

SETTLEMENT PROCEDURES FOR EUROSISTEM CREDIT OPERATIONS

This note should be read in conjunction with the Central Bank's (the Bank's) Documentation on Monetary Policy Instruments and Procedures (the MPIPs), including Chapter 2 which sets out settlement procedures for Eurosystem monetary operations and any other specific articles dealing with settlement procedures. Article 53 of the MPIPs provides that, in addition to the settlement procedures specified in that Chapter, counterparties shall be required to comply with any additional settlement procedures notified by the Bank to the counterparty. In the event of any inconsistency between this note and the MPIPs, the MPIPs takes priority.

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I. Mobilisation Requirements

The Bank's requirements in respect of the mobilisation of (i) securities held in Euroclear Bank SA/NV; (ii) MBPNs; (iii) securities settled on a cross-border basis using the CCBM; (iv) domestic credit claims; and (v) cross-border credit claims for Eurosystem operations are set out below.

1. Securities Eligible to be Settled in Euroclear Bank SA/NV¹:

Delivery of such securities to be used as collateral for transactions with the Bank should be effected on a free-of-payment basis to an individual account operated by the Bank in respect of each counterparty within Euroclear Bank SA/NV. The Bank will pass on to the counterparty safekeeping fees incurred from Euroclear Bank SA/NV in respect of the account. Instructions concerning delivery of collateral must be sent to the Bank in advance of the transfer. The appropriate account number in Euroclear Bank SA/NV, which is required for settlement instructions to transfer securities to the Bank on a free-of-payment basis, must be obtained from the Bank. Since the deadline for input of instructions to

¹ Including Irish government bonds and paper issued by the NTMA, Euro Market or Global Issues issued into Euroclear Bank SA/NV, and securities issued in other (I)CSDs where there is an ECB-approved eligible link.

Euroclear Bank SA/NV for same day settlement of securities transfers in real-time is 16:30², the counterparty must instruct the Bank in good time in respect of collateral which it intends to use for same day settlement.

A list of ECB approved eligible links can be found on the ECB website (www.ecb.europa.eu). Counterparties should note, however, that the deadlines, which apply to transfers using eligible links (i.e., if it is an external trade in Euroclear Bank SA/NV and not an internal trade) are the local market deadlines and not the Euroclear Bank SA/NV deadlines. In addition, the Bank will pass on the settlement fee levied by Euroclear Bank SA/NV for such transactions to counterparties.

2. Mortgage-Backed Promissory Notes (MBPNs):

In order to use MBPNs as collateral, counterparties must have entered into a framework agreement in respect of mortgage-backed promissory notes with the Bank (see template legal agreements on the Bank's website). An MBPN will become effective upon completion by the Bank on foot of the Authorisation provided by the counterparty in accordance with the relevant framework agreement. The Bank's procedures do not currently permit MBPNs to be used as collateral for intraday credit in TARGET2-Ireland.

3. Securities settled via the CCBM³

The counterparty should arrange to transfer the agreed collateral on the settlement date into the account of the central bank of the country of location of the collateral.

Counterparties are advised to refer to the following link on the ECB's website to familiarise themselves with the processes involved: <https://www.ecb.europa.eu/mopo/assets/coll/ccbm/html/index.en.html>. See also Annex A of this document.

4. Domestic credit claims

In the event that any counterparty wishes to mobilise domestic credit claims, the Bank will notify counterparties of the necessary procedures.

² All times in this document are Irish time.

³ For detailed information about CCBM, see Annex VI of the MPIPs and <http://www.ecb.europa.eu/paym/ccbm/html/index.en.html>

5. Cross-Border Credit Claims⁴

Where a credit claim agreement is governed by the law of a euro area country other than Ireland it is deemed to be a cross-border credit claim. Counterparties must have entered into the framework agreement in respect of Eurosystem operations secured over collateral pool assets (a template version of which can be found on the Bank's website) to use these credit claims as collateral. In addition, such credit claims must be mobilised *via* the CCBM in accordance with the procedures of the national central bank (NCB) whose law governs the credit claim agreement. This NCB will act as Correspondent Central Bank (CCB). Counterparties must, therefore, contact the CCB in order to obtain eligibility for these credit claims – the CCB in this case will have responsibility for assigning the credit claim identifier number. Counterparties will also be required to comply with the procedures of this NCB with regard to the information required in order to determine eligibility of the credit claim. See also Annex A of this document. Following confirmation of eligibility by the relevant NCB to the counterparty, cross-border credit claims are mobilised in the normal way *via* the CCBM procedures (see section below on Delivery/Release of Collateral).

Any updates to the eligible credit claim, in terms of early, partial or total repayments, downgrades and material conditions of the credit claim must also be provided, by the counterparty, to the CCB. In addition, any update that results in an increase in the amount outstanding must also be reported to the Bank in accordance with the procedures for delivery/release of collateral. Furthermore, if a counterparty no longer wishes a credit claim to be used as collateral, they must advise the Bank of the release of the credit claim in accordance with the procedures for delivery/release of collateral (see section below on Delivery/Release of Collateral). It should be noted that partial repayments of the credit claim, which reduce the amount of the claim outstanding, are not processed as a release of collateral and will be handled by the Bank in the same way as a partial redemption of a security (i.e., the Bank will be advised of the amount of the repayment by the CCB and will reduce the amount of the credit claim accordingly). Counterparties should be aware that this may result in a margin call. Credit claims which are reaching their maturity date must be released by the counterparty at least one full business day before the maturity date as such claims will not be eligible for use as collateral on their maturity date.

⁴ See also Title III, Chapter 1, Section 1 and Article 149 and Annex VI of the MIPs.

II. Delivery/Release of Collateral

1. Delivery/release of the following asset classes:

- Marketable assets held in the Bank's accounts in Euroclear Bank SA/NV;
- Marketable assets mobilised *via* the CCBM;
- Cross-border credit claims. (Note: where an update of the credit claim by the counterparty results in an increase in the amount outstanding, this represents an additional delivery of that credit claim; where a counterparty no longer wishes to use a credit claim as collateral, this represents a release of a credit claim and must be for the full amount outstanding at the time of the request to release.)

SWIFT messages

The Bank operates a straight-through processing system in respect of the delivery/release of the asset classes described above. In this regard, instructions should be sent to the Bank *via* SWIFT by counterparties who are members or sub-members of SWIFT.

All instructions to the Bank in respect of the delivery/release of collateral must contain the following information:

- delivery/settlement date;
- trade date;
- ISIN code (ORN (i.e., credit claim identifier number) in the case of cross border credit claims);
- debtor identifier number in the case of cross border credit claims;
- denomination of currency;
- safekeeping A/C
- quantity of securities (if in units, unit amount must be specified);
- BIC code of instructing party;
- name and BIC code of delivery/receiving agent; and
- BIC code of place of settlement.

SWIFT instructions in respect of the transfer of assets have a standard format. However, market practices in some countries require specific inputs in certain input fields. These exceptions are detailed in Annex D.

Instructions from counterparties for the release of assets, which are received by the Bank in advance of the settlement date, will be released by the Bank no later than the opening time

for CCBM operations (i.e., 08:00) on the settlement date, provided that such assets are not required to collateralise outstanding credit operations. If this is the case, the assets will be released as soon as the counterparty has substituted adequate collateral or repaid the relevant operation, whichever is applicable.

In the event of settlement problems regarding securities transfers, counterparties will receive a SWIFT Message Type MT548 – *Settlement Status & Allegements* from the Bank which will provide details of the nature of the settlement problem. The SWIFT MT548 messages will provide counterparties with:

- a. the TRN of the instruction affected,
- b. the status of the instruction, and
- c. the reason for the settlement problem.

Upon receipt of an MT548 counterparties may be required to submit a cancel request (e.g., if the original instruction was incorrect). A request for cancellation must be sent to the Bank by close of business on the day an incorrect instruction was sent. In the case of security transfers *via* the CCBM, if the cancel request is not transmitted it is possible that the security transfer may be delayed as the national central bank to/from which the securities are being delivered/released on the Bank's behalf may not process the correct instruction until the cancel request for the incorrect instruction is received.

Manual Instructions

In the case of those counterparties who are not members/sub-members of SWIFT the Bank will accept instructions for the delivery/release of collateral by fax. It should be noted, however, that the use of fax instructions will increase the time taken to process the delivery/release of collateral. Accordingly to ensure the successful completion of securities transactions the following deadlines must be adhered to:

In the case of Irish Government bonds, paper issued by the NTMA and Euro Market or Global Issues issued into Euroclear Bank SA/NV, the counterparty should instruct the Bank

- a. by 15:30 of the security it intends to transfer for **same day settlement**, and
- b. by 16:30 of the security it intends to transfer for **overnight settlement**.

In the case of securities mobilised *via* the CCBM, the counterparty should instruct the Bank by 14:00 of the security it intends to transfer for **same day settlement** with the following exception: the deadline for securities being transferred to/from Banco de España *via*

Clearstream Banking Luxembourg or Euroclear Bank SA/NV for same day settlement is 11:30, while the deadline for **overnight** settlement is 15:00.

These deadlines do not relate to the processing of high volumes of instructions which should be transmitted to the Bank in advance of these times.

In addition, it is also advisable to contact the Bank by telephone to confirm receipt of fax instructions (see contact details above).

Fax instructions in respect of the delivery of collateral must be in the format set out in Annex B.

The same procedures apply to release of collateral as to delivery of the collateral. The format detailed at Annex C should be used in relation to fax instructions for the release of collateral.

All instructions to the Bank in respect of the delivery/release of collateral must contain the following information:

- delivery/settlement date;
- trade date;
- ISIN code (ORN (*i.e.*, credit claim identifier number) in the case of cross border credit claims);
- debtor identifier number in the case of cross border credit claims;
- denomination of currency;
- safekeeping A/C
- quantity of securities (if in units, unit amount must be specified);
- BIC code of instructing party;
- name and BIC code of delivery/receiving agent; and
- BIC code of place of settlement.

Instructions in respect of securities transfers have a standard format. However, market practices in some countries require specific inputs in certain input fields. These exceptions are detailed in Annex D.

Corporate Actions in respect of securities in a counterparty's collateral pool

The policy of the Bank is not to perform any corporate event/action/notification in respect of securities it holds for collateral purposes, which may include:

- a. The provision of information/documentation in relation to exemption from withholding tax;
- b. The Certification of ownership applicable under U.S. law;
- c. The exercise of voting rights;

or any other corporate action event which would require the completion by the Bank of any documentation. In this regard, counterparties are referred to clauses 8(7), 8(9) and 8(15) of the framework agreement in respect of Eurosystem operations secured over collateral pool assets.

In accordance with Article 144 of the MPIPs, counterparties are requested to remove any securities from their collateral pool before the occurrence of a cash flow, including payment of principal or coupons, if such an event would require any action by the Bank.

The counterparty should remove the concerned asset from its collateral pool before the record date or the certification date (i.e., whichever date determines the party required to take the action requested) so that any information/documentation/certification which may be requested will be provided by them and where applicable any voting rights will revert to them. In the event that the counterparty fails to remove the asset and it remains in the custody of the Bank on the date which determines who is required to provide the necessary documentation, the Bank will not be responsible for any possible consequences such as non-payment of interest, blocking of the security, deduction of withholding tax or loss of voting rights.

2. Delivery/release of MBPNs:

When a counterparty wishes to mobilise MBPNs, they must instruct the Bank by fax/e-mail (in accordance with the procedures set out in the relevant framework agreement) authorising the Bank to complete an MBPN. An MBPN that has been issued by a counterparty will mature upon the repayment by that counterparty of the proceeds of the relevant operation for which that MBPN was used as collateral.

III. Settlement of operations

It should be noted that, under no circumstances, will cash be advanced to the counterparty by the Bank under a Eurosystem credit operation prior to there being sufficient collateral either in the counterparty's collateral pool or in the form of an MBPN issued to the Bank to cover the credit operation.

Substitution of eligible assets for those originally used as collateral for a transaction is permitted at the discretion of the Bank and subject to the terms of the Master Substitution Agreement (a template version of which is published on the Bank's website). The substitute assets must be transferred by the counterparty to the Bank before the original assets will be returned to the counterparty by the Bank.

In the event that a counterparty is using an asset that becomes ineligible or may no longer be used due to close links with the issuer/guarantor, the counterparty is obliged to immediately notify the Bank thereof. In addition, the counterparty has to remove the asset at the earliest possible date. When an asset becomes ineligible, the Bank will revalue the asset at zero at the next valuation date. If such a revaluation leads to under-collateralisation, the Bank will make a margin call.

Counterparties should be aware that collateral is valued everyday (including Irish bank and public holidays) with the exception of weekends and TARGET2 holidays. Accordingly, as margin calls cannot be predicted in advance it is important that counterparties have staff available to provide additional collateral in the event that one takes place.

On the maturity date, the Bank will debit the counterparty's TARGET2-Ireland account and, if applicable, increase the intraday credit line in TARGET2-IRELAND with the maturity proceeds of the relevant operation. For non-TARGET2 participants, the counterparty must have arranged that sufficient funds are in their account with their TARGET2 correspondent so that the Bank can debit their correspondent's account.

In the event that a counterparty has a transaction (or more than one transaction) which is maturing and has entered into another transaction (or more than one transaction) with the Bank which has the same settlement date as the maturing transaction(s), the Bank will arrange to settle these transactions on a net basis with a corresponding impact on their intraday credit line in TARGET2-Ireland, if applicable.

If the Bank issues a Confirmation of a Relevant Eurosystem Operation by a SWIFT message type MT320, such Confirmation shall be interpreted in accordance with the following:

- the "Related Reference" specified at F21 is the reference of the Relevant Eurosystem Operation;

- the "Value Date" specified at F30V is the settlement date of the Relevant Eurosystem Operation;
- the "Currency and Principal Amount" at F32B are the Liquidity Provided Amount of the Relevant Eurosystem Operation and the currency of denomination thereof;
- the "Interest Amount" specified at F34E is an indicative amount, only, calculated on the basis that the interest rate applicable to the Relevant Eurosystem Operation is at all times during the term thereof the "Interest Rate" specified at F37G. If, at any time during that term, the applicable interest rate differs from the "Interest Rate" specified at F37G, the Interest Amount is subject to adjustment accordingly; and
- where the interest rate applicable to the Relevant Eurosystem Operation may change during the term of the Relevant Eurosystem Operation, the "Interest Rate" specified at F37G is the rate determined, as of the Trade Date, in accordance with the formula or other means of determining the interest rate applicable to the Relevant Eurosystem Operation (it being acknowledged that interest accrues in respect of that Relevant Eurosystem Operation only with effect from its settlement date). The applicable interest rate at any time during that term shall be calculated in accordance with the terms of the Relevant Eurosystem Operation, and subject to the terms of the Relevant Eurosystem Operation including, without limitation, any thereof that afford to the Counterparty the right to designate an Optional Early Maturity Date, or agree with the Bank a Substitution Early Maturity Date, in respect of all or part of the Liquidity Provided Amount in respect thereof.

Terms used in this Section have the meanings given to them in the framework agreement in respect of Eurosystem operations secured over collateral pool assets.

SETTLEMENT PROCEDURES FOR COUNTERPARTIES IN RESPECT OF FX SWAPS FOR MONETARY POLICY PURPOSES

Foreign exchange swaps for monetary purposes may be conducted by the Bank in accordance with the relevant provisions of the MPIPs. These provisions include Article 15, which contains obligations of counterparties in regard to collateralisation and settlement, breach of which is subject to sanction under Articles 154 to 157.

On agreement of an FX Swap deal with the Bank, the Counterparty should issue a written confirmation to Foreign Settlements Section of Payments and Securities Settlement Division of the Bank.

In respect of liquidity providing swaps, the counterparty should arrange to transfer the agreed foreign currency amount to the Bank's correspondent on the settlement date in accordance with details agreed when the deal was initiated. Following receipt of this foreign currency amount, the Bank will pay the equivalent euro amount to the counterparty's TARGET2 account or the account of the counterparty's correspondent. On the maturity date, the counterparty should arrange to transfer the euro consideration to the Bank through TARGET2 or via a participant in TARGET2 in accordance with details agreed when the deal was initiated. Following receipt of this euro amount, the Bank will pay the foreign currency proceeds to the counterparty's correspondent.

In respect of liquidity absorbing swaps, the counterparty should arrange to transfer the agreed euro amount to the Bank through TARGET2 or via a participant in TARGET2 on the settlement date in accordance with details agreed when the deal was initiated. Following receipt of this euro amount, the Bank will pay the foreign currency proceeds to the counterparty's correspondent. On the maturity date, the counterparty should arrange to transfer the foreign currency consideration to the Bank's correspondent in accordance with details agreed when the deal was initiated. Following receipt of this foreign currency amount, the Bank will pay the equivalent euro amount to the counterparty's TARGET2 account or the account of the counterparty's correspondent.

If on any date amounts would otherwise be payable under these terms and conditions in the same currency by each party to the other, then the sums due from one party shall be set off against the sums due to the other and only the net balance shall be payable by the party required to pay the larger amount to the other party and the payment of the net balance shall satisfy and discharge the obligations to make payments of all such amounts.

SETTLEMENT PROCEDURES FOR COUNTERPARTIES IN RESPECT OF OUTRIGHT TRANSACTIONS

Outright transactions may be conducted by the Bank for monetary policy purposes in accordance with the relevant provisions of the MPIPs. These provisions include Article 16, which contains obligations counterparties in regard to settlement for outright purchases and sales, breach of which is subject to sanction under Articles 154 to 157.

On arrangement of an outright transaction with the Bank, the counterparty should forward a written confirmation of the transaction to the Payments & Securities Settlements Division of the Bank.

Where securities are being sold to the Bank, the counterparty should arrange to have the agreed securities transferred **if possible on a Delivery versus Payment basis** into the Bank's account in the relevant Central Securities Depository on the settlement date in accordance with details agreed when the deal was initiated. **If Delivery versus Payment is not possible**, the securities concerned must be transferred into the Bank's name prior to release of the euro consideration to the counterparty by the Bank.

Where securities are being purchased from the Bank, the counterparty should arrange to transfer the agreed euro consideration to the Bank's account in the relevant Central Securities Depository on the settlement date in accordance with details agreed when the deal was initiated, **if possible on a Delivery versus Payment basis**. **If Delivery versus Payment is not possible**, the euro consideration must be paid to the Bank prior to a Free-of-Payment release instruction being issued by the Bank to the appropriate Central Securities Depository in respect of the securities concerned.

Where a counterparty only partly satisfies delivery of collateral obligations, the operation will be settled to the extent of that part delivery.

SETTLEMENT PROCEDURES FOR COUNTERPARTIES IN RESPECT OF EUROSISTEM USD OPERATIONS

After successful participation in a tender operation, the counterparty should ensure that sufficient collateral, taking account of haircuts has been provided to the Bank as detailed above. The counterparty should also confirm the US dollar settlement amount with the Foreign Settlements Section of the Payments & Securities Settlements Division of the Bank.

Counterparty is receiving funds. On the settlement date provided that sufficient collateral is in the counterparty's collateral pool, the Bank will pay the US dollar funds to the counterparty's US correspondent.

Counterparty is repaying funds. The counterparty should ensure that the maturity US dollar proceeds are repaid to the Bank's account at the Federal Reserve Bank of New York before 16.00 CET in order to comply with the terms of the operation published on the ECB's website (www.ECB.europa.int). On receipt of the US dollar maturity proceeds, the Bank will release collateral as applicable. Counterparties are advised that if US dollar funds are repaid after 16.00 CET, the return of euro-denominated collateral cannot be guaranteed on the same day.

If on any date amounts would otherwise be payable under these terms and conditions in the same currency by each party to the other, then the sums due from one party shall be set off against the sums due to the other and only the net balance shall be payable by the party required to pay the larger amount to the other party and the payment of the net balance shall satisfy and discharge the obligations to make payments of all such amounts.

ANNEX A

CCBM market practices

In principle, the use of the CCBM does not require counterparties to adopt special procedures beyond arranging the transfer of the securities in a different country. But counterparties should be aware that market practices in other countries may be different because different types of collateralisation techniques (repos, assignments, pledges and floating charges) and different methods of holding collateral (pooled and earmarked collateral systems) are used in the EU. Moreover, securities settlement systems (SSSs) in the EU have different operating procedures that the counterparty must take into account when transferring collateral held in a different country.

See below link to the ECB website for an overview of information related to the CCBM in each country. This information is not intended to be exhaustive, and should be read together with the publication “CCBM - procedures for Eurosystem counterparties” (on the right-hand side of the screen on the below link).

<http://www.ecb.europa.eu/mopo/assets/coll/ncbpractices/html/index.en.html>

ANNEX B

DELIVERY OF COLLATERAL FROM A COUNTERPARTY TO THE CENTRAL BANK
OF IRELAND

Name of Counterparty:

MESSAGE TYPE: MT 540 – RECEIVE FREE			
SEND TO:			
TAG	FIELD NAME	DATA FORMAT/CONTENTS	
Sequence A: General Information			
M	16R	Start of Block	GENL
M	20C	Sender's Reference	SEME/
M	23G	Function of Message	
Subsequence A1: Linkages			
M	16R	Start of Block	LINK
M	20C	Related Reference	
M	16S	End of Block	LINK
M	16S	End of Block	GENL
Sequence B: Trade Details			
M	16R	Start of Block	TRADDET
M	98a	Delivery Date	SETT/
M	98a	Trade Date	TRAD/
M	35B	ISIN Code	ISIN
Subsequence B1: Financial Instrument Attributes			
M	16R	Start of Block	FIA
M	11A	Currency	DENO/
M	16S	End of Block	FIA
M	16S	End of Block	TRADDET
Sequence C: Financial Instrument/Account			
M	16R	Start of Block	FIAC
M	36B	Quantity of Securities	SETT//FAMT/
M	97a	Safekeeping Account	SAFE/
M	16S	End of Block	FIAC
Sequence E: Settlement Details			
M	16R	Start of Block	SETDET

M	22F	Indicator	<i>SETR/</i>
Subsequence E1: Settlement Parties			
M	16R	Start of Block	SETPRTY
M	95P	BIC Code of Instructing Party	<i>SELL/</i>
M	16S	End of Block	SETPRTY
M	16R	Start of Block	SETPRTY
M	95P/R	BIC Code of Delivery Agent	<i>DEAG/</i>
M	16S	End of Block	SETPRTY
M	16R	Start of Block	SETPRTY
M	95P	BIC Code of Place of Settlement	<i>PSET/</i>
M	16S	End of Block	SETPRTY
M	16S	End of Block	SETDET

Authorised Signature:

ANNEX C

RELEASE OF COLLATERAL FROM CENTRAL BANK OF IRELAND TO A
COUNTERPARTY

Name of Counterparty:

MESSAGE TYPE: MT 542 – DELIVER FREE			
SEND TO:			
TAG	FIELD NAME	DATA FORMAT/CONTENTS	
Sequence A: General Information			
M	16R	Start of Block	GENL
M	20C	Sender’s Reference	SEME/
	M	23G	Function of Message
Subsequence A1: Linkages			
M	16R	Start of Block	LINK
M	20C	Related Reference	
	M		
M	16S	End of Block	LINK
M	16S	End of Block	GENL
Sequence B: Trade Details			
M	16R	Start of Block	TRADDET
M	98a	Delivery Date	SETT/
M	98a	Trade Date	TRAD/
M	35B	ISIN Code	ISIN
Subsequence B1: Financial Instrument Attributes			
M	16R	Start of Block	FIA
M	11A	Currency	DENO/
M	16S	End of Block	FIA
M	16S	End of Block	TRADDET
Sequence C: Financial Instrument/Account			
M	16R	Start of Block	FIAC
M	36B	Quantity of Securities	SETT//FAMT/
M	97a	Safekeeping Account	SAFE/
M	16S	End of Block	FIAC
Sequence E: Settlement Details			
M	16R	Start of Block	SETDET

M	22F	Indicator	<i>SETR/</i>
Subsequence E1: Settlement Parties			
M	16R	Start of Block	SETPRTY
M	95P	BIC Code of Instructing Party	<i>BUYR/</i>
M	16S	End of Block	SETPRTY
M	16R	Start of Block	SETPRTY
M	95P/R	BIC Code of Delivery Agent	<i>REAG//</i>
M	16S	End of Block	SETPRTY
M	16R	Start of Block	SETPRTY
M	95P	BIC Code of Place of Settlement	<i>PSET/</i>
M	16S	End of Block	SETPRTY
M	16S	End of Block	SETDET

Authorised Signature:

ANNEX D

EXCEPTIONS DUE TO MARKET PRACTICES SWIFT INSTRUCTIONS MT540/MT542

AUSTRIA

To settle **fixed income securities** in the AT market the Common List of Data Elements needs to be used, plus:

- 1) The client of the delivering or receiving agent is to be specified with their BIC if possible.
- 2) When Euroclear Bank SA/NV or Clearstream International are involved in the settlement chain, the relevant issuer code should be used in the Repetitive Mandatory Subsequence E 1 - field 95 R, for example:

DEAG/CEDE/xxxxx for trades via Clearstream International

DEAG/ECLR/xxxxx for trades via Euroclear Bank SA/NV

BELGIUM

NBB CLEARING

The delivering or receiving agent is to be specified with their local clearing code 'NBBE'+participant number.

EUROCLEAR BANK SA/NV

To settle fixed income securities in Euroclear Bank SA/NV the Common List of Data Elements needs to be used, plus:

- 1) The Delivering agent is to be specified with its Euroclear Bank SA/NV code. The Receiving agent is to be specified with its Clearstream Banking or Euroclear Bank SA/NV code.
- 2) For internal settlement the place of settlement (PSET) needs to be specified: When instructing Euroclear Bank SA/NV for settlement with other Euroclear Bank SA/NV participant: PSET = MGTCBEBEECL (BIC for Euroclear Bank SA/NV).
- 3) For bridge settlement when instructing Euroclear Bank SA/NV to deliver to Clearstream Banking participant: PSET is CEDELULL (BIC for Clearstream Banking) and Clearstream Banking participant is REAG.
- 4) The Client of the DEAG/REAG is to be specified with a BIC whenever possible.

- 5) When indicating deliver/receiving agents in the Repetitive Mandatory Subsequence E1 - field 95 **option R** and the relevant issuer code must be used according to the examples below:

DEAG/ECLR/XXXXXX

REAG/CEDE/XXXXXX when instructing Euroclear Bank SA/NV to deliver to Cleastream Banking participant

- 6) Delivering or receiving custodians should be identified with their account number in a field 97A:SAFE//9210.

FRANCE

1. Delivering or receiving custodians should be identified with their BIC.

The custodians account number in EB or CBL has to be mentioned in a field 97A: SAFE// Custodian account number in CBL or EB.

2. The account number of EB or CBL in Euroclear Bank SA/NV France (EF) should be mentioned in a field 95R: REAG or DEAG/SICV/Account number of EB or CBL in EF.

When the Banque de France is acting as CCB, it will not accept instructions with a trade date that is more than 35 business days from the settlement date of collateral.

Euroclear Bank SA/NV

GERMANY

- 1) The client of the Delivering or Receiving Agent is to be specified with their BIC. The client account number in Euroclear Bank SA/NV or CBL has to be mentioned in a field 97A:SAFE// client account number in CBL or Euroclear Bank SA/NV.
- 2) When Euroclear Bank SA/NV or Clearstream Luxembourg are involved in the settlement chain, the issuer code of Clearstream Banking Frankfurt should be used in the Repetitive Mandatory Subsequence E1 - field 95R: according to the examples below:

Involvement of Euroclear Bank SA/NV:

95 P: SELL//XXXXXXXXX (BIC of counterparty)

97a::SAFE//nnnnn (account no. in Euroclear Bank SA/NV)

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95 R: DEAG/DAKV/7204 (7204 is the account no. of Euroclear Bank SA/NV in Clearstream Banking Frankfurt) 95 P: PSET//DAKVDEFFDOM

Involvement of Clearstream Banking Luxembourg (CBL):

95 P: SELL//XXXXXXXX (BIC of counterparty)

97a::SAFE//nnnnn (account no. in CBL)

95 R: DEAG/DAKV/7201 (7201 is the account no. of CBL in Clearstream Banking Frankfurt)

95 P: PSET//DAKVDEFFDOM

Both Euroclear Bank SA/NV and Clearstream Luxembourg are direct participants in Clearstream Banking Frankfurt.

They act as REAG/DEAG with their respective Clearstream Banking Frankfurt account number.

Euroclear Bank SA/NV Bank: **7204**

Clearstream Banking Luxembourg: **7201**

Involvement of Clearstream Banking Frankfurt (CBF):

95 P: SELL//XXXXXXXX (BIC of counterparty)

95 R: DEAG/DAKV/nnnn (account no. in CBF)

95 P: PSET//DAKVDEFFDOM

LUXEMBOURG

CLEARSTREAM BANKING

To settle fixed income securities in Clearstream Banking the Common List of Data Elements needs to be used, plus:

1. The Delivering agent is to be specified with its Clearstream Banking code. The Receiving agent is to be specified with its Clearstream Banking or Euroclear Bank SA/NV code.
2. For internal settlement the place of settlement (PSET) needs to be specified: When instructing Clearstream Banking for settlement with other Clearstream Banking participant: PSET = CEDELULL (BIC for Clearstream Banking Luxembourg).

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3. For bridge settlement when instructing Clearstream Banking to deliver to Euroclear Bank SA/NV participant: PSET is MGTCBEBEECL (BIC for Euroclear Bank SA/NV) and Euroclear Bank SA/NV participant is REAG.
4. The Client of the DEAG/REAG is to be specified with a BIC whenever possible.
5. When indicating deliver/receiving agents in the Repetitive Mandatory Subsequence E1 - field 95 **option R** and the relevant issuer code must be used: DEAG/CEDE/XXXXX for trades in Clearstream Luxembourg.
6. Delivering or receiving custodians should be identified with their account number in a field 97A:SAFE//9XXX.

LUXCSD

The Delivering or Receiving agent is to be specified with its Clearstream Banking code: DEAG/CEDE/XXXXX

VP LUXEMBOURG

The Delivering or Receiving agent is to be specified with its VP participant ID: DEAG/VPDK/XXXXX⁵

THE NETHERLANDS

To settle in the NL market the Common List of Data Elements needs to be used, plus:

1. The presence of the full settlement chain is highly recommended. A minimum of two levels is required.
2. The Dutch CSD (Euroclear Bank SA/NV NL) uses the account number of the Client of the Receiving Agent as matching criterion to avoid cross matching. The account number must be provided without leading zeroes and without any punctuation characters. Euroclear Bank SA/NV NL uses the first 16 characters of the account as a mandatory matching criterion to avoid cross matching. As this is the safekeeping account with the Receiving Agent this is always known at the receiving end.
3. Receiving / Delivering Agent (REAG/DEAG)

⁵ VP codes in five positions (Participants IDs) are published on www.uk.vp.dk under CSD Services/Clearing and Settlement/Securities dealers.

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4. The Receiving or Delivering Agent is the Euroclear Bank SA/NV Group Single Platform (EGSP) code (95R::REAG or DEAG/EGSP/12!n). The EGSP code format has 12 numeric characters. Leading zeros are required to make up the 12 numeric characters. DNB will add leading zero's to ENL instructions in case HCB instructions are short of 12 numeric DEAG/REAG numbers.

ICSDs, Euroclear Bank SA/NV Bank Brussels and Clearstream Bank Luxembourg are direct participants in Euroclear Bank SA/NV Nederland.

They act as REAG/DEAG with their respective Euroclear Bank SA/NV Nederland participant codes.

Euroclear Bank SA/NV Bank: 000000000611

Clearstream Bank: 000000000641

The account number of the Euroclear Bank SA/NV Bank or Clearstream Bank participant should be mentioned in the account number with SELL/BUYR

Example:

Settlement chain for a delivery in favour of a Euroclear Bank SA/NV Bank account 94960.

:16R:SETPRTY

:95P::BUYR//BIC

:97A::SAFE//94960

:16S:SETPRTY

:16R:SETPRTY

:95R::REAG/EGSP/000000000611

:16S:SETPRTY

:16R:SETPRTY

:95P::PSET//NECINL2A

:16S:SETPRTY

GREECE

1. The Delivering or Receiving agent must be a Greek Financial Institution - participant of the Greek SSS (BOGS) - identified by their BIC.
2. When Euroclear Bank SA/NV or Clearstream International are involved in the settlement chain, one more repetition of Subsequence E1 are required, mentioning the data source scheme and the account of the instructing party.

Example : 95R::DECU/ECLR/12345 (or RECU/ECLR/12345)

SPAIN

To settle fixed income securities in the Spanish market the Common List of Data Elements needs to be used, plus:

1. The Delivering or Receiving agent is to be specified with its BIC
2. When Clearstream Frankfurt is involved: The client of the delivering or receiving agent is to be specified with their BIC. The client account number in Clearstream Frankfurt has to be mentioned in a field 97A:SAFE// client account number in that CSD, according to the following example:

95 P: BUYR//XXXXXXXXX (BIC of counterparty)

97A: SAFE//nnnnnnnn (account no. of counterparty in Clearstream Banking Frankfurt)

95 P: REAG//DAKVDEFF

95 P: PSET//IBRCESMM

Euroclear Bank SA/NV

SLOVAKIA

Slovak CSD is using the Delivering or Receiving agent as a matching criterion.

Specifics for pledges:

For the pledge technique each NCB is registered in CDCP as pledgee and is assigned its own identification and registration code. Information about registration and the identification code is available for members of CDCP acting as delivery agents on www.cdcp.sk. It is not necessary to open an account for an NCB, as securities are blocked on the account of the counterparty (account number

starts with 90..... or 97.....) that must be opened in CDCP registration. Each counterparty is allowed to use only one pledge number for the total amount of collateral pledged in favour of the HCB.

SLOVENIA

1) Specificities for different collateralisation techniques

PLEDGE

For the pledge collateralisation technique, each NCB is registered in KDD as pledgee and is assigned its own identification code (*so-called* KID code, or KDD ID). When Banka Slovenija is in CCB role, it provides HCB with this KID code (upon HCB request). Before the first mobilization takes place, the HCB has to have the KID code.

REPO

Banka Slovenija, when requested by the HCB, opens a securities account in KDD in the name of the HCB (*so-called* client account⁶), where assets (delivered by HCB's counterparties) are held. Before the first mobilization takes place, the HCB has to have the account opened in KDD.

- 2) Banka Slovenije will use the client's account number with the Delivering or Receiving agent as a matching criterion. The delivering or receiving agent is to be specified with its KDD member code, which should be followed by the client's account number with the delivering or receiving agent. Both codes should be separated by X.

Example of delivery to the KDD:

95P: SELL//XXXXXXXXX (BIC of the counterparty)

95R: DEAG/KDDS/15c1!a9n

95P: PSET//KDDSSI22 (BIC of the place of settlement)

Where 15c represents a maximum 15-character member code of the delivering or receiving agent and 9n is a maximum 9-digit client account number with the delivering or receiving agent. Due to the clear separation of both codes, it is always necessary to include the alphabetical capital letter X (as 1!a).

For all Cross-Border Credit Claims

⁶ SI is a direct holding country, therefore cannot consolidate assets on one omnibus account.

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95 P: SELL//COUNTERPARTY BIC

95 P: DEAG//COUNTERPARTY BIC

95 P: PSET//BIC CODE OF THE CCB

The BIC code of the counterparty is used for both SELL and DEAG in SWIFT MT540/542 for the cross-border mobilisation of credit claims. The place of settlement is the BIC of the correspondent central bank.