

MARKET STANDARDS ON MANDATORY DISTRIBUTIONS

Announcements

01. All issuers whose securities are held via a (I)CSD should ensure their primary (I)CSD is informed of the official details of a mandatory distribution, at a minimum, as soon as the announcement has been made. This includes any official intention, change or confirmation of a mandatory distribution.
02. Information from issuers (or his agent) to the (I)CSD should be done in formatted form defined and used by the industry such as the ISO 6166 and ISO 15022/20022 standards, independently from the communication channel used.
03. In case of non-formatted text in the announcement made by the issuer (or its agent) a translation into English should be included.
04. At the same time, issuers should make the information available to all and at a minimum on a website including a summary of the mandatory distribution at least in English.
05. Announcements should be made at the latest 5 (five) business days prior to Record Date.
06. For floating rate instruments, the payable rate should be confirmed as soon as possible but no later than 3 (three) business days prior to Payment Date.

Information from (I)CSD to participants

07. All (I)CSDs receiving this information should make it available, without undue delay of receipt by the issuer, at a minimum to all their participants (including other (I)CSD) who have a direct holding or pending transaction on the security within the (I)CSD at the time of the announcement.
08. (I)CSD should continuously inform the participants of any subsequent information on the event.
09. The announcement should also be made available to any participant who obtains a new holding or is subject to a new transaction that will be affected by the mandatory distribution.
10. Communication should be made in electronic format using industry standards (ISO 6166 and ISO 15022 / 20022) independently from the communication channel used. Paper communication should be eliminated as the legal requirement for paper is eliminated.
11. If a reversal of mandatory distribution is necessary, an announcement should be made by the (I)CSD prior to processing and all aspects of the event should be reversed.
12. For floating rate instruments, the Payment Date confirmation and the announcement of the next applicable rate with clear reference to the applicable period for that new rate should be two separate events and not combined into the same event.
13. There should be in any case a separate notification for every interest payment and/or redemption.

Information from Custodian banks and/or (I)CSD participants

14. The custodian banks and/or (I)CSD members should inform at least their clients that have holdings or any pending transactions impacted by the event.
15. The custodian banks and/or (I)CSD members should continuously inform the participants of any subsequent information on the event.
16. Communication should be made in electronic format using industry standards (ISO 6166 and ISO 15022 / 20022) independently from the communication channel used. Paper communication should be eliminated as the legal requirement for paper is eliminated.
17. The custodian banks and/or (I)CSD members announcement should be made as soon as possible following the issuer/(I)CSD announcement.

Data relating to announcements

18. For cash distribution relating to fixed income in percentage form, only record date and payment date will be provided in the announcements.
19. For cash and stock distributions on all other instruments, events must have an ex date, a record date and a payment date and these three dates must be part of the cash distribution event announcement.
20. The ex date must be defined as "The date as from which trading (including exchange and OTC trading) occurs on the underlying security without benefit." This implies that OTC trades unless agreed otherwise by the trading parties follow the on market ex date rule.
21. The record date must be defined as "The date at which positions are struck at the end of day to note which parties will receive the entitlement."
22. The payment date must be defined "The date at which the distribution is due to take place (cash and/or stocks)." It must be a specific date, not a period of time.
23. The gap between the ex and record dates for cash distributions is defined by the settlement cycle so that the ex and record dates are n business days apart, where n is one day less than the settlement cycle.
24. The gap between the ex and record dates for stock distributions is defined by the settlement cycle so that the ex and record dates are n business days apart, where n is one day less than the settlement cycle.
25. Payment date should be as close to record date as possible, preferably the next working day.
26. The ex date should be announced by the issuer (in co-ordination with the regulated market).
27. An explicit record date should be announced by the issuer or, in markets where the issuer does not set a record date, by the primary (I)CSD.
28. The dates for a distribution should be the same in all countries.
29. The value date applied to clients is a Service Level Agreement issue between the clients and their account servicing institution.
30. Settlement cycles should be harmonized across Europe.
31. All debt instruments should be quoted as percentage prices.

Resources

32. All mandatory cash distributions should be in cash and not coupons.
33. When coupons are used during a transition period, they should have their own ISIN code assigned.

34. All market claims associated with cash distributions should be in cash and not coupons.

Processing of payments

35. Payments from issuers to (I)CSD participants should be made in Central Bank money for local currency payments.

36. For payment initiated by (I)CSD the payment mechanism should be the same as that used for all other transactions in the (I)CSD.

37. In circumstances where the cash proceeds to a distribution cannot be made using the normal central bank money payment mechanism (e.g. foreign currencies) then payment using other mechanisms (such as commercial bank money) should be used.

38. The issuer or his paying agent should make payments as early as possible and before 12:00 p.m. at the latest and preferably immediately after opening of the payment system.

39. The payment from the paying agent and / or the (I)CSD should be made using the original payment currency as defined in the issuer's announcement.

40. No blocking of holdings should be allowed prior to interest payment date.

41. Any funding issues should be reported by the issuer or its agent to the (I)CSD as soon as possible.