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CBF Release

Information relating to the Release

21 November 2016

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Foreword

In addition to the publication "CBF Release in November 2016: Advance announcement of changes" dated June 2016 and the publication „CBF SWIFT & Connectivity Changes ISO 15022 November 2016"dated July 2016, the following provides comprehensive and detailed information about the changes to be implemented on Monday, 21 November 2016.

Please forward the document to all units concerned in your organisation.

Please refer to our Client Services for additional information or if you have any questions on the individual topics.

At this point we would like to draw our customers' attention to the fact that telephone conversations with Clearstream Banking – as is customary in the financial industry– are recorded in some areas. This is intended to protect the interests of both Clearstream Banking and its customers in the case of misunderstandings or false transmissions.

The divisions in which telephone conversations are recorded include Client Services, the Treasury dealing room and the back office. The telephone lines concerned are subject to constant maintenance, to ensure fault-free operation.

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1. CASCADE-PC

From 21 November 2016 the use of the CASCADE-PC Client 9.1 will be mandatory due to various updates for CBF's migration to TARGET2-Securities (T2S); that is, the versions 9.0 and 9.0a will no longer run from that date. Version 9.1 will be available for download on www.clearstream.com/cascadepc on 7 November 2016.

2. Custody

2.1 Record Date Germany

As of 1 January 2017 the legal change of §58 AktG comes into effect, and thus enables the use of the Record Date to Corporate Action events in German instruments according to the T2S CASG standards. The technical changes for automatic execution have been implemented by CBF already in November 2015.

Along with the legal implementation we would like to make reference to the already published detailed "Customer Information Record Date Germany", which is available on the Clearstream website under Products and Services / Asset services / Corporate actions / Corporate actions CSD Frankfurt.

The sections below display, as of which date an execution with Record Date has to take place for the first time. Hereby it has to be considered that the Ex-Date is published by WM but will not be reported from CBF for reorganisation events.

2.1.1 Income Distribution Events

Event Type	Description	Cutover
120	Dividends	Meeting Date > 31/12/2016
121	Funds Income	Ex-Date > 31/12/2016
125	Other Distribution	Ex-Date > 31/12/2016
126	Participation Rights Income	Ex-Date > 31/12/2016

Note: Not mentioned event types will be processed as today (no Record Date relevance).

2.1.2 Non Income Distribution Events

Event Type	Description	Cutover
210	Issue of subscription rights	Ex-Date > 31/12/2016
211	Stock split	Ex-Date > 31/12/2016
211	Spin off	Ex-Date > 31/12/2016
211	Issue of partial rights	Ex-Date > 31/12/2016
211	Issue of bonus shares	Ex-Date > 31/12/2016
211	Stock dividend	Ex-Date > 31/12/2016
211	Dividend option	Ex-Date > 31/12/2016
211	Pay in Kind	Ex-Date > 31/12/2016
213	Detachment of warrants	Ex-Date > 31/12/2016
232	Change of denomination/amount of shares	Ex-Date > 31/12/2016
235	Redenomination	Ex-Date > 31/12/2016

Note: Not mentioned event types will be processed as today (no Record Date relevance).

2.1.3 Reorganisation in cash

Event Type	Description	Cutover
122	Warrant Exercise	Payment Date > 31/12/2016
123	Squeeze Out	Ex-Date > 31/12/2016
124	Pay-Off / Buyback of Shares	Ex-Date > 31/12/2016

Note: Not mentioned event types will be processed as today (no Record Date relevance).

2.1.4 Reorganisation in securities

Event Type	Description	Cutover
231	Redemption in securities	Ex-Date > 31/12/2016
232	Conversion of shares	Ex-Date > 31/12/2016
232	Merger	Ex-Date > 31/12/2016
232	Reverse stock split	Ex-Date > 31/12/2016
232	Capital decrease	Ex-Date > 31/12/2016
232	Reclassification	Ex-Date > 31/12/2016
232	Pari-Passu	Ex-Date > 31/12/2016

Note: Not mentioned event types will be processed as today (no Record Date relevance).

2.2 SWIFT Release 2016

The changes required for the SWIFT release in November 2016 relate to custody reporting (MT564, MT565, MT566) and were already explained in detail in the publication "CBF SWIFT and Connectivity changes November 2016", which was published in July 2016.

3. Preparatory measures for TARGET2-Securities (T2S) Wave 4

In the "CBF Release in November 2016: Advance announcement of changes" (published in June 2016), CBF already informed customers about the change of the message subscription for MT536 (CBF "Clearing & Settlement Statement") in connectivity mode File Transfer. In addition of the already published measure, the following topics are described in regards to content and structure to be implemented in preparation for the T2S migration.

3.1 Adaptations in CASCADE

Instructions that are submitted by CBF on behalf of a customer – for example due to corrections – cannot be modified nor cancelled by the customer himself. If a modification or cancellation of such an instruction becomes necessary, the modification or cancellation has to be executed by CBF as well.

In addition, the text of Dispo status "411" is changed from "Pending due to master data, see list 'Not transmitted to process'" to "Pending, other reason, see reason code or notification".

3.2 Adaptations in LION

The "List of pending SE transactions" shows BUY and SELL instructions of CASCADE-LION. In order to consider the results of the night-time settlement, the list will be generated at 03:00 and published right afterwards (at approximately 03:15), starting with this CBF Release in November 2016.

The report shows the current situation regarding pending instructions at the time of report generation. Pending instructions that were settled during the night-time settlement are not shown.

The layout of the list remains unchanged.

The publication of the "List of orders" and the "List of cancellations", that are published together with the "List of pending SE transactions" will be also at approximately 03:15.

3.3 Adaptations in Vaults

CBF already provides static data of ISINs in T2S on a daily basis. Due to the implementation of new EDT services in production prior to the migration of CBF to T2S, Vaults processing of Mark-up/Mark-down instructions (AA16 / AA18) has been enhanced.

The following validations will be implemented with this release and have to be valid for T2S-relevant instructions for "Laufende Einlieferung" und "Neuzulassung" (incl. "Neuzulassung" with nominal = 0):

- The security has to be active in T2S (with the exception of Maltese securities).
- For the following fields in WSS-WM und WSS-CBF, to ensure the quality of the static data, the field must be identical in both systems if filled in one system:
  - "kleinste Stückelung";
  - "Mindestbetrag";
  - "Inkrement";
  - "Verwahrart".
- If T2S confirmed values are available the nominal is validated against these values. If not and the ISIN is available in WSS-CBF, the validation is against "kleinste Stückelung" and "kleinste übertragbare Einheit" in WSS-CBF, otherwise against "kleinste Stückelung" and "kleinste übertragbare Einheit" in WSS-WM.
- Nominal >= "T2S confirmed Minimum Denomination"
- Nominal must be dividable by "T2S confirmed Multiple Quantity" without remainder.
- The value of the field "Einheit Effektennotiz" must be equal to the field "T2S confirmed Quantity Type" in WSS-CBF.
- Instructions that are transferred to T2S will be rejected as long as no active Security CSD Issuer Link exists with CBF as Issuer CSD.

- If the settlement date of the instruction is before the date the security was created in T2S or after the maturity date of the security, the instruction is rejected by T2S.
- If the settlement date of the instruction is before the "ValidFrom" date or after the "ValidTo" date of the Security CSD Link the instruction is rejected by T2S.
- The settlement date has to be a business day.

The following validations will be implemented with this Release and have to be valid for T2S-relevant instructions for "Valutierung" and securities withdrawals as well as for instructions that are not T2S relevant:

- If T2S confirmed values are available, the nominal is validated against these values. If not and the ISIN is available in WSS-CBF, the validation is against "kleinste Stückelung" and "kleinste übertragbare Einheit" in WSS-CBF, otherwise against "kleinste Stückelung" and "kleinste übertragbare Einheit" in WSS-WM.
- The settlement date has to be a business day.

Maltese ISINs will be migrated before the migration of CBF to T2S foreseen in February 2017. In order to allow the deposit and withdrawal of Maltese ISINs the mentioned new validations will not be valid for Maltese ISINs.

Negative validations will cause the following error messages:

Validation	Error message
Deviation „Kleinste Stückelung“	Stammdatendiskrepanz WM-CBF: -Kleinste Stückelung
Deviation „Mindestbetrag“	Stammdatendiskrepanz WM-CBF: -Mindestbetrag
Deviation „Inkrement“	Stammdatendiskrepanz WM-CBF: -Inkrement
Deviation „Verwahrart“	Stammdatendiskrepanz WM-CBF: -Verwahrart
Validation „T2S confirmed Minimum Denomination“	NOM-URK darf nicht kleiner als der Mindestbetrag aus CBF-WSS sein
Validation „T2S confirmed Multiple Quantity“	NOM-URK nicht durch kleinstes Vielfaches aus CBF-WSS darstellbar
Validation „T2S confirmed Quantity Type“	Stammdaten-Diskrepanz WM-CBF: - Einheit Effektennotiz
Validation "Rahmennominale"	RAHMENNOMINALE darf nicht kleiner dem Mindestbetrag in CBF-WSS sein RAHMENNOMINALE nicht durch kl. Vielfache aus CBF-WSS darstellbar
Validation „Security CSD Link“	Kein aktiver Security CSD Issuer Link verfügbar
Validation „Settlement Date vs ValidFrom Date ISIN“	Settlement-Day muss innerhalb Gültigkeitsfrist ISIN aus CBF-WSS liegen
Validation „Settlement Date vs ValidFrom Date Security CSD Link“	Settlement-Day muss innerhalb Gültigkeitsfrist CSD Link liegen
Validation Settlement Date vs T2S Business Day	Settlement-Day ist kein T2S- / T2S-Business-Day
Validation „Kleinste Stückelung“ (old WM validation)	NOM-URK muss ein Vielfaches der kleinsten Stückelung sein
Validation „kleinste übertragbare Einheit“ (old WM validation)	NOM-URK muss ein Vielfaches d. kl. übertragbaren Einh. sein
ISIN in CBF available and exists on T2S	Gattung (noch) nicht in CBF-WSS hinterlegt Gattung ist (noch) nicht auf T2S vorhanden Gattung in CBF-WSS gelöscht

3.4 Adaptations within Custody Services

The nominal in instructions resulting from corporate actions will be validated against the T2S Minimum Settlement Unit (MSU) and the T2S Settlement Unit Multiple (SUM), in order to avoid rejections from T2S. With this CBF Release in November 2016, this validation is introduced together with the respective customer reporting via MT564/MT566.

4. Vaults Services

4.1 Directive 2014/91/EU

On 18 March 2016, Germany has put into effect legal updates to cover requirements from the Directive 2014/91/EU. These updates will declare investment funds bearer units to be invalid when they are not safekept in collective safe custody (CSC) by 31 December 2016. Furthermore, bearer units safekept in CSC must not be physically delivered out of CSC as from 1 January 2017.

As a consequence, and to avoid any human error and subsequent legal issues for CBF and third parties, CBF has to provide a technical solution to avoid any physical deliveries of individual certificates into and out of CSC. Reasons are that physical certificates delivered into CSC as from 1 January 2017 would be invalid and therefore not eligible in CSC, physical certificates delivered out of CSC as from 1 January 2017 will become invalid and will not be safekept in the depository's trustee account either (as the new law requires).

The value to identify affected ISINs is 5000 in WSS field GD198B.

Physical deliveries of fixed-amount global certificates and/or up-to global certificates into/out of CSC remain possible.

This technical solution blocks in fact all holdings in individual certificates of funds from physical delivery, including relocation ("Umlegung") between CSC and reserved stock (Vorratslager).

This technical solution also blocks all holdings in individual certificates of funds from relocation ("Umlegung") between CSC and third-party Vaults (Fremdtresor).

The technical solution for deposit instructions will take effect 1 January 2017. Withdrawal instructions are already blocked manually by the Vaults unit today and technically with the CBF Release in November 2016.

5. Xemac

5.1 Mandatory Xemac Version 5.8

A new Xemac® version 5.8 will be implemented with the Release on 21 November 2016. The participating institutions have to install the Xemac version 5.8 by this date. Thereafter, it will not be possible to access Xemac version 5.7.

The software for the Xemac version 5.8 will be available for download for Premium users as of 31 October 2016 on the Clearstream website www.clearstream.com via the following URL:

https://www.clearstream.com/clearstream-en/products-and-services/global-securities-financing/global-liquidity-hub-csd-services/triparty-collateral-services--xemac-/xemac-technical-specifications/9738

The "Installation Manual" will also be available on the same page.

5.2 T2S-related changes

In line with the stepwise preparation for T2S and the related settlement rules (MSU – Minimum Settlement Unit, SUM – Settlement Unit Multiple) adjustments will be performed in Xemac.

Required migration activities will be performed by CBF without customer involvement from 14 – 18 November 2016. This can result in collateral movements. The changes relate to securities allocated in CASCADE as well as Creation. In order to ensure a smooth migration, customers are recommended to keep a collateral buffer on Xemac accounts to avoid minor claim adjustments during this week.

5.3 Support of multiple screens/multiple selections

Multiple screens will be supported with the new Xemac version, that is, when a window is moved to a second monitor and actions are performed in Xemac, resulting new screens are opened in the second monitor.

Multiple selections of more than one line will be enabled for the following functions:

- "Check" and "Reject" (except for Claim, Contract Conclusion);
- "Accept" for Claim;
- "Adapt" for Contract Conclusion.

5.4 Changes to Tabular Views and Report Definitions

Three new columns will be added in the tabular views "Claim Amount" and "Claim Number":

- Version of Contract Conclusion;
- Contract Definition No.;
- Version of Contract Definition.

A new column "Automatic Archiving" will be added in the area of Report Definitions in the tabular view "Current Report Definitions" to display for which Report Definition the Archiving function is active.

Possible values are "-" or "Active".

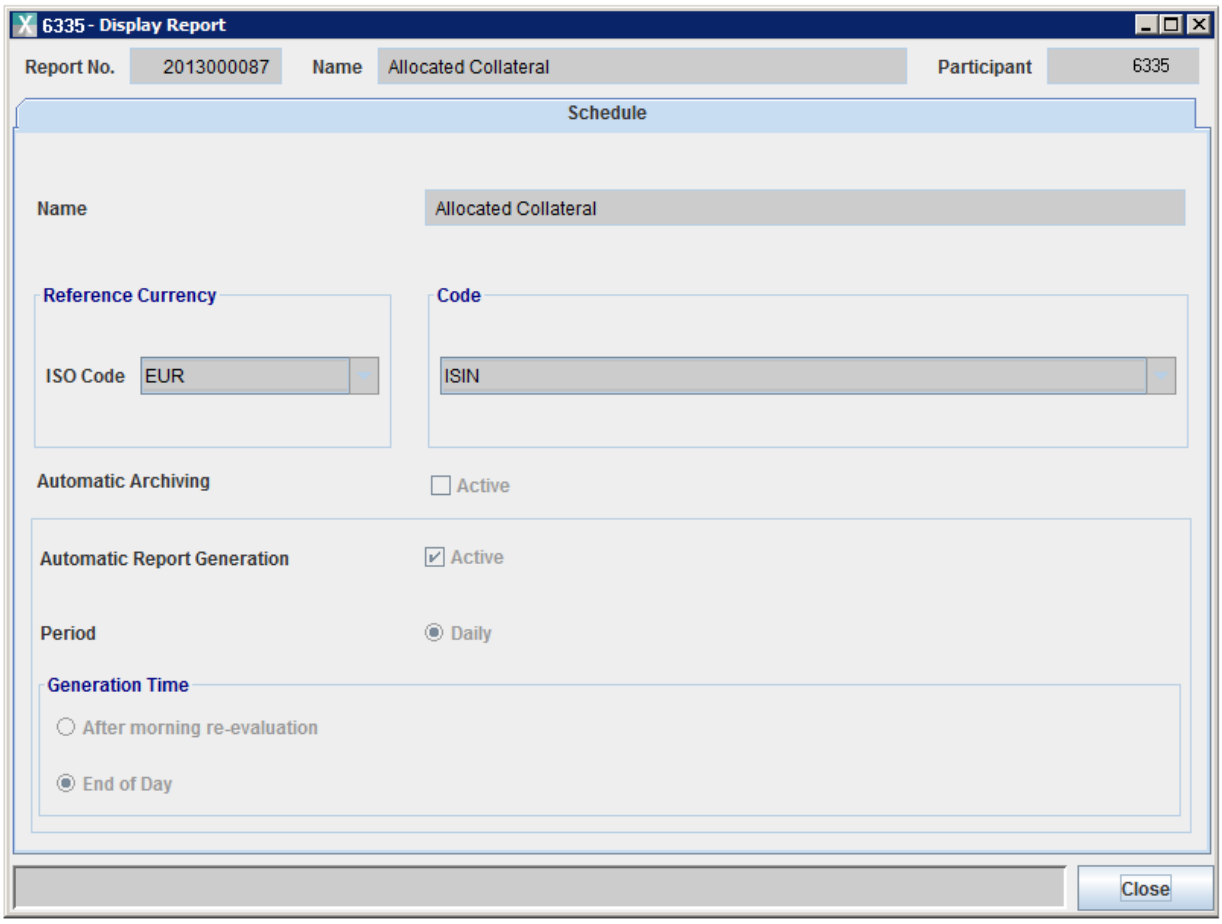

Figure 1: Detailed view Report Definitions

6. Clearing and Settlement Services

Beside the already explained topics in the publication "CBF SWIFT and Connectivity changes November 2016", which was published in July 2016, we would like to add some additional information.

6.1 SWIFT changes within TAG 90A „Price“

Effective 21 November 2016 SWIFT offers the possibility to add a negative prefix within the 90A „Price” field. In this case CBF will ignore the negative prefix but processes the related message (for example MT541) as usual.

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Contact
www.clearstream.com

Published by
Clearstream Banking Frankfurt

Registered address
Clearstream Banking AG
Mergenthalerallee 61
65760 Eschborn
Germany

Postal address
Clearstream Banking AG
60485 Frankfurt /Main
Germany