controllers and participants will receive, if subscribed, payment confirmation in relation to any applicable market claim.

# 4 SUPPORTED CORPORATE ACTIONS TYPES
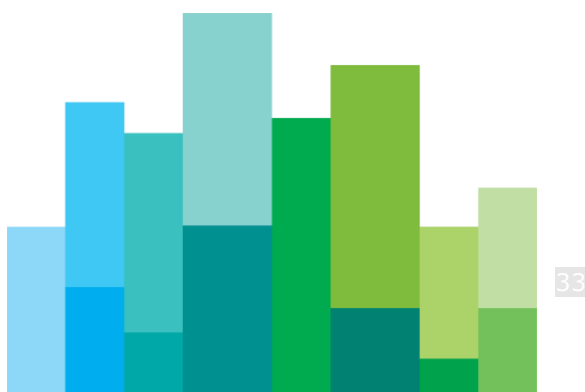
# 4.1   Corporate action event types

Corporate action events on debt securities managed by the Euronext Securities Copenhagen and Porto can be subdivided into three broad types:

- **Distribution events**,
- **Reorganisation events**,
- **Information events**.

Applicable event categories for both CSDs are presented below.

**Corporate action events type per CSD**

| Event types | | Euronext Securities Copenhagen | Euronext Securities Porto |
|---|---|:---:|:---:|
| Distribution | Cash distribution | ● | ● |
| | Security distribution | ● | ● |
| | Distribution with options | NA | NA |
| Reorganisation | Mandatory reorganisation | ● | ● |
| | Mandatory reorganisation with options | NA | NA |
| | Voluntary reorganisation | NA | ● |
| Information | | ● | ● |

Note:
NA: not applicable on the events under the scope of this document.

For more details on the supported event per each CSD, see below section Supported corporate action events.

# 4.2    Supported corporate action events

Currently, the process described in this document for **Euronext Securities Copenhagen** and **Porto** will only apply on debt securities.

**Supported corporate action event table**

| ISO Code | Event | Euronext Securities Copenhagen | Euronext Securities Porto |
|---|---|---|---|
| BIDS | Repurchase Offer / Issuer Bid / Reverse Rights | | ● |
| BPUT | Put Redemption | | ● |
| BRUP | Bankruptcy | | ● |
| BONU | Bonus Issue/Capitalisation Issue | ● | |
| CAPI | Capitalisation | | ● |
| CHAN | Change | ● | ● |
| CONV | Conversion option - Convertible Bonds | | ● |
| EXOF | Exchange | | ● |
| EXTM | Maturity Extension | ● | ● |
| INCR | Increase in Value | | ● |
| INTR | Interest Payment | ●[7] | ● |
| INTR | Negative interest payment | ● | |
| LIQU | Liquidation payment | ● | |
| MCAL | Full Call / Early Redemption | ● | ● |
| OTHR | Other Event | | ● |
| PARI | Pari-Passu | ● | ● |
| PCAL | Partial Redemption Without Pool Factor Reduction | ● | |
| PINK | Payment in kind | ● | |
| PRED | Partial Redemption With Pool Factor Reduction | | ● |
| REDM | Final Maturity | ● | ● |
| TEND | Tender / Acquisition / Takeover / Purchase Offer | | ● |
| WRTH | Worthless | ● | ● |

[7] Negative interest rate events are handled by **Euronext Securities Copenhagen**.

See section 5.4.3 Handling of negative interest for more details.

# 5 CORPORATE ACTIONS PROCESSING

# 5.1 Overview of the corporate actions lifecycle

A corporate action is generally defined as an event decided by the issuer (i.e., a company) of a security or a third party (e.g., another company) which has an impact on the holders of that security.

In the scope of this document, these events are only applicable on debt securities.

Depending on corporate action event communicated by the issuer, Euronext Securities CSDs will:

- **Notify** their participants of any new or updated or cancelled event
- **Receive and process instructions** from participants, for elective events (handled only by **Euronext Securities Porto** for this phase of the project)
    - o **Send reminders** to participants
- **Advise events entitlement** before the payment
- **Payment of proceeds** in cash or securities, on payment date
- **Reverse** corporate action events, including the notification of the reversal (only for cash payments).

In case of an elective corporate action event, Euronext Securities participants (for Euronext Securities Porto) will have to submit instructions with their election for the available options.

**Figure 4 Corporate action lifecycle overview**
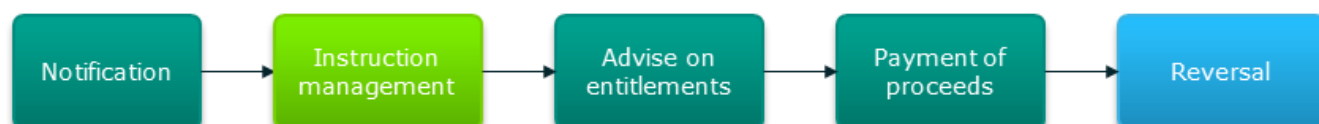


Legend:
- Process in the event life-cycle
- Process flow
- Instruction processing
- Process in case of reversal

## 5.2 Mandatory corporate action processing

### 5.2.1 Mandatory corporate action event timeline

**Figure 5 Mandatory corporate action timeline**
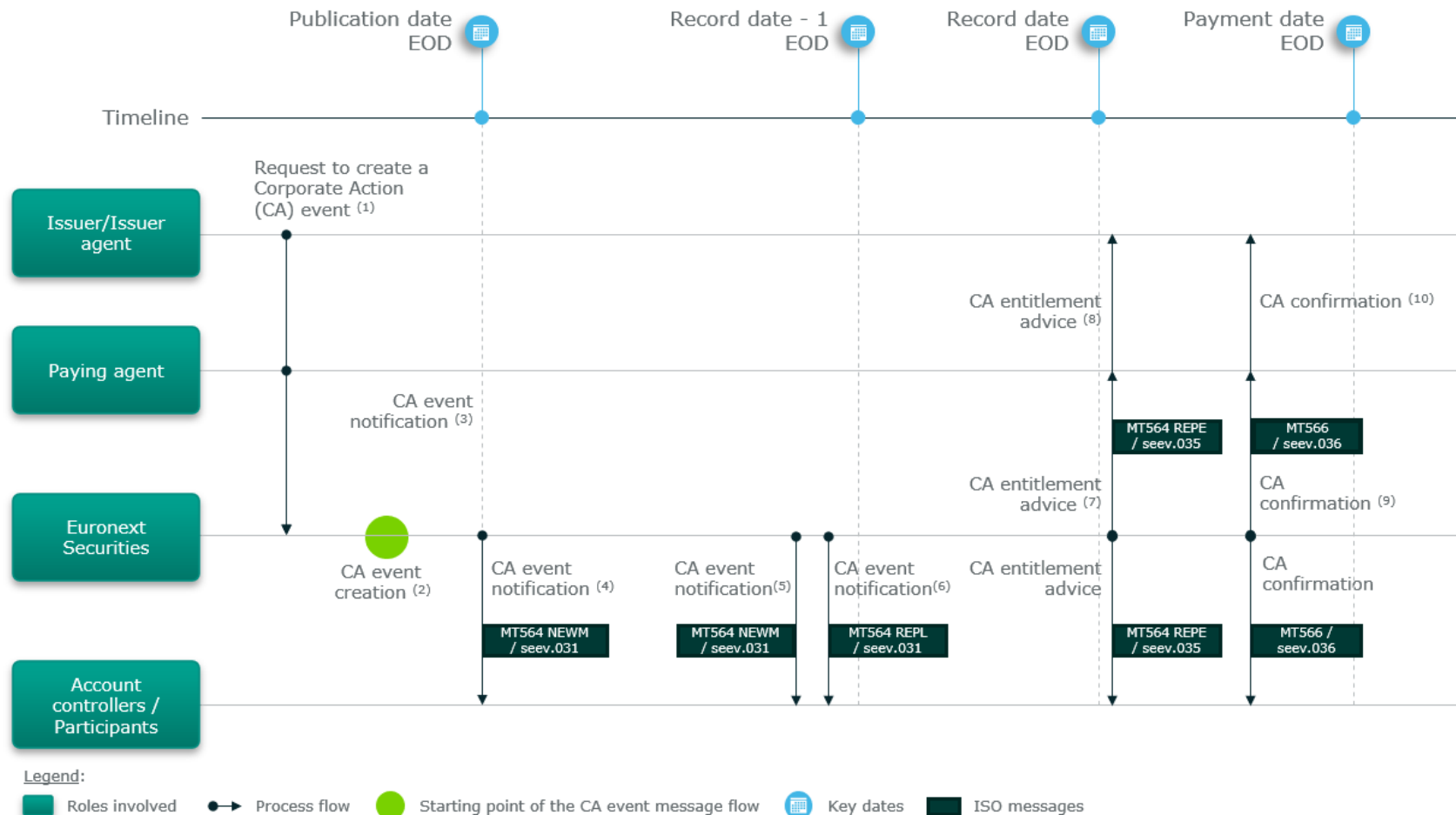
**<u>Notes</u>**:

(1) Corporate action events creation will be requested by issuers/issuer agents/paying agents according to the standards.

(2) For **Euronext Securities Copenhagen** predictable corporate action events will be created automatically from the securities referential data (e.g. interest payment).

(3) **Euronext Securities Copenhagen** Paying agents will receive a notification on the event publication date.

(4) Corporate action notification will be sent on the publication date or when received from the issuer/issuer agents/paying agents.

(5) New corporate action notification will be automatically generated for new positions and pending instructions, since the first notification until the record date.

(6) Replacement corporate action notification will be sent in case of changes in the event detail since the first notification until the RD.

(7) For cash distribution events, paying agent will receive a corporate action event entitlement aggregating all account controllers' or participants' entitlements. It is possible for the paying agent of **Euronext Securities Copenhagen** to receive preliminary entitlement up to 8 business days before payment date.

(8) For **Euronext Securities Copenhagen**, and securities distribution, the issuer agent will receive a corporate action event entitlement message aggregating all account controllers entitlements.

(9) For cash distributions, paying agent will receive a corporate action event confirmation aggregating all account controllers or participants entitlements.

(10) For **Euronext Securities Copenhagen**, and securities distribution, the issuer agent will receive a corporate action event confirmation. For **Euronext Securities Porto** the issuer receives the confirmation of the corporate action via Digital App.

# 5.3 Elective corporate action processing

During the first phase of the Euronext Securities CSDs harmonization, elective corporate action processing will only apply on the events handled by **Euronext Securities Porto**.

For more information on the scope of corporate action, please refer to the sections 1.1 and 3.3.

## 5.3.1 Elective corporate action event timeline

**Figure 6 Elective corporate action timeline**
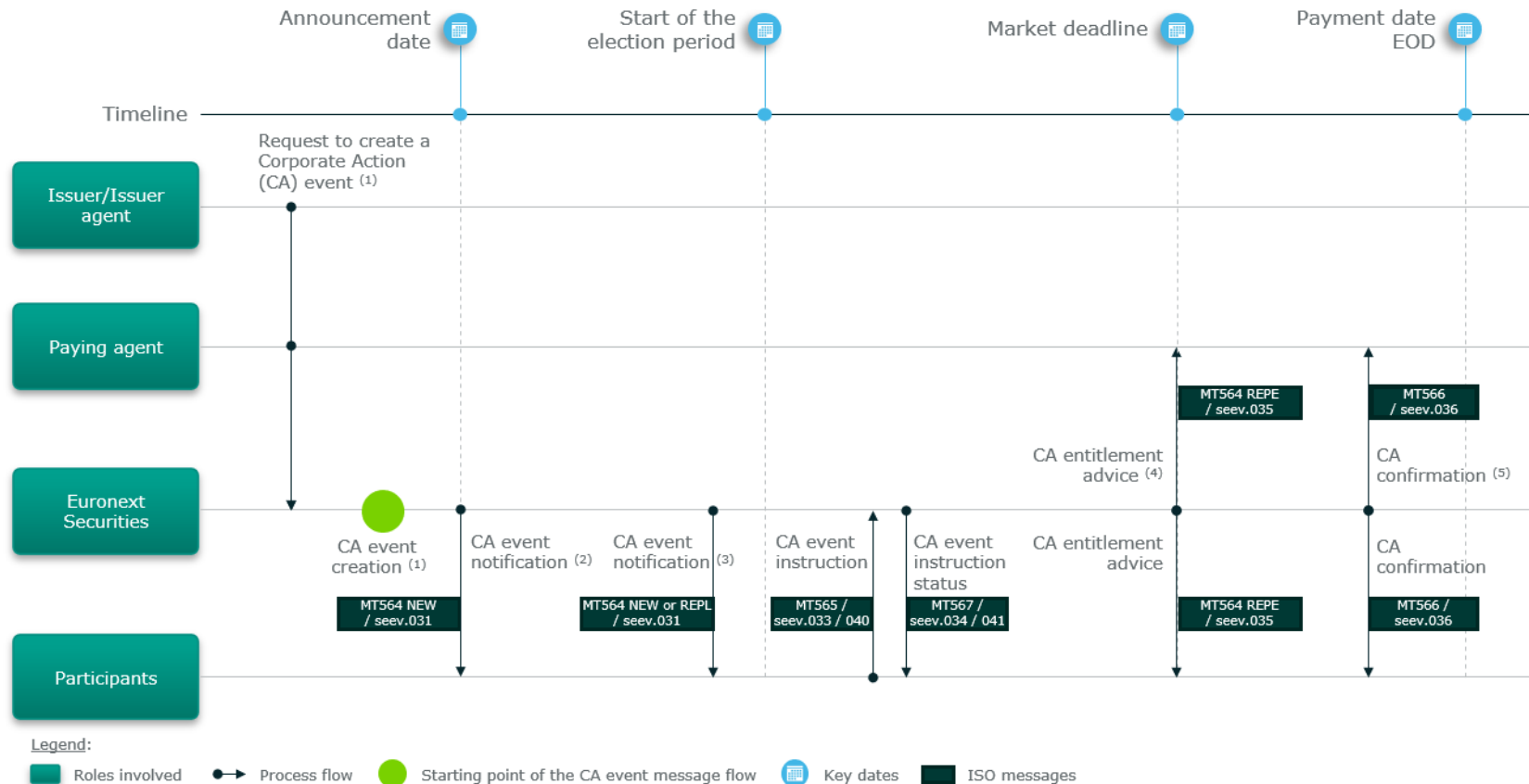
**Notes**:

(1)  As a general rule elective corporate action events will be created when the event is requested by issuers/issuer agents/paying agents.

(2)  Notification of corporate action events will be sent to the participants with positions and/or pending instructions.

(3)  Corporate action notification will be automatically generated for new positions or pending instructions. Previous notification will be replaced if there is an update of the corporate action event.

(4)  Paying agent will receive a corporate action event entitlement aggregating entitlements of all the participants.

(5)  Paying agent will receive a corporate action event confirmation aggregating confirmation of all the participants.

## 5.3.2 Specific processing of an elective corporate action event (Euronext Securities Porto)

### 5.3.2.1 Elected positions blocking

According to corporate action standards, Euronext Securities Porto will ensure to block the elected positions on elective events, either mandatory with choices, or voluntary, if:

1. **the corporate action event involves a debit of securities** (e.g. a convertible bond), and

2. **the instruction is received before the record-date**.

Upon receipt of the instruction, Euronext Securities Porto will perform a set of controls to verify the blocking eligibility and request the position blocking.

If the event is eligible and the elected position is available, the elected quantity of securities will be blocked.

If the elected quantity could not be blocked, the instruction will be rejected and reported in accordance.

In case where the previous instruction is cancelled, the elected position will be unblocked immediately.

### 5.3.2.2 Instruction status

Euronext Securities Porto will send status messages informing participants on the status of their submitted corporate action instruction or instruction cancellation request as soon as it has been received and validated.

**Instruction Status Advice (CAIS / MT567) status**

| Message | Status | Definition |
|---|---|---|
| **Instruction Status Advice** | Pending | The instruction has been received but has yet to be processed |
| | Rejected | The instruction has been received but rejected identifying the reasons. |
| | Default action | Default action has been taken. |
| | Accepted | The instruction has been received and has been validated for further processing. |
| | Standing Instruction | The applicable standing instruction has been applied. |
| | Cancelled | The instruction has been cancelled. |

**Instruction Cancellation Request status advice (CACS / MT567) status**

| Message | Status | Definition |
|---|---|---|
| **Instruction Cancellation Request Status Advice** | Pending cancellation | The cancelation request has been received but has yet to be processed. |
| | Rejected | The request has been received but rejected for further processing due to system reasons. |
| | Accepted | The cancellation request has been received and has been validated for further processing. |
| | Cancellation completed | The instruction cancellation request has been completed. |

### 5.3.2.3    Instruction rejection

Euronext Securities Porto will control corporate action event instruction upon reception. If the instructions do not comply with the controls, an automatic rejection will be generated. The rejected instruction could be afterwards replaced by the participant through a new updated instruction.

**List of controls, rejection rules and codes**

| Controls | Rejection Rule | ISO Code |
|---|---|---|
| **Instruction received after Response Deadline** | Auto reject | ADEA |
| **Instruction is submitted before instruction start date.** | Auto reject | BSTR |
| **Cancellation request was rejected since the instruction has already been cancelled.** | Auto reject | DCAN |
| **Cancellation request has been rejected because the instruction process is in progress or has been processed.** | Auto reject | DPRG |
| **Invalid instructed currency** | Auto reject | DQCC |
| **Invalid instructed quantity** | Auto reject | DQUA |
| **Invalid conditional quantity** | Auto reject | DQUA |
| **Unrecognized or Invalid Tradable Asset** | Auto reject | DSEC |
| **Instruction is rejected due to duplicate business message identifier.** | Auto reject | DUPL |
| **Unrecognized corporate action event number** | Auto reject | EVNM |
| **Insufficient elected position** | Auto reject | LACK |
| **Instruction received after Market Deadline** | Auto reject | LATE |
| **Instructed quantity not a multiple of the event ratio** | Auto reject | NARR |
| **Narrative included** | Auto reject | NARR |

| Controls | Rejection Rule | ISO Code |
|---|---|---|
| **Disclosure option instructed and no narrative included in the received instruction** | Auto reject | NARR |
| **Invalid Offered Price** | Auto reject | NARR |
| **Tax Rate to Be Validated** | Auto reject | NARR |
| **Invalid sender for the account number** | Auto reject | NARR |
| **Mismatch between Option Number and Option Type** | Auto reject | NMTY |
| **Invalid Option Number** | Auto reject | OPNM |
| **Invalid Option Type** | Auto reject | OPTY |
| **Unrecognized Client Account** | Auto reject | SAFE |
| **Shareholder number or reference is missing.** | Auto reject | SHAR |

### 5.3.2.4   Instruction cancellation

Corporate action election instruction can be cancelled during the election period until the specified market deadline.

The cancellation request will be received by Euronext Securities Porto, validated and after accepted or rejected (see previous section).

The processing status of this request will be communicated via:

- ISO 20022 seev.041 (CACS) message sent to the Participant.
- ISO 15022 MT567 message, or
- Digital App.

A dedicated user document on the Digital App will be provided at a later stage.

### 5.3.2.5   Late instruction management

Euronext Securities Porto does not accept corporate action instruction after the market deadline.

# 5.4   Transverse corporate action processing

## 5.4.1   Corporate action cancellation

During the corporate action life cycle, issuers, issuer agents, or paying agents are able to request the event cancellation. If the request is received before the event record date, the cancellation of the corporate event will be performed accordingly.

As a result, all account controllers (**Euronext Securities Copenhagen**) or participants (**Euronext Securities Porto**) will receive a notification of the cancellation and a "cancellation advice".

If the event has settled, Euronext Securities CSD will process the reversal of the corporate action (see Reversal section), if and when possible.

## 5.4.2   Payment processing in T2S

For Corporate Action payments that are to be settle in T2S, a distinction is made between the payment of cash from:

- **holdings in T2S accounts**:

  - payments will be made per ISIN on T2S DCA (no changes from today).

- **holdings in Euronext Securities Copenhagen** accounts (i.e., holdings aggregated into technical offset account in T2S):

  - payments are made per ISIN for each Cash Account Controller (PK) to the DCA designated by the account Controller (PK) (no changes from today).

Euronext Securities CSDs will generate "already matched" PFOD or FOP settlement instructions to credit or debit cash and securities proceeds from the issuance account and/or the paying agent DCA to the account controllers or participants cash and securities accounts in T2S.

For **Euronext Securities Copenhagen**, the cash payments from interest and redemption per ISIN will no longer be a summed payment on the DCA instead, there will be one cash payment for interest and one cash payment for redemption per ISIN on the DCA.

## 5.4.3   Handling of negative interest (Euronext Securities Copenhagen)

Negative interest rate processing is done when the interest rate in the corporate action event is a negative value.

The "liquidity model" is the only negative interest model from November 2023.

**Euronext Securities Porto** accepts only securities with a positive interest rate or with a floating rate coupon with a floor of zero or above (fixed in the terms and conditions of the security), so that negative cash payments do not occur. **Euronext Securities Copenhagen** will process these negative interests as follow:

1. **On publication date:**

Euronext Securities Copenhagen will send a MT564/seev.031 NEWM for interest (INTR) and either:

- partial call (PCAL),
- redemption (REDM), or
- early redemption (MCAL).

The two messages will be linked using the "WITH" linkage type indicator. The linking of messages and payments are only relevant for negative interest and not positive interest.

## 2. On record date:

Euronext Securities Copenhagen will send MT564 REPE/Seev.035 NEWM INTR and PCAL/REDM/MCAL messages, at the end of day.

The two messages will be linked using the "WITH" linkage type indicator.

The calculation of the redemption and interest payments are done separately, and one credit redemption payment instruction and one debit interest payment instruction are sent to T2S NTS.

The two payment instructions (sese.023) are linked with the same pool to ensure that the payment from the interest is not debited from the participants DCA before they have been credited the payment from the redemption.

## 3. On payment date:

As soon as the confirmation messages have been received from T2S, MT566/seev.036 INTR and PCAL/REDM/MCAL messages will be sent to the account controllers.

The two messages will be linked using the "WITH" linkage type indicator.

If the interest payment exceeds the payment from the redemption, there will be calculated an additional redemption to compensate for the remaining value of the negative interest. This will be included in the original PCAL message. No additional redemption will be possible at the last term.

A negative coupon with a bullet bond will be handled by a partial call to offset the value of the negative interest to be paid by the investor. The nominal value to be redeemed will be calculated based on the negative interest rate. In this case there will be sent both a PCAL and INTR messages. The two messages will be linked using the "WITH" linkage type indicator.

**Main changes from the negative interest process today:**

1. Interest and redemption will be two separate cash payments on the dedicated cash account (DCA) on T2S
2. Interest and redemption will be two separate confirmation messages
3. If interest exceeds redemption, additional redemption is calculated to compensate for the remaining value for the negative interest and added to the existing redemption rate.

**As is / to be processing changes**

| Step in the process | Current processing | New process |
|---|---|---|
| **Payment** | One payment instruction to T2S as interest and redemption are summed into one payment. | One debit interest payment instruction and one credit redemption payment instruction to T2S.<br><br>The payment instructions will be linked to secure simultaneously payment. |
| **Notification** | One confirmation message only for the redemption. | One confirmation message for the interest payment and one confirmation message for the redemption payment. |
| **Interest exceeds redemption** | A corporate action event PINK is created separately where additional bonds are redeemed | Information on the additional redeemed bonds will be included in the original redemption message. |

## 5.4.4 Payment processing in commercial bank money (Euronext Securities Porto)

**Euronext Securities Porto** handles corporate action cash proceeds payment in non-eligible T2S currency via Non-Euro Currency Settlement System (SLME), which uses a Non-Euro Currency Payment System (SPME) in Commercial Bank Money, managed by Caixa Geral de Depósitos.

For more details, see section 3.4 Eligible currencies.

## 5.4.5 Payment in central bank money outside of T2S (Euronext Securities Copenhagen)

**Euronext Securities Copenhagen** will process the payment of corporate action cash proceeds in SEK within the local settlement system.

There are no changes for the payments which are settled in SEK for Corporate Actions. Payments are summed up per Cash Account Controller (PK), per type of proceeds, per cash account, and across ISINs (net postings).

## 5.4.6 Payment as investor CSD (Euronext Securities Porto)

As investor CSD, **Euronext Securities Porto** will process the payment of corporate action event cash and security proceeds upon reception of the payment confirmation (e.g., MT566) from the issuer CSD.

As soon as this process is completed, Euronext Securities Porto will instruct the payments in the applicable settlement system (i.e., T2S).

Once the payment is completed, the Euronext Securities Porto will generate the payment confirmation messages.

# 6  GLOSSARY & ABBREVIATIONS

# 6.1 List of terms

| Terms | Definitions |
|---|---|
| Account owner | Party that legally holds the account (e.g., a CSD participant) or the party in a contractual relationship with the account servicer (i.e., one of the Euronext Securities CSD). |
| Account servicer | Party that manages the account on behalf of the account owner (i.e., it manages the registration and booking of entries on the account, calculates balances on the account and provides information about the account).<br><br>Account servicers include triparty agents (TPAs), (International) Central Securities Depositories (e.g., Euronext Securities CSDs) and custodians. |
| Actual Settlement Date (SD) | The day on which settlement actually takes place. |
| Agent | A generic term describing an entity that acts on behalf, and upon request, of the issuer. |
| Asset servicing | Administration services provided by a Central Securities Depository (CSD) or custodian in connection with the custody and/or safekeeping of financial instruments (e.g., the processing of corporate events or the handling of taxes). |
| Balances | The same as Holdings and Positions. Terms used interchangeably throughout the document however identified to mean the same thing. |
| BIC | Bank Identifier Code. |
| BIDS | Repurchase Offer/Issuer Bid/Reverse Rights (CAEV code in the 15022 standard). Offer to existing holders by the issuing company to repurchase its own securities. The objective of the offer is to reduce the number of outstanding securities. |
| Blocking | A process preventing the transfer of a specified amount of funds or a specified quantity of a security. Also referred to as freeze. |
| BPUT | Put Redemption (CAEV code in the 15022 standard). Early redemption of a security at the election of the holder subject to the terms and condition of the issue with no reduction in nominal value. |
| BRUP | Bankruptcy (CAEV code in the 15022 standard). Legal status of a company unable to pay creditors. Bankruptcy usually involves a formal court ruling. Securities may become valueless. |
| Business day | Business day at the Issuer CSD. |
| Buyer protection deadline | Last day and time by which a Buyer Protection instruction can be given. |
| CA | See corporate action. |
| CA code | Specifies the type of corporate event. It refers to the corporate action event indicator (ISO code, e.g., DVCA). |
| CA reminder | Corporate action reminder is a generated message prior to market /client deadlines for client that still have uninstructed balances. |
| CACN | Abbreviation name for the ISO 20022 corporate action cancellation advice message or seev.039. |
| CACO | Abbreviation name for the ISO 20022 corporate action movement confirmation message or seev.036. |

| Terms | Definitions |
|---|---|
| CACS | Abbreviation name for the ISO 20022 corporate action cancelation request status advice message or seev.041. |
| CAIC | Abbreviation name for the ISO 20022 corporate action instruction cancellation request message or seev.040. |
| CAIN | Abbreviation name for the ISO 20022 corporate action instruction message or seev.033. |
| CAIS | Abbreviation name for the ISO 20022 corporate action instruction status advice message or seev.034. |
| Callable bond | A bond or more generally a fixed income security that the issuer may redeem before it reaches the stated maturity date. |
| CANC | CANC is a function code used in a corporate action related messages (e.g., MT564, MT565 or MT568 and equivalent ISO 20022 messages). CANC is used to cancel a corporate action event previously announced or a previously sent Movement Preliminary Advice message. |
| CANO | Abbreviation name of the ISO 20022 corporate action notification message or seev.031. The notification type may be a new message, a replacement or a reminder. |
| CAPA | Abbreviation name for the ISO 20022 corporate action movement preliminary advice message or seev.035. |
| CAPC | Abbreviation name for the ISO 20022 corporate action movement preliminary advice cancellation advice message or seev.044. |
| CAPI | Capitalisation (CAEV code in the 15022 standard). Increase of the current principal of a debt securities without increasing the nominal value. It normally arises from the incorporation of due but unpaid interest into the principal. This is commonly done by increasing the pool factor value, for example, capitalisation, and negative amortisation. |
| CAPS | Abbreviation name of the ISO 20022 corporate action event processing status advice or seev.032. |
| CARE | Abbreviation name for the ISO 20022 corporate action movement reversal advice message or seev.037. |
| Cash account controller | An entity which is responsible for maintaining investors cash accounts. In relation to corporate actions, cash account controllers are responsible for receiving the cash payment from corporate action events on behalf of the investors. The cash account controller is registered on the securities account. Often the securities account controller is also the cash account controller. |
| Cash Distribution | A Distribution where the proceeds consist of cash only. |
| CB | Acronym for Central bank. |
| Central bank | An institution that conducts the monetary policy for a specific area by the way of legal act. |
| Central Bank Money (CeBM) | Liabilities of a central bank, in the form of either banknotes or bank deposits held at a central bank, which can be used for settlement purposes. |
| Central Securities Depository | A legal person that operates a securities settlement system referred to in point (3) of Section A of the Annex and provides at least one other core service listed in Section A of the Annex of CSDR. |
| CET | Acronym for Central Easter Time. |
| CHAN | Change (CAEV code in the 15022 standard). Information regarding a change further described in the corporate action details. |

| Terms | Definitions |
|---|---|
| CHOS | Acronym for Choice with Options.<br>ISO indicator from the ISO 15022 standard and especially MT564 messages. It is associated to the qualifier CAMV. It applies on mandatory events for which an instruction is required, unless a default option has been specified. |
| CoBM | Acronym for Commercial Bank Money. |
| COLI | An ISO qualifier code indicating the type of a securities transaction. A transaction qualified as COLI relates to a collateral transaction, from the point of view of the collateral taker or its agent. |
| COLO | An ISO qualifier code indicating the type of a securities transaction. A transaction qualified as COLO relates to a collateral transaction, from the point of view of the collateral giver or its agent. |
| Commercial bank money | Commercial bank liabilities that take the form of deposits held at a commercial bank which can be used for settlement purposes. |
| Commercial bank money settlement | Settlement is described as being in commercial bank money if the payment moves between the cash accounts of financial institutions that are not operated by the central banks |
| CONV | Conversion (CAEV code in the 15022 standard). Conversion of securities (generally convertible bonds or preferred shares) into another form of securities (usually common shares) at a pre-stated price/ratio. |
| Corporate Action | An action or event decided by the issuer of a security which has an impact on the holders of that security.<br>(See SCoRE standards). |
| Corporate action on flow | The generation of claims from, or a transformation of unsettled settlement instructions for a corporate action. |
| Corporate action on stock | The calculation and processing of an entitlement resulting from a corporate action, based on the settled securities position. |
| CSD | See Central Securities Depository. |
| CSD link | An arrangement between CSDs whereby one CSD becomes a participant in the securities settlement system of another CSD in order to facilitate the transfer of securities from the participants of the latter CSD to the participants of the former CSD or an arrangement whereby a CSD accesses another CSD indirectly via an intermediary. CSD links include standard links, customised links, indirect links, and interoperable links. |
| DCA | Acronym for Dedicated Cash Account. |
| Debt securities | Financial instrument which contains a promise by the issuer to pay the holder of the instrument a defined amount of interest and capital upon a specific schedule. |
| Dedicated cash account | A cash account in T2S operated by a central bank. |
| Delivery versus payment | A securities settlement mechanism which links a securities transfer and a funds transfer in such a way as to ensure that delivery occurs if - and only if - the corresponding payment occurs. |
| Delivery vs delivery | A securities settlement mechanism which links two securities transfers in such a way as to ensure that the delivery of one security occurs if - and only if - the other security in the other transfer is delivered. |
| Delivery with payment | A type of instruction and settlement mechanism that requires a delivery of securities and a corresponding cash payment. |

| Terms | Definitions |
|---|---|
| Distribution | Corporate Action whereby the Issuer of a security delivers particular proceeds to the holder of the Underlying Security without affecting the underlying security. |
| Distribution with Options | A Distribution with a choice of proceeds. |
| DvD | Acronym for Delivery versus Delivery. |
| DvP | Acronym for Delivery versus Payment. |
| DwP | Acronym for Delivery with Payment. |
| Election period | Period during which elections can be made. |
| Elective event | A corporate action event for which securities holders are expected to elect (to choose) one out of the many proposed options. |
| Eligible position | Settled positions, on the underlying security, recorded on the owners accounts in the books of the CSD. Eligible positions are captured by the corporate action engine from the CSD safekeeping system in accordance with the daily life cycle. |
| End of the election period | For an elective corporate action, the end of the election period is the last day on which an eligible account holder will be able to elect to a specific event. In order to make sure the election will be duly processed by the CSD, the participant must instruct no later than the market deadline date and time. Besides, end-investors must follow the response deadline indicated by their account servicer also known as participant. |
| Entitlement | Resulting cash amounts and/or securities quantities receivables to be paid out to the eligible account owners, as calculated by the corporate action engine. |
| EOD | Acronym for End Of Day. |
| EXOF | Exchange (CAEV code in the 15022 standard). Exchange of holdings for other securities and/or cash. The exchange can be either mandatory or voluntary involving the exchange of outstanding securities for different securities and/or cash. For example, "exchange offer", "capital reorganisation" or "funds separation". |
| EXTM | Maturity Extension (CAEV code in the 15022 standard). As stipulated in the security's Terms and Conditions, the issuer or the holder may prolong the maturity date of a security. After extension, the security details may differ from the original issue. An issuer-initiated extension may be subject to holder's approval. |
| Financial instrument | Financial instruments that may be traded and used as collateral in the European Union (i.e., debt, equities) denominated in euro or another currency. Corporate action events will occur on these instruments. |
| FoP | Acronym for Free of Payment. |
| Fractions | The number of Underlying Securities remaining after the calculation of the entitlement to the proceeds of a Corporate Action. or The decimal part of the balance of outturn securities resulting from the calculation of the proceeds of a Corporate Action. |
| Free-of-payment (FOP) delivery | A delivery of securities which is not linked to a corresponding transfer of funds. |

| Terms | Definitions |
|---|---|
| Guaranteed Participation Date | Last date to buy the Underlying Security with the right attached to participate in an Elective Corporate Action. |
| ICSD | See International Central Securities Depository. |
| INCR | Increase in Value (CAEV code in the 15022 standard). Increase in the face value of a single security. The number of circulating securities remains unchanged. |
| Intended Settlement Date (ISD) | The date that is entered into the securities settlement system as the settlement date and on which the parties to a securities transaction agree that settlement is to take place. |
| Intermediaries | Financial institutions that provide and maintain securities accounts. |
| INTR | Interest Payment (CAEV code in the 15022 standard). Interest payment distributed to holders of an interest-bearing asset. |
| Investor CSD | A CSD - or a third party acting on behalf of the investor CSD - that opens an account in another CSD (the issuer CSD) so as to enable the cross-system settlement of securities transactions. This term is used in the context of CSD links. |
| ISD | Acronym for Intended Settlement Date. |
| ISIN | Acronym standing for international securities identification number. Internationally recognised code for clear identification of securities. ISO has laid down rules for the allocation of securities ISINs. The allocation of these numbers is carried out by determinate national and international organisations (known as numbering agents). |
| ISO | Acronym standing for International Standard Organisation. |
| Issuer | The issuer of an Underlying Security including the agent mandated by the Issuer for Corporate Actions purposes. |
| Issuer CSD | A CSD in which securities are issued (or immobilised). The issuer CSD opens accounts allowing investors (in a direct holding system) and intermediaries (including investor CSDs) to hold these securities. |
| Lifecycle | Expression that embodies all the various stages or steps needed to process a corporate action event from the very beginning to the closure of this same event. |
| LIQU | Liquidation Dividend/Liquidation Payment (CAEV code in the 15022 standard). A distribution of cash, assets or both. Debt may be paid in order of priority based on preferred claims to assets specified by the security. |
| Main cash account | A cash account in CLM for provision of credit line, settling CBOs and liquidity management. |
| MAND | Acronym for Mandatory. ISO indicator from the ISO 15022 standard and especially MT564 messages. It is associated to the qualifier CAMV. If the corporate action is mandatory, no instruction is required to participate. |
| Mandatory reorganisation | A reorganisation that mandatorily affects the underlying security. |
| Mandatory reorganisation with options | A mandatory reorganisation with a choice of proceeds. |

| Terms | Definitions |
|---|---|
| Market Claim | Process to reallocate the proceeds of a Distribution to the contractually entitled party. |
| Market deadline | Last date and time, preferably end of day, to send election instructions to the Issuer (I)CSD. |
| MCA | Acronym for Main Cash Account. |
| MCAL | Full Call/Early Redemption (CAEV code in the 15022 standard). The redemption of an entire issue outstanding of securities, for example, bonds, preferred equity, funds, by the issuer or its agent, for example, asset manager, before final maturity. |
| MT564 | This message is sent by an account servicer to an account owner or its designated agent.<br><br>This message is used to provide an account owner with the details of a corporate action event along with the possible elections or choices available to the account owner. It can be initially sent as a preliminary advice and subsequently replaced by another MT 564 with complete or confirmed information.<br><br>This message will also be used to:<br>1) provide the account owner with details of the impact a corporate action event will have on a safekeeping or cash account, for example, entitlement calculation<br><br>2) provide the account owner with a preliminary advise of upcoming postings or reversal of securities and/or cash postings<br><br>3) request the cancellation of a previously sent corporate action notification<br><br>4) re-send a corporate action notification previously sent. |
| MT565 | This message is sent by an account owner to an account servicer.<br><br>This message is used to provide instructions on how the account owner wishes to proceed with a corporate action event. Instructions include investment decisions regarding the exercise of rights issues, the election of stock or cash when the option is available, and decisions on the conversion or tendering of securities.<br><br>This message may also be used to:<br>1) request the cancellation of a previously sent corporate action instruction<br><br>2) re-send a corporate action instruction previously sent<br><br>3) provide a third party with a copy of the message. |
| MT566 | This message is sent by an account servicer to an account owner or its designated agent.<br><br>This message is used to confirm to the account owner that securities and/or cash have been credited/debited to an account as the result of a corporate action event.<br><br>This message may also be used to:<br>1) reverse a previously sent corporate action confirmation<br>2) re-send a corporate action confirmation previously sent<br>3) provide a third party with a copy of the message. |

| Terms | Definitions |
|---|---|
| MT567 | This message is sent by an account servicer to an account owner or its designated agent.<br><br>This message is used to advise the status, or a change in status, of a corporate action-related transaction previously instructed by, or executed on behalf of, the account owner.<br><br>This will include:<br>1) the acknowledgement/rejection of a corporate action instruction, or<br>2) the acknowledgement/rejection of a request to cancel an outstanding instruction.<br><br>It may also be used to provide a reason as to why a corporate action event has not been completed by the announced payment dates. |
| MT568 | This message is sent between an account owner and an account servicer. This message is used to provide complex instructions or narrative details relating to a corporate action event.<br>This message may also be used to cancel a previously sent corporate action narrative |
| Minimum Settlement Unit (MSU) | The Minimum Settlement Unit (MSU) is an attribute of the security, which (1) defines the minimum quantity or nominal of a security for settlement; and (2) determines whether the nearest full unit is a whole number or another number for rounding down of securities amounts for securities movements. The value must be greater than zero. |
| NEWM | NEWM is a function code used in a corporate action related messages (e.g., MT564, MT565, MT566 or MT568 and equivalent ISO 20022 messages). NEWM is used to identify new messages. |
| OTHR | Other Event (CAEV code in the 15022 standard). Other event, use only when no other event type applies, for example, a new event type. |
| OWNE | An ISO qualifier code indicating the type of a securities transaction. A transaction qualified as OWNE corresponds an external account transfer. |
| OWNI | An ISO qualifier code indicating the type of a securities transaction. A transaction qualified as OWNI corresponds an internal account transfer. |
| PARI | Pari-Passu (CAEV code in the 15022 standard). Occurs when securities with different characteristics, for example, shares with different entitlements to dividend or voting rights, become identical in all respects, for example, Pari-Passu or assimilation. May be scheduled in advance, for example, shares resulting from a bonus may become fungible after a pre-set period of time, or may result from outside events, for example, merger, reorganisation, issue of supplementary tranches, etc. |
| Paying Agent | An agent appointed by the issuer to process the cash payments to be made by the Issuer (interest payment, redemption or other) related to a security. |
| Payment | Delivery of the proceeds of a Corporate Action. |
| Payment Date | Date on which the Payment is due. |
| Payment Free of Delivery | A transfer of funds without a simultaneous delivery of securities in return. |
| Payment versus Payment | A mechanism in a foreign exchange settlement system which ensures that a final transfer of one currency occurs if, and only if, a final transfer of the other currency or currencies takes place. |

| Terms | Definitions |
|---|---|
| PCAL | Partial Redemption Without Pool Factor Reduction (CAEV code in the 15022 standard). Securities are redeemed in part before their scheduled final maturity date. It is done without any pool factor reduction. The redemption is reflected in a debit of the face amount (FAMT). |
| Pending transaction | Unsettled transaction. |
| Period of action | Period during which the specified option, or all options of the event, remains valid, for example, offer period. |
| PFoD | Acronym for Payment Free of Delivery |
| PORT | An ISO qualifier code indicating the type of a securities transaction. A transaction qualified as PORT relates to a portfolio move from one investment manager to another and/or from an account servicer to another. |
| PRED | Partial Redemption With Pool Factor Reduction (CAEV code in the 15022 standard). Securities are redeemed in part before their scheduled final maturity date. The redemption is reflected in a pool factor reduction. No movement of securities occurs. |
| PUT | Underlying option of a fixed income instrument that gives the security holder the right, but not the obligation, to demand early repayment of the principal from the issuer or a third party acting as an agent for the issuer. |
| Puttable bond | A bond or more generally a fixed income security that allows the holder to assign the issuer to redeem the principal before it reaches the stated maturity date. |
| PvP | Acronym for Payment vs Payment. |
| Real time gross settlement system | A settlement system in which processing and settlement take place on a transaction-by-transaction basis in real time. |
| Record Date | Date on which settled positions are struck in the books of the Issuer CSD at close of business to determine the entitlement to the proceeds of a Corporate Action. |
| REDM | Final Maturity (CAEV code in the 15022 standard). The redemption of an entire issue outstanding of securities, for example, bonds, preferred equity, funds, by the issuer or its agent, for example, asset manager, at final maturity. |
| Reorganisation | A Corporate Action whereby the Underlying Security is replaced with proceeds. |
| REPE | REPE is a function code used in a corporate action related messages (e.g., MT564 and equivalent ISO 20022 message). REPE is used to report an eligible balance with or without an entitlement calculation (ADDB//CAPA). |
| REPL | REPL is a function code used in a corporate action related messages (e.g., MT564 and equivalent ISO 20022 message). REPL is used to replace a previously sent message that was reported as preliminary or complete, for example, processing status was :25D::PROC//PREU, PREC or COMP. |
| Reversal | The business process to reverse a corporate action that has been already processed. |
| Reverse Claim | Market Claims should be created, as a separate Transaction without changing the Underlying Transaction, by the (I)CSD or the CCP for all irrevocable settlement transactions (as defined in each market) as follows: From the buyer to the seller, when trade date is on or after Ex-Date and |

| Terms | Definitions |
|---|---|
|  | Actual Settlement Date is on or before Record Date and according to opt-in/out and ex/cum indicator. |
| REVR | REVR is a function code used in a corporate action related messages (e.g., MT564 or MT566 and equivalent ISO 20022 messages). REVR is used to report a posting reversal or reversal confirmation. |
| RMDR | RMDR is a function code used in a corporate action related messages (e.g., MT564 or MT568 and equivalent ISO 20022 messages). RMDR is used to identify to reminder of an event taking place. |
| RTGS | Acronym for Real Time Gross Settlement. It applies to settlement systems. |
| SCoRE | Acronym for Single Collateral Rulebook for Europe. The Single Collateral Rulebook for Europe (SCoRE) was published in December 2019. It sets out the harmonised collateral management processes agreed by the Advisory Group on Market Infrastructures for Securities and Collateral (AMI-SeCo). |
| Securities account controller | An entity which is responsible for maintaining investors securities accounts. One securities account controller can operate many securities accounts. Often the securities account controller is also the cash account controller. |
| Securities Distribution | A Distribution where the proceeds consist of securities. |
| Securities Settlement System (SSS) | A system under the first, second and third indents of point (a) of Article 2 of Directive 98/26/EC that is not operated by a central counterparty whose activity consists of the execution of transfer orders. |
| seev.001 | See MENO. ISO 20022 meeting notification message code. |
| seev.002 | See MECN. ISO 20022 meeting cancellation message code. |
| seev.003 | See METN. ISO 20022 meeting entitlement notification message code. |
| seev.004 | See MEIN. ISO 20022 meeting instruction message code. |
| seev.005 | See MEIC. ISO 20022 meeting instruction cancellation request message code. |
| seev.006 | See MEIS. ISO 20022 meeting instruction status message code. |
| seev.007 | See MECO. ISO 20022 meeting vote execution confirmation message code. |
| seev.008 | See MERD. ISO 20022 meeting vote execution confirmation message code. |
| seev.031 | See CANO. ISO 20022 corporate action notification message code. |
| seev.032 | See CAPS. ISO 20022 corporate action event processing status advice message code. |
| seev.033 | See CAIN. ISO 20022 corporate action instruction message code. |
| seev.034 | See CAIS. ISO 20022 corporate action instruction status advice message code. |
| seev.035 | See CAPA. ISO 20022 corporate action movement preliminary advice message code. |
| seev.036 | See CACO. ISO 20022 corporate action movement confirmation message code. |
| seev.037 | See CARE. ISO 20022 corporate action movement reversal advice message code. |
| seev.039 | See CACN. ISO 20022 corporate action cancellation advice message code. |

| Terms | Definitions |
|---|---|
| seev.040 | See CAIC. ISO 20022 corporate action instruction cancellation request message code. |
| seev.041 | See CACS. ISO 20022 corporate action cancellation request status advice message code. |
| seev.044 | See CAPC. ISO 20022 corporate action movement preliminary advice cancellation advice message code. |
| Settlement | The completion of a transaction or of processing with the aim of discharging participants' obligations through the transfer of securities. |
| Settlement account | An account held at a central bank or a Central Securities Depository, or with a central counterparty or any other institution acting as a settlement agent, which is used to settle transactions between participants in a system. |
| Settlement day | See actual settlement day. |
| Single Settlement System | A system as defined in Article 2(a) of Directive 98/26/EC for the execution of transfer orders related to title to or interest in a security or securities by means of a book entry on a register or otherwise. |
| SLME | Portuguese acronym for Non-Euro Currency Settlement System, which uses the Commercial Bank Money. |
| SOD | Acronym for Start Of Day. |
| SPME | Portuguese acronym for the foreign Currency Payment System, operated by Caixa Geral de Depósitos S.A. used by Euronext Porto for non-Euro Commercial Bank Money processes. |
| SSS | See Securities Settlement System. |
| Start of the election period | For an elective corporate action event, the start of the election period is the date from which any eligible holder of the underlying security will be able to elect to that specific event.<br><br>The start date and the end date of the election period are communicated by the issuer CSD.<br><br>According to the corporate action standards, the election period should start at least 10 business days before the market deadline date. |
| Settlement Unit Multiple (SUM) | The Settlement Unit Multiple (SUM) is an attribute of the security, which defines that (1) a settlement instruction is consistent with the related static data; (2) the settlement quantity or nominal must be a multiple of the defined value. The quantity of securities in an instruction must be divisible by this multiple. The value must be greater than zero. |
| T2S | Acronym for TARGET2-Securities. |
| TARGET2 | TARGET2 is a real-time gross settlement system (RTGS) for transactions in euro, developed and operated by the Euro system. It went live in November 2007 to replace TARGET, the Euro system's first generation large-value payment system.<br><br>As a RTGS system, payments are settled one by one on a continuous basis without netting. Transactions are settled in central bank money and once processed, are irrevocable and unconditional to guarantee settlement finality throughout the day. |
| TARGET2-Securities | T2S (TARGET2-Securities) is a Euro system project to provide Central Securities Depositories (CSDs) with a single technical platform for the delivery-versus-payment settlement of securities in central bank money. |

| Terms | Definitions |
|---|---|
| | T2S allows all delivery-versus-payment to be carried out in real-time, even for securities transactions settled across national borders.<br><br>It has been developed as a so-called "integrated model", where securities accounts held by CSDs and dedicated cash accounts (DCA) opened on the books of national central banks are all managed directly within the same T2S platform. |
| TEND | Tender/Acquisition/Takeover/Purchase Offer (CAEV code in the 15022 standard). An offer made to holders by a third party, requesting them to sell (tender) or exchange their securities. |
| Trade Date (TD) | Date of which trade was agreed. |
| Transaction management | Transaction Management includes all the processes implemented by a CSD to ensure the proceeds of an underlying corporate action on stock are reallocated to the actual beneficial owner of securities based on an existing pending or settled transaction.<br><br>Transaction management comprises market claims, transformations and buyer protection mechanisms. |
| Transformation | Process by which Pending Transactions, on or after Record Date / Market Deadline, are cancelled and replaced by new Transactions in accordance with the terms of the Reorganisation. |
| Triparty agent (TPAs) | Agents regulated as (I)CSDs and/or custodians/commercial banks that act as providers of triparty services. |
| Underlying security | Security that is the subject of a corporate action event. |
| Underlying transaction | Transaction upon which a Market Claim, Transformation or Buyer Protection is applied. |
| VOLU | Acronym for Voluntary. ISO indicator from the ISO 15022 standard and especially MT564 messages. It is associated to the qualifier CAMV. If the corporate action is voluntary, the owner wishing to take part in the event, he or she must instruct. |
| Voluntary reorganisation | A reorganisation in which participation is optional for the holder of the underlying security. |
| WRTH | Worthless (CAEV code in the 15022 standard). Booking out of valueless securities. |

## 6.2   Document history

| Version No. | Date | Change Description |
|---|---|---|
| 1.0 | 18/07/2022 | First publication for Euronext Securities Copenhagen and Euronext Securities Porto. |

EURONEXT SECURITIES