



ESES Detailed Service Description

Financial Transaction Tax

Version 1.3 • April 2020

Disclaimer

The ESES *Detailed Service Description* reflects the information available to Euroclear at the time of publication and does not give rise to any representation or warranty with respect to future services. The proposals described therein may require contractual amendments to the terms of services. Accordingly, the Euroclear group of companies reserves the right to modify, amend or supplement the information contained therein. Clients will be duly advised of any material changes to these proposed services through applicable Euroclear documentation.

Please note that for your convenience, this DSD has been adapted from the Blueprint dedicated to the Financial Transaction Tax and has been modified as little as possible. As a consequence, only section 1, 2.3 and 3 of this DSD as well as Annex 1, 2, 3 and 4 shall be considered as being of a contractual nature.

Table of contents

1	Introduction.....	5
1.1	Target audience.....	5
1.2	Background.....	5
1.3	About this DSD.....	5
2	Scope and main features of the FTT	7
2.1	What securities are impacted?	7
2.2	Accountable Parties	8
2.3	Euroclear France Members	8
2.4	Which transactions will be taxed?	9
3	Processing of the FTT.....	11
3.1	Launch date.....	11
3.2	Life cycle: from the transaction settlement to the tax payment.....	11
3.2.1	Interim schedule – from August to October 2012	12
3.2.2	Standard schedule – as of November 2012	13
3.3	Declaration processing.....	14
3.3.1	Declaration format.....	15
3.4	Checks and reporting after the declaration	15
3.4.1	Checks at receipt	16
3.4.2	Ex post checks	16
3.4.3	Consistency checks.....	17
3.5	Late declarations and late payments	17
3.6	Technical cancellation of a declaration.....	21
3.7	Cash processing	21
3.7.1	General process	21
3.7.2	FTT payment advice.....	22
3.7.3	Cash movement to credit Euroclear France cash account	22
3.7.4	Euroclear France checks.....	23
3.7.4.1	Checks on the ‘FTT payment advice’	23
3.7.4.2	Matching the FTT payment advice with the cash confirmation	23
3.7.4.3	Process for when a cash payment amount (MT 202) does not match the FTT payment advice amount	24
3.7.5	Credit declarations.....	24
3.8	Communications means	24
3.9	Impact on the ESES trade confirmation service SBI	26
3.10	Impact on corporate action services.....	26
3.11	Impact on other ESES systems	27
4	Pricing principles	28
5	Testing strategy and client readiness	29
Annex 1	Format of the ‘FTT Declaration’ message	30
Annex 2	Format of the ‘FTT status message’	32
Annex 3	Format of the ‘FTT payment advice’ message.....	34
Annex 4	Format of the ‘Status FTT payment advice’ message	35
Annex 5	Example of declaration, payment advice and MT 202 messages.....	36
Annex 7	Example of update process for intra-day transactions: multiple purchases.....	39
Annex 8	Main rules governing the CSV format of the FTT messages.....	40

Annex 9	Form to request a cancellation of your FTT Declaration	41
Annex 10	FTT connection form to Euroclear France	43
Annex 11	Who to contact?	45

1 Introduction

1.1 Target audience

Euroclear France Members acting as Accountable Parties or settlement agents for Accountable Parties acting, in the context of the new tax on financial transactions, (hereafter referred to as 'FTT'),

1.2 Background

The Law creating a tax on the financial transactions (hereafter referred to as 'the Law') was adopted by the French Parliament on 29 February 2012 and published in the 'Journal Officiel' on 15 March 2012. The tax on financial transactions law comes into effect as from Wednesday, 1 August 2012.

The Law has mandated Euroclear France to carry out the following tasks:

- Collect the tax declarations
- Collect the tax from Euroclear France Members
- Pay the tax to the French tax authorities
- Implement some controls

A domestic marketplace working group ('the FTT working group') was set up to define the operational workflows and procedures and the implementation strategy. We issued a Newsletter¹ on Monday, 2 April 2012, giving provisional information on the scope and features of how we will process the FTT.

In May 2012, we issued a 'Blueprint' to give provisional information on our operational processes relating to the FTT (Version 1 on 18 May 2012 and Version 2.01 on 23 July 2012). This DSD replaces and supersedes the information published in the Newsletter and the Blueprint.

1.3 About this DSD

This DSD details our operational procedures to perform the above-mentioned tasks.

What you won't find in this DSD

As we are not directly involved in the following processes, we have not included information on them:

- Identification rules for taxable ISINs
- Market practice for intra-day and end-of-day netting positions
- Accounting and calculation of the tax for end investors
- Relationships between Accountable Parties and other players (settlement agents, custodians etc.)
- FTT part of the law related to the Credit Default Swaps (CDS) and High Frequency Trading (HFT)
- Direct declaration and payment to the French Treasury
- Detailed application for exoneration

¹ You can find this Newsletter under **News > Operational news** on euroclearfrance.com.

For more information about those topics not covered by this DSD, you can refer to documents published by French marketplace working groups and in particular the *Association Française des Professionnels des Titres* (AFTI) White Paper, available on euroclearfrance.com under **Resources > ESES Testing Services & Projects > Financial Transaction Tax Project**.

2 Scope and main features of the FTT

This chapter provides you with a high level description of the features of the FTT. Please note that this section does not intend to provide detailed interpretations on the scope of the Law.

For more details, please refer to the text of Law itself or to documents issued by marketplace associations such as AMAFI (French brokers association)² and/or the FBF (French Bank Federation).

2.1 What securities are impacted?

Securities with the following criteria, set out by the Law, are impacted by the FTT:

- Capital instruments ('titres de capital') and assimilated securities (mainly equities).
 - *Note: instruments (such as Depositary Receipts) which represent underlying securities that meet the taxation criteria, will be in the scope of the FTT as from 1 December 2012, no matter where the issuing company is located.*
- Listed on a French or foreign regulated market
- Issued by companies whose:
 - headquarters are located in France; and
 - capitalisation exceeds one billion euro on the 1st of December of the previous fiscal year.

Where to find the list of impacted securities?

A Ministerial order issued by The Ministry of Finance and Budget lists the impacted companies for information purposes only. The Ministerial order is available on euroclearfrance.com under **Resources > ESES Testing Services & Projects > Financial Transaction Tax Project**. This list will be updated on a yearly basis.

This list only contains companies' names but not the ISINs of the impacted securities.

There is no official list of taxable securities made publicly available. However:

- data vendor(s) include this information in their securities information feeds ;
- NYSE Euronext publishes an indicative list of equities listed on Euronext Paris and which are impacted by the tax. This list is available on euroclearfrance.com under **Resources > ESES Testing Services & Projects > Financial Transaction Tax Project**.

Current information on impacted securities

The list of taxable securities should remain stable for the whole year unless one of the following events happens:

- An issuer of a taxable security transfers its headquarters outside France
- A company, which meets the other eligibility conditions, transfers its headquarters to France
- An issuer creates a temporary non-fungible tranche of an existing taxable security

However, a reduction in the capitalisation of a company to below one billion euro in the course of the year will not impact the security being taxable.

²We recommend that you consult the AMAFI publication *Financial Transaction Tax – Preliminary assessment of the measures*.

2.2 Accountable Parties

An Accountable Party is an institution which is legally obliged to provide the declarations and to pay the FTT. It is:

- the Investment Service Provider (ISP) or ‘Broker’ which has executed the transaction on its behalf or on behalf of its client; or
 - *Note: when the transaction is executed through a chain of ISPs, the Accountable Party is the ISP which has received the order from the investor*
- when the transaction is not executed by an ISP (e.g. over-the-counter (OTC transactions)), it is the securities account holder of the investor.

With regard to how the tax will be processed, there are two possible situations:

The Accountable Party is an Euroclear France member	Actions
Yes	Tax declarations and tax paid through Euroclear France
No	Tax declarations and tax paid through the settlement agent/custodian of the Accountable Party, to be then forwarded to Euroclear France (or chain of intermediaries to Euroclear France)

Important to note

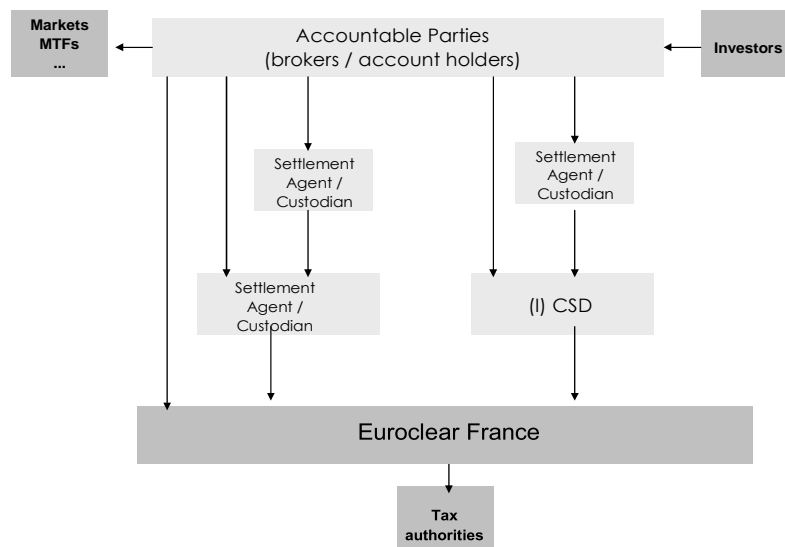
- As long as there are two (or less) intermediaries between the Accountable Party and Euroclear France, the process must go through Euroclear France.
- If there are more than 2 intermediaries:
 - the Accountable Party must send its declarations and pay the FTT directly to the French tax authorities (out of scope of this document); or
 - Alternatively, the Accountable Party is allowed to declare and pay the tax through an Euroclear France member to whom it provides directly or indirectly the relevant information. To do so, it must inform the French tax authorities through a dedicated declaration, before 1 November. This declaration is valid for one year and is tacitly reconducted. In this case, the tax declaration process will follow the standard procedure as of any other accountable party declaring through a Euroclear France member. No control will be performed by Euroclear France on the existence of this declaration.

2.3 Euroclear France Members

Euroclear France Members must submit the declarations and pay the FTT to Euroclear France if one or more of the following scenarios apply:

- They are an Accountable Party with an account in Euroclear France
- They are the settlement agent/custodian of an Accountable Party
- They are the last intermediary in a chain from an Accountable Party to Euroclear France (if there are no more than 2 intermediaries in the chain)

- They are a Euroclear France member acting for an Accountable Party which has more than two intermediaries between itself and Euroclear France.



Euroclear France Members must be direct members, i.e. members holding securities accounts with Euroclear France. They include French and non-French intermediaries, CSDs and ICSDs and issuers of taxable securities. They do not include indirect members such as sub-affiliates or pure brokers, who must use their agent for the purpose of FTT processing.

2.4 Which transactions will be taxed?

Impacted transactions are the onerous acquisitions for consideration (*'acquisitions à titre onéreux'*) in taxable securities.

The tax applies when an acquisition results in a transfer of ownership or *'acquisitions à titre onéreux'* as defined by *Article L. 211-17 of French Monetary and Financial Code*. Transactions are subject to the tax:

- no matter where the transaction was negotiated (e.g. Regulated Market, Multilateral Trading Facility (MTF), dark pool, OTC, internalisation, crossing network);
- whether the transaction has been executed by the Accountable Party for its own account or following a client order; and
- no matter where the transaction settles (French CSD, foreign CSD...).

According to the Law, exempted transactions are:

1. purchases linked to an issue of securities (primary market)
2. purchases made by a clearing house or a central securities depository
3. purchases linked to market making activities
4. purchases linked to a liquidity contract
5. intra-group transactions
6. securities lending and repos

7. acquisitions by employee mutual funds, employee open-ended investment funds or by employees directly
8. acquisitions (including purchase of company shares) for employee saving schemes
9. acquisitions of bonds that can be exchanged for or converted into shares ³

Transactions are taxable if and when they generate a transfer of ownership (an ‘acquisition’). Therefore, it is considered that:

- the tax is applicable based on settlement date (legal transfer of ownership)
- intra-day transactions are subject to the tax only on the resulting net buying position at the end of the day
- SRD transactions (*dealt according to the French Deferred Settlement Service*) are subject to the FTT only on the net buying position at the end of the monthly liquidation period

Tax amount

- According to the Law, the tax represents 0.2% of the transaction amount
- the tax is due in euro

³**Note:** the French tax authorities exempt Accountable Parties from the obligation to declare such acquisitions

3 Processing of the FTT

This chapter gives you a detailed description of how we will process the FTT.

3.1 Launch date

Transactions are taxable as from **Wednesday, 1 August 2012**. Our system is able to process your tax declarations as from that date.

According to the normal schedule, for each month, only transactions settling in that month must be declared, even though the trade date was in a previous month. August 2012 being the launch month, an exception is made. You would only declare transactions which have been settled **and** traded in August. Hence,

- transactions traded before August and settling in August are not be subject to the FTT (except if the related settlement deadline is higher than T+3).
- for transactions traded on Wednesday, 1 August 2012 and settling on a T+3 basis, first declarations will have 6 August 2012 as settlement date.

3.2 Life cycle: from the transaction settlement to the tax payment

Under standard rules, the FTT is due to the French tax authorities in the first days of the month following the acquisition. However, to allow for a progressive adaptation by the market, the law has foreseen an interim schedule that will precede the standard schedule for declaring and paying the FTT.

Both interim (§ 3.2.1) and standard (§ 3.2.2) schedules follow a lifecycle of dedicated periods and dates which are defined as follows.

NB: the below table, 'bank holiday' refers to Target2 calendar.

	Period or Date	Definition	Interim schedule	Standard schedule
1	Month of acquisition	The month when the declared transaction was settled	August, September, October 2012	Month (M)
2	Payment month	Month when the Euroclear France member pays the tax on payment date	November 2012	M+1
3	Declaration deadline	Latest date to send the declaration to us	9 November 2012	4 th of M+1 (If this falls on a weekend or a bank holiday, it will be the next business day)
4	Payment date	The date when the Euroclear France member must pay the tax	9 November 2012	4 th of M+1 (If this falls on a weekend or a bank holiday, it will be the next business day)
5	<i>Euroclear France declaration deadline</i>	<i>Latest date for us to send aggregated declaration to tax authorities.</i>	<i>29 November 2012</i>	<i>24th of M+1 (If this falls on a weekend or a bank holiday, it will be the next business day)</i>
6	<i>Repayment date</i>	<i>The date when we transfer the FTT global amount to the French tax authorities</i>	<i>29 November 2012</i>	<i>24th of M+1 (If this falls on a weekend or a bank holiday, it will be the next business day)</i>
7	<i>Results of control date</i>	<i>The date when we send the result of our controls to the tax authorities.</i>	<i>24 December 2012</i>	<i>24th of M+2 (If this falls on a weekend or a bank holiday, it will be the next business day)</i>

Between the payment date and the repayment date, we keep the tax amount on a segregated account under Euroclear France name with *Agence France Tresor*(the Deposit Bank). This account is opened for the exclusive use of the FTT collection.

During these 20 calendar days, the interests' amounts earned by the placement of the tax are credited to us as compensation for the costs incurred by the tax management system. On the repayment date, we instruct the Deposit Bank to transfer the FTT global amount collected to the tax authorities.

Each year, Euroclear France publishes the calendar for the key dates relating to the FTT Declaration. You can find this information on euroclearfrance.com under **Resources > ESES Testing Services & Projects > Financial Transaction Tax Project.**

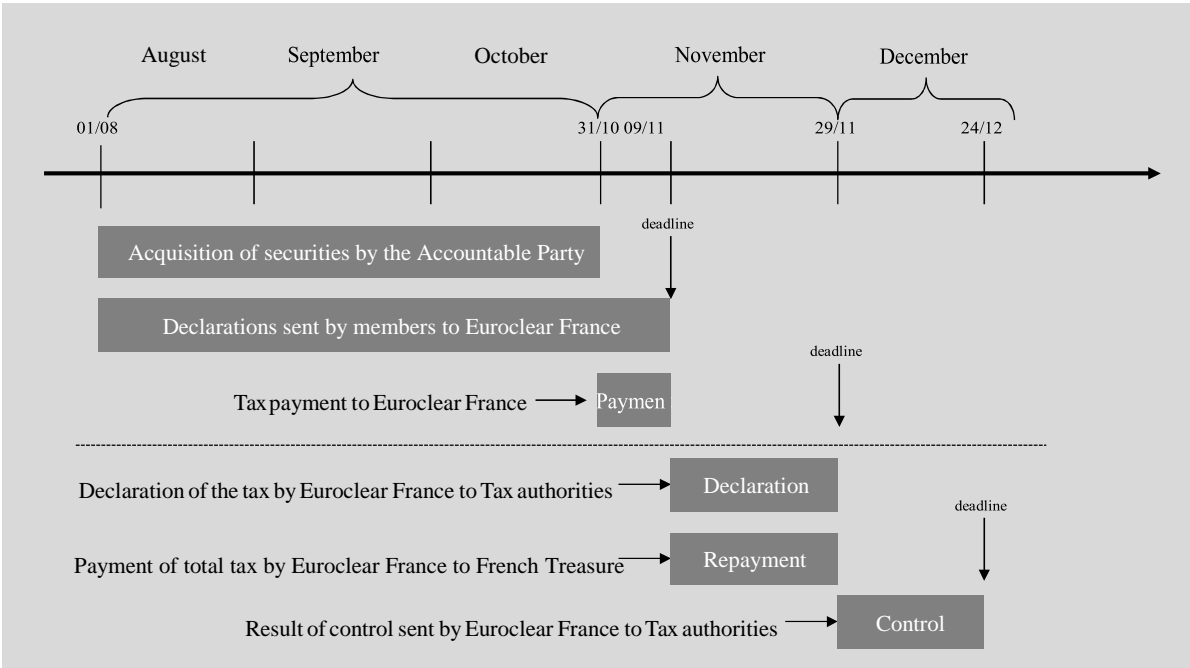
3.2.1 Interim schedule – from August to October 2012

For acquisitions on taxable securities that settled **between August and October:**

- you can send your declaration to Euroclear France **until 9 November 2012.**
- you must pay the related tax amount to us **on the 9 November 2012.**

We will then:

- declare all the acquisitions to the tax authorities before 29 November 2012
- pay the tax authorities on 29 November 2012
- report the result of our controls to the tax authorities on 24 December 2012



For the interim period, even if the declaration deadline is in early November 2012, we recommend that our members, as much as possible, start sending declarations before this deadline (for example a declaration per month for August, September and October).

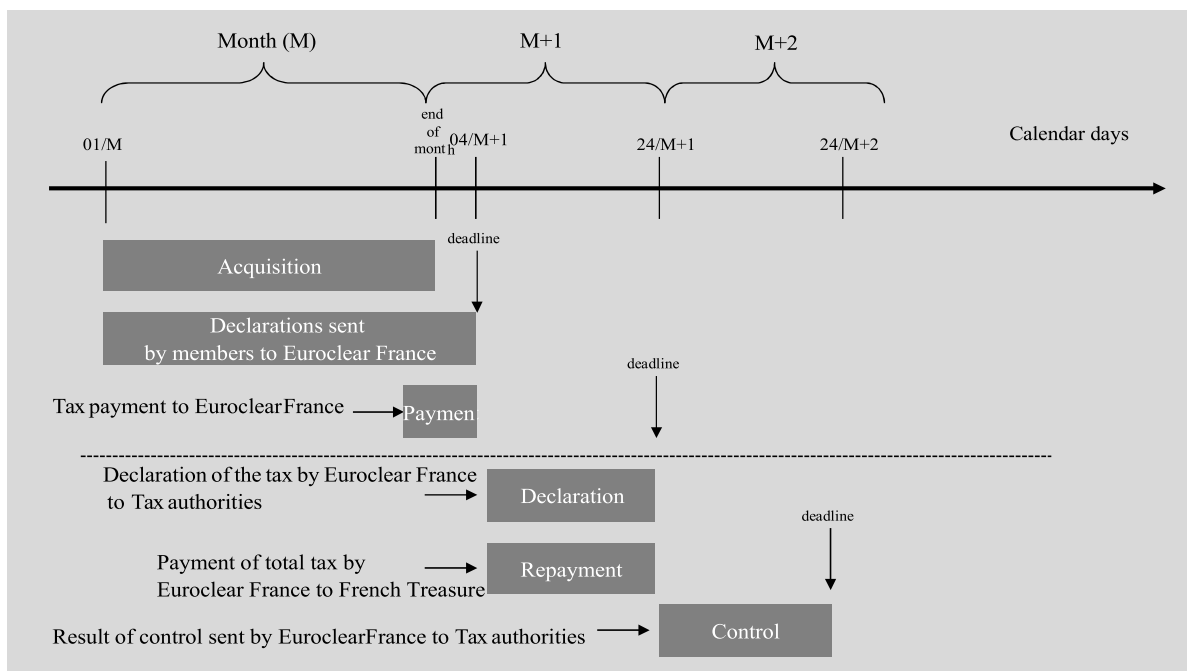
3.2.2 Standard schedule – as of November 2012

Acquisitions on taxable securities that settled as from **Thursday, 1 November 2012** will follow the standard calendar:

- you must declare transactions settled in a given month (M) at the latest on the 4th calendar day of the following month (M+1);
- you must pay the related tax amount to us on that on the 4th calendar day of the following month (M+1).

We will then:

- declare all the acquisitions to the tax authorities before the 24th calendar day of M+1
- pay the tax authorities on the 24th calendar day of M+1
- report the result of our controls to the tax authorities on the 24th calendar day of M+2



3.3 Declaration processing

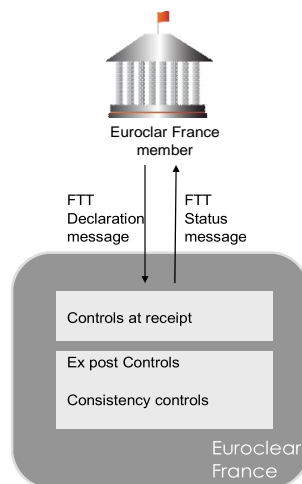
Since Wednesday, 1 August, Euroclear France Members can send their declarations. You have the possibility to send:

- a single monthly declaration sent before the declaration deadline (see previous chapter related to the schedule); or
- several declarations throughout the month of acquisition

You can only send your declarations:

- in the format described below and in Annex 1; and
- using the communication means listed in § 3.9.

Declarations can only be sent by Euroclear France Members and must be sent per Accountable Party. It is not possible for a Euroclear France member to send a single declaration relating to multiple Accountable Parties or to multiple Euroclear France Member codes.



Important to note

Euroclear France Members are responsible for providing Euroclear France with exhaustive and accurate declarations by the appropriate deadlines. Apart from the formal checks listed in Section 3.4:

- Euroclear France does not verify the technical validity, exhaustiveness or the accuracy of the declarations sent by its Members
- Euroclear France has no express or implied duty to inform Euroclear France Members that the declarations are not technically valid, exhaustive or accurate

Euroclear France will never complete or amend tax declarations on behalf of Euroclear France Members.

We highly recommend Euroclear France Members:

- to send their declarations as early as possible in advance of the Declaration deadline,

- when they have the capacity to send FTT Declarations both through EuroclearConnect for Screens and EuroclearConnect STP, to use EuroclearConnect STP over EuroclearConnect for Screens. By limiting the volume of FTT traffic through EuroclearConnect for Screens, extra capacity is available for core settlement activity. For such users, EuroclearConnect for Screens should only be used in contingency situations.

In addition, Euroclear France may temporarily postpone processing declarations and/or activate its standard contingency procedures in the scenario of high volumes of declarations received on the Declaration deadline, with a negative impact on performance of the ESES platform. Euroclear France will not be held liable for any direct or indirect consequences suffered by Euroclear France Members resulting from this scenario.

3.3.1 Declaration format

Each declaration is divided into two parts:

1. a header providing the identification of the Accountable Party, the Euroclear France member sending the declaration and the total amount of tax to be paid by such accountable party
2. a list of individual transactions, their details and the relevant individual tax amount

Please refer to Annex 1 for the format of the declaration.

Important to note

- Both taxable and exempted acquisitions must be declared. For exempted transactions, the Accountable Party must provide the exemption reason, a single one among the several reasons foreseen by the law.
- If a declared transaction relates to a net buying position, this must be specified through a specific flag (Netted transaction flag). If a net buying position is calculated based on transactions with different trade dates, market practice states that the Accountable Party should populate the 'trade date' field of their FTT Declaration with the trade date of the majority of the underlying transactions.
- The same declaration can mix transactions for which the tax is due for the next payment month and late declarations for which the tax was due on a former payment month. Declarations containing only late transactions should be sent with the original payment month (even if in the past) and will follow a dedicated lifecycle. For further information on late declarations, please refer to § 3.5.
- The same declaration format will be used to update transactions that have already been sent in previous declarations. For further information on updates, please refer to § 3.6 'Update process'.
- The default settlement date is the actual settlement date, except if the Accountable Party has opted for the use of the intended settlement date option. The Accountable Party must notify Euroclear France and the French tax authorities that they will use this option before the 25th of the month preceding the first applicable transaction. You can find more information on the intended settlement date option in Newsletter 2012-NL-014 dated 25 September 2012.

3.4 Checks and reporting after the declaration

We will perform three types of checks after the receipt of your declarations:

- Checks at receipt
- Ex post checks
- Consistency checks

3.4.1 Checks at receipt

Once we receive your declaration, we perform the following checks on the header of the declaration:

- The sender of the declaration is the Euroclear France member code mentioned in the header
- The Euroclear France member code is populated and valid at the time of the declaration
- The field Credit/Debit Code is populated and valid (C or D)
- The total tax amount is populated and valid
- The number of record is valid if populated
- The sending date is valid if populated
- The payment month is populated and valid
- The reference of the declaration is populated with a unique⁴ and valid reference
- The BIC of the Accountable Party is populated and valid
- The name of the Accountable Party is populated and valid
- The address of the Accountable Party is valid if populated
- The country of the Accountable Party is valid if populated
- The EU VAT reference code is valid if populated
- Each field, if not populated, must contain a space for alphanumeric fields (AN) or zero for numeric fields (N). **Note:** If you populate a field with two semi-colons ‘;;’ your FTT Declaration will be rejected.

Note: ‘valid’ in the above control means that the format of the field is respected (see Annex 1, column ‘format’).

Upon receipt, we do not perform any checks on the transactions included in the repetitive part of the declaration, except for the following:

- at least one transaction is present in the repetitive part
- the size of each transaction field is not greater than the maximum size limit
- each field, if not populated, must contain a space for alphanumeric fields (AN) or zero for numeric fields (N). **Note:** If you populate a field with two semi-colons ‘;;’ your FTT Declaration will be rejected

Depending on the result of these checks, we will report the acceptance or rejection of your declaration via the FTT status message and the reason codes described in Annex 2.

3.4.2 Ex post checks

The tax authorities require us to perform ex post checks. These will verify the details of the transactions included in the declarations files. The results will be provided to the tax authorities with an ‘Anomaly’ status (no detailed reason codes).

We will perform the ex post checks after receiving your declaration. These checks will not lead to the rejection of your declaration. Based on our reports, the tax authorities may consult the details of your declarations and decide to apply the penalties foreseen by the Law for missing or incomplete information.⁵ These penalties will be claimed and raised directly by the tax authorities to the Accountable Party without our involvement.

Please note that during the testing phase, we will send you copies of the ex post checks reports to allow you to check the quality of your declarations.

⁴Please refer to Annex 1 for a recommendation on how to create unique references.

⁵According to the Law, inaccuracies or omissions in the declaration shall result in the application of a penalty of EUR 150 per omission or inaccuracy, which amount may not exceed 40% of the tax omitted.

We will perform the following controls per transactions declared (provisional list):

- Mandatory field (at transaction level) not filled in or filled improperly,
- No amount of due tax with a taxable flag equal to 'Y'
- Amount of due tax with a taxable flag equal to 'N'
- No exoneration rationale with a taxable flag equal to 'N'
- Exoneration code with a taxable flag = 'Y'
- 'Late transactions' i.e. a transaction with a settlement date different than the payment month -1.

3.4.3 Consistency checks

The tax authorities also require us to perform consistency checks. On a monthly basis, we will provide dedicated reports to the tax authorities to:

- allow them to check the validity of your declarations; and
- decide on potential further controls towards the Accountable Parties.

These checks are listed in Ministerial Decree 2012-956 of 6 August 2012. We will report the following cases to the tax authorities:

- Declarations for which the total amount of due tax is not in line with the taxable transactions in the repetitive records
- Declarations for which the tax amount declared is not consistent with the taxable amount
- Accountable Parties with no transaction declared, for a given month on the 30 most declared ISINs
- For each Accountable Party, evolution of the total amount and quantity of acquisitions between the current month and the previous one
- Evolution of the exoneration ratio per Accountable Party and per month
- Accountable Parties that are Euroclear France members and for whom the total amount of purchases settled in our books is higher than the amounts of purchases declared

In addition, Euroclear France may cross-check FTT Declarations with information received from Central Counterparties (CCPs) and trading platforms where a convention to that effect has been signed.

3.5 Late declarations and late payments

Definitions

'Late declaration' is defined as a declaration that we receive after the declaration deadline set for the receipt of this declaration (as defined in § 3.2).

'Late payment' is defined as a tax payment credited on our cash account on a value date which is later than the payment date when the payment was due (as defined in § 3.2).

'Late transaction' is defined as a transaction declared within a declaration and which settled in a month which is older than the month preceding the payment month of the declaration.

General case

If you send a late declaration, you must initiate the tax payment immediately in favor of Euroclear France without waiting for the next scheduled payment date. Such a declaration should be sent with the original payment month (even if in the past). If not, the declaration cannot be identified as a late declaration and will follow the standard lifecycle: payment will only be expected for the next payment month, leading to a longer delay and potentially higher penalties applied by the tax authorities.

If a late declaration results in late payment (i.e. our cash account is credited after the payment date), we will invoice the member to compensate us for the corresponding loss of interest amounts and as the case may be to cover the related processing cost. These fees will appear in the standard ESES invoice.

- If the late payment is credited to our account **after the 4th and before the 24th calendar day of the payment month**, we will invoice the member for the actual number of days of delay (20 days maximum, during which we keep the funds before paying the tax authorities).
- If the late payment is credited to our account **on or after the repayment date**, we will invoice the member for 20 days.

Please refer to §4 for additional information on those fees.

Specific case of a declaration including late transactions

If a Euroclear France member sends a declaration that mixes:

- transactions for which the tax must be paid on the next payment month and
- 'late' transactions for which the tax should have been paid on a former month,

this declaration must follow the standard calendar of the ongoing period, i.e. it must be paid entirely on the next payment month and the member is not allowed to make a partial payment for the late transactions.

We will not invoice the member for these late transactions. Indeed, we will not be entitled to receive any compensation as we will keep the funds relating to the whole declaration for 20 days. However, we will report the late transactions to the tax authorities who may apply penalties afterwards.

In general, we recommend you to regroup late transactions in a single declaration with the payment month for which the tax should have been paid. (e.g. if you declare in May some transactions settled in January, you should send those transactions in a single declaration and with a Payment Month set to February, so that the payment can be done as soon as possible).

Late declarations and late payments reporting to the tax authorities

The tax authorities require us to report late declarations and late payments to them. We will provide this report on the 24th calendar day of the month following the late event.

Indemnities, penalties or interests foreseen by the Law against the Accountable Party for late declaration⁶ and late payments⁷ will be claimed and raised directly by the tax authorities to the Accountable Party. We are not involved in this process.

⁶ According to the Law, late transmission of the tax information shall result in the application of an increase of 20% of the amount of the tax owed which may not be less than EUR 500 or, when no tax is due, a fine of EUR 500.

Update process

An update is defined as a change brought by an Accountable Party to a transaction already declared. The purpose can be:

- to claim for a refund of an overpaid tax amount
- to regularise a previous declared transaction leading to an additional tax amount
- to amend a previous declared transaction (without any cash impact)

We will accept updates on transactions already declared. The message format and lifecycle of updates will be the same as for the standard transactions. This process will be managed through the use of the 'type of transaction' (field 15 of the declaration message).

Type	Definition
S	Standard
R	Regularisation of a previous declared transaction, resulting in an additional tax amount
C	Refund claim. Update of a previous declared transaction, resulting in a refund of an overpaid tax amount
A	Amendment. Update of a previous declared transaction, without impact on the tax amount

Updates (types, R, C or A) must have the same reference as the underlying transactions (field 14 in the declaration message).

For refund claims (type C), according to French Law, tax is recoverable until the 31 December of the second year following the reception of the declaration.

Members will be able to send within the same declaration standard transactions and updates. In particular, they will be authorized to net standard transactions and refunds so as to be reimbursed on the same or a subsequent declaration without having to send a separate claim to the tax authorities. In that case, as long as the total amount declared remains as a debit, the declaration will follow the standard STP process. If the total amount of the declaration becomes creditor:

- the same Accountable Party is authorised to net this declaration with other debit declarations of the same period
- however, if the sum of all declaration for the same Accountable Party becomes creditor, cash refund can only be obtained by contacting the tax authorities (for further information, please refer to § 3.8.5).

In that respect, we will recommend members, as much as possible:

- to net, in the same declaration, standard transactions and refunds so as the total amount remains as a debit
- to avoid grouping 'refund' transactions in a single declaration

⁷ According to the Law, late payment of the tax shall result in the application of a late penalty by the tax according authorities (according to a standard rate set for late payments).

One of the potential uses of the update process relates to the declaration of intra-day transactions, which are taxable only on the net buying position. Examples of such use are shown in appendix 6 and 7.

3.6 Technical cancellation of a declaration

Members will be able to request our Operations team to cancel a declaration as long as the payment has not been done.

This will be a manual process and will be performed on a reasonable basis. You can find the form to be used to request a cancellation in Annex 8.

3.7 Cash processing

3.7.1 General process

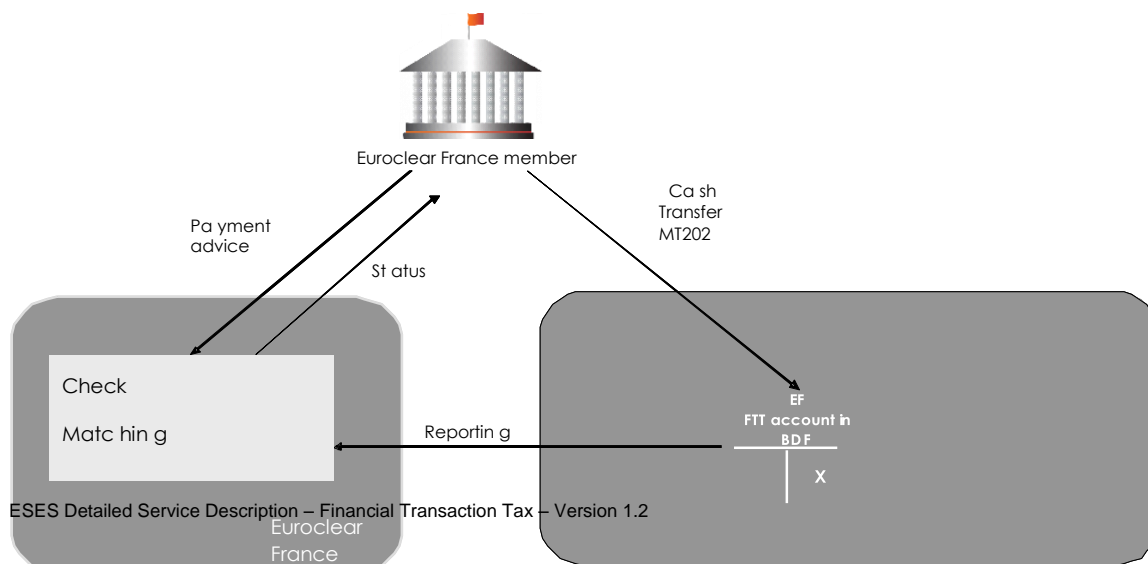
In order to pay the declared tax, each Euroclear France member will have to process two actions:

1. send us a 'FTT payment advice' message **on or before the payment date**
2. on the payment date, transfer the cash in euro in favour of the Euroclear France pivot cash account opened for the purpose of FTT collection

We recommend that you:

- first send your FTT payment advice (with the expected payment date) and
- only send your MT 202 cash transfer when you receive confirmation that your FTT payment advice is valid. This status confirms that the cash amount you specified in your FTT payment advice matches the amount calculated by Euroclear France. This will avoid or reduce the risk of a mismatch between the two messages (see 3.8.4.2 for more details)
- send an MT 202 on payment date before 16:00

You can send your FTT payment advice upon payment or before the payment date:



3.7.2 FTT payment advice

The 'FTT payment advice' message notifies Euroclear France that a FTT cash transfer is initiated and lists the tax declarations linked to that payment. The communication means are the same as for FTT declarations. **Note:** The FTT payment advice should be sent before or on the same day as the cash transfer.

The FTT payment advice is divided into two parts:

- A header that specifies the Euroclear France member, the payment date and the total cash amount
- A repetitive part detailing the reference numbers of the tax declarations linked to the payment

You can find the format of this message in Annex 3.

Euroclear France Members will be allowed:

- to initiate a single payment for all the declarations sent during the relevant period. If this is the case, you must send a single FTT payment advice listing all the related declaration references
- or alternatively, to initiate several cash transfers, each of them corresponding to one or a selection of declarations sent during the relevant period. If this is the case, you must send a FTT payment advice for each cash transfer. Each FTT payment advice should list the declaration reference(s) of the relevant payment.

3.7.3 Cash movement to credit Euroclear France cash account

The Euroclear France member must credit our cash account for value the relevant payment date (or in the case of late declarations, in the conditions described in section 3.5). The cash transfer by the Euroclear France member must:

- be sent using an ISO-compliant MT 202 message
- credit the following Euroclear France RTGS account in Banque de France:
 - BIC: ESEFRPPFTT (production platform)
 - BIC: ESEFRPOFTT (testing platform)
- Include the Euroclear France account number of the member making the payment in field :72:.

We recommend that you send the MT 202 before 16:00 on the payment date.

The cash amount credited can relate to one or to multiple declarations. No partial payment of a declaration will be allowed.

The cash amount credited must be strictly identical to the amount contained in your FTT payment advice.

Notes:

- Euroclear France will never advance funds to Euroclear France Members.

- Euroclear France will not check that the BIC of the sender of the MT202 belongs to the Euroclear France member. If the Euroclear France member has delegated the initiation of the MT 202 payment to a third party (e.g. its cash settlement agent), the Euroclear France member will in all cases remain fully responsible for the FTT payment, especially for any delay or payment error.

You will find an example of an MT 202 in Annex 5.

3.7.4 Euroclear France checks

We will perform some checks upon receipt of the FTT payment advice and to match this message with the cash transfer.

3.7.4.1 Checks on the 'FTT payment advice'

We will perform the following checks on the FTT payment advice:

- The sender of the FTT payment advice is the Euroclear France member code mentioned
- The Euroclear France member is a valid member at the time of receipt of the FTT payment advice
- If one of the fields in the header is not filled, the message will be rejected
- If there is no declaration reference in the repetitive section, the message will be rejected
- The format type of the data must be respected
- If the amount of the cash transfer is not equal to the sum of the underlying declarations, as calculated by Euroclear France, the message will be rejected
 - *Note: in the rejection notice, we will provide you with the amount we calculated. This amount will be indicative. If you agree with this calculation, you are invited to send a new FTT payment advice with this new amount. If you disagree with the amount, please contact Euroclear France Operations*
- Each FTT Declaration reference exists and is unique
- The FTT Declaration has not been already paid or cancelled

Once we run this check, you will receive a 'Status FTT payment advice' message (see Annex 4) advising you whether your FTT payment advice has been accepted or rejected. Any rejection will have an error code (see Annex 4).

3.7.4.2 Matching the FTT payment advice with the cash confirmation

Once we receive the cash confirmation from Target2, we will match it with the FTT payment advice received prior to the cash confirmation. The matching will be based on the below information:

- Euroclear France account number
- Payment date
- Amount of the cash transfer

Once the matching process is completed, your declaration will be set to a final status to show that the payment was done.

If your payment advice and the cash confirmation do not match identically (i.e. up to the euro cent), we will initiate a manual procedure.

If, for any reason, you send an erroneous payment advice, you will be able to send a corrected payment advice up until the matching occurs.

3.7.4.3 Process for when a cash payment amount (MT 202) does not match the FTT payment advice amount

Matching will be carried out by euro cents.

If an MT 202, input upon receipt of the FTT payment advice reporting confirmation, contains a different amount than the one of the notification, the following process will apply:

- **If the cash amount credited to Euroclear France is lower than the due amount**, Euroclear France will return the whole amount to the sender, and all related declarations will be considered as unpaid
- **If the cash amount credited to Euroclear France is higher than the due amount**, all related declarations will be considered as paid and Euroclear France will only return the excess cash amount to the sender. *However, please note that by exception to this rule and considering the high volumes of payments expected during the first payment months (November 2012 and subsequent months), Euroclear France will return the whole amount to the sender also in the case where the amount credited is higher than the due amount.*
- *As stated in 3.8.1, to limit any risk of funds return, we recommend you to initiate the payment only after your FTT payment advice has been validated by Euroclear France. Euroclear France will notify Euroclear France members when this exceptional process ends by means of an operational newsletter.*

Please note that this will be a manual process and related deadlines will be at the discretion of Euroclear France operations team.

3.7.5 Credit declarations

If there are credit declarations among the declarations paid by the Euroclear France member:

- the Euroclear France member is authorized by the tax authorities to net these credit declarations against other debit declarations but only if these debit and credit declarations belong to the same Accountable Party
- the Euroclear France member is not authorised to net a credit from one Accountable Party against a debit from another Accountable Party
- if an Accountable Party, for a given month, is in the situation where the total amount of his declarations result in a credit, this information will be forwarded to the tax authorities on the 24th of the month (see standard declaration life cycle). We are not involved in the refund of these credits so the Accountable Party must liaise with the tax authorities directly.

3.8 Communications means

The FTT processing messages are included in the following table:

	Declaration	Payment
Message Input	FTT Declaration (see Annex 1)	FTT payment advice (see Annex 3)

Message output	FFT status message (see Annex 2)	Status FFT payment advice (see Annex 4)
-----------------------	-------------------------------------	--

Input

You can use the following communication means to send your FTT messages to us:

- **ESES STP channel EuroclearConnect for STP** (formerly known as E2A) using SWIFT and BT Radianz networks (limit of 2,500,000.00 transactions per declaration)
- **File uploads through EuroclearConnect for Screens** (formerly known as eRGV), limitation of 2 Mo per declaration (around 10,500 transactions maximum per declaration).

All files sent must be in CSV format with a ‘;’ as a separator.

The labeling of the CSV file should not contain any blank (space).

Output

Reporting is sent through the same channel as the one used for sending the message, i.e.:

- for messages sent through EuroclearConnect for STP, we will send the status message upon receipt, via EuroclearConnect for STP.
- for messages uploaded using EuroclearConnect for Screens, you will have to download your reporting directly from EuroclearConnect for Screens.

Technical outsourcing

We will provide Euroclear France Members with the possibility to outsource to one (or several) third party(ies) the technical sending of all or part of their declarations. To use this facility, you must notify Euroclear France in the *FTT Connection Form* (see Annex 10).

Note: This possibility is available both for messages routed through EuroclearConnect for STP and EuroclearConnect for Screens.

Availability

Euroclear France members will be able to send and receive FTT messages according to the standard availability of EuroclearConnect. More details can be found in section 3.4 of the ESES Detailed Service Description *Communication means*.

3.9 Impact on the ESES trade confirmation service SBI

To allow brokers using the SBI trade confirmation service to input the FTT amount, we plan to allocate a dedicated field in the SBI transaction notice message (MT510).

The group of fields below will be used and renamed 'Financial Transactions Tax'. SBI Data Dictionary will be amended accordingly.

Fields	Tax amount
43	Currency code
44	Amount

3.10 Impact on corporate action services

Some corporate actions may lead to acquisitions that are in the scope of the FTT.

When launching corporate actions, issuers of taxable securities (or their agents) will be requested to inform Euronext and Euroclear France on the tax status that applies to their corporate actions. This can be done using the standard corporate actions form already used today.

The issuer/agent must provide the following mandatory information:

Information to be provided	Description
Corporate actions in the scope of FTT	To indicate whether the corporate action falls under the scope of the FTT and whether an FTT Declaration has to be completed
Corporate action taxable	To indicate whether the corporate action is taxable or not
Reason for exemption	To provide the exemption reason if the event is not taxable
Tax levy basis	This field could indicate a reference price to be used or the terms to be used for calculating the reference price

As a tactical solution and as from 1 August, Euroclear France will report the above information to Euroclear France members, through the issuance of a dedicated 'Securities Info' communication. This information is provided only for corporate actions in the scope of the FTT. At a later date to be confirmed, Euroclear France will provide this information in corporate action notifications (MT 564 announcements and entitlement messages).

In Annex 1, you will find the fields of the FTT Declaration which are impacted by corporate actions and the rules that apply to these fields.

Note: the French tax authorities temporarily authorise Accountable Parties not to report exempted acquisitions relating to corporate actions that give rise to the issuance of securities (exemption no. 1: primary market). This authorisation is valid only for eligible transactions that settle in 2012.

3.11 Impact on other ESES systems

No impact has been identified on any other ESES systems. In particular, no change is foreseen in the formats of the messages used for the SLAB matching system.

4 Pricing principles

According to the FTT Law, the central depository is credited with the interest earned while the tax is deposited (for 20 calendar days) in our account with *Agence France Tresor* (the Deposit Bank) until final payment to the tax authorities.

The aim is to compensate the central depository for the costs incurred by managing the tax system.

However, we will have to implement a dedicated FTT pricing structure for our clients. This is mainly due to the fact that the interest earned while the tax proceeds are deposited, will not cover all Euroclear France costs: development (including consultancy costs during the preparatory phase) and running costs for managing the tax process. The main components of pricing would be:

- a service fee based on the activity of the Euroclear France member,
- a late payment fee (see section 3.5), to cover the resulting loss of interest (with a minimal or additional amount set to cover the related processing costs). It will be mainly calculated on the basis:
 - of a fixed interest rate (to be derived from the rate applied by the AFT)
 - and the number of days of delay (maximum 20 days)

Note: Any manual operations relating to the FTT process will be charged in accordance with current ESES schedule of fees.

Fees will be charged to Euroclear France Members in the standard ESES invoice. Upon request, we will provide the details of the calculation of the fee.

Further information

You can find more information on FTT pricing principles in Newsletter 2012-NL-012 dated 1 August 2012.

5 Testing strategy and client readiness

The ESES testing platform is open to allow you to test FTT process.

The homologation platform is available:

- as from **4 July 2012** for testing declaration processing
- as from **3 September 2012** for testing cash processing

The launch in production platform is performed in two phases:

- on **1 August 2012** for declaration processing
- on **2 November 2012** for cash processing

Special testing sessions are foreseen with a group of pilots. Dedicated support will be available during the interim period until the first payment date (9 November).

A panel of ISINs for testing purposes is available. Both the declaration process and the payment process can be simulated during the testing phases. For the testing of the payment process, the following FTT Euroclear France RTGS cash account (BIC) must be used: **ESESFRP0FTT**.

For more information on the homologation phase for the FTT project, please refer to the *FTT Testing Guide*, available on euroclearfrance.com under **Resources > ESES Testing Services & Projects > Financial Transaction Tax Project**.

Client readiness

Euroclear France Members are invited to send a dedicated form to Euroclear France to provide:

- contact details for the FTT project
- operational contacts details for the FTT Declarations
- mean(s) of communication(s) that you will use
- technical connections details and, if any, your outsourcing arrangements
- your expected date for beginning the testing
- your expected date for using the process in production

You will find this form in Annex 9.

Annex 1 Format of the 'FTT Declaration' message

The Euroclear France member uses this message to send a FTT Declaration to Euroclear France. This message details a list of taxable and/or exempted transactions declared by an Accountable Party. This message will be sent in CSV format with ';' as a separator. The amount has to be declared with ',' before the decimals.

id	Field name	Blocking control (1)	M/O (2)	Value	Format	Definition
Header (3)						
1	Euroclear France member code	Yes	M		8N	Institution code of the Euroclear France member sending the declaration
2	Credit / Debit Code	Yes	M	C, D	1AN	C : Credit D : Debit
3	Total tax amount	Yes	M		DEC(18,2)	Total amount of the tax to be paid on the underlying transactions in the file
4	Number of records		M		9N	Number of declared transactions in the declaration
5	Sending date		M		8N	YYYYMMDD Date on which the Euroclear France member sends this declaration to Euroclear France
6	Payment month	Yes	M		6N	YYYYMM Month on which the cash is to be debited for the total tax amount
7	Reference of the declaration	Yes	M		50AN	Reference attributed by the Euroclear Franc member to the declaration file This reference must be unique. •Recommended structure to ensure that the reference you use is unique- Identification of the Accountable Party (BIC or the EU VAT reference or SIREN code) – Payment Month – Incremental number or other reference <i>Example</i> BIC of the Accountable Party: ABCDEFGXXX Payment month : November 2012 Incremental number or reference = 123456 In that case, the final declaration reference will be 'ABCDEFGXXX201211123456'.
8	BIC of the Accountable Party	Yes	M		11AN	BIC 11 of the Accountable Party If the Accountable Party has no BIC code, it must indicate NONE
9	Name of the Accountable party	Yes	M		50AN	
10	Address of the Accountable Party		M		150AN	
11	Country of the Accountable Party		M		3AN	ISO country code of the Accountable Party
12	Intra-EU VAT reference	Yes	M		20AN	If the Accountable Party has no Intra EU VAT reference, it must provide its local corporate registration code (e.g. SIREN code in France). If it has none of them, it must indicate NONE
Repetitive records: one per transaction declared (3)						
13	Transaction external number		M		9N	Incremental reference number of the declared transaction
14	Reference of the transaction		M		16AN	Reference of the declared transaction attributed by the accountable party
15	Type of transaction		M	S, R, C, A	1AN	S = Standard R = Regularisation. Update of a previous declared transaction, resulting in an additional tax amount C = Refund claim. Update of a previous declared transaction, resulting in a refund of an overpaid tax amount A = Amendment. Update of a previous declared transaction, without impact on the tax amount Note :: R, C and A types must have the same reference as the original transaction (field 14)
16	Netted transaction flag		M	Y, N	1AN	Y applies if the transaction is the result of a netting (e.g. intra-day)
17	ISIN code		M		12AN	ISIN of the security If the declared transaction relates to a corporate action, ISIN of the distributed proceeds
18	Trade Date		M		8N	YYYYMMDD Payment Date, if the declared transaction relates to a corporate action,
19	Settlement Date		M		8N	YYYYMMDD Payment Date, if the declared transaction relates to a corporate action,
20	Quantity		M		DEC(31,12)	Quantity of settled securities
21	Unit of quantity		M	UNT, FMT	3AN	Unit of the settled quantity
22	Cash amount		M		DEC(18,2)	Cash amount of the transaction in euros If the declared transaction relates to a corporate action, =Unit price of the proceeds * quantity
23	Taxable Flag		M	Y, N	1AN	Indicates whether the transaction is taxable or not

24	Exoneration code	M	Space, 1 to 9	1AN	Space for a taxable transaction, or one of the following values for a non-taxable transaction: 1. Purchases linked to an issue of securities (primary market) 2. Transactions processed by a clearing house or central securities depository 3. Purchases linked to market making activities 4. Purchases linked to a liquidity contract 5. Intra-group transactions 6. Securities lending and repos 7. Acquisitions by employee mutual funds, employee open-ended investment funds or by employees directly 8. Acquisitions (including purchase of company shares) for employee saving schemes 9. Acquisitions of convertible bonds/bonds convertible into shares
25	Tax amount	M		DEC(18,2)	Amount to be paid for this transaction in euro. 0 for exonerated transaction. This field will be considered as a negative amount if the Type of transaction is C.
26	Place of trade	M		4AN	MIC code of the place of trade 'MULT' if multiple places of trading OTC if transaction dealt on the OTC market INT if transaction executed by internalization CORP if the declared transaction relates to a corporate action Other MIC Code could be found in international standard ISO 10383.
27	Narrative	O		50AN	Free text that can be used to provide more details for regularisation, refund claim or amendment (field 13)

- (1) A missing or incorrect mandatory field will result in the file rejection
(2) Mandatory or optional field for the tax authorities No validation by Euroclear France
(3) Header, and each individual transaction, except the last one, should be ended by a new line <NL> in the csv file

Annex 2 Format of the 'FTT status message'

Euroclear France sends an 'FTT status message' upon receipt of a 'FTT declaration' message, to inform the sender of the global acceptance or the global rejection of the declaration.

id	Field name	Format	Definition
Header of the underlying declaration			
1	Euroclear France member code	8N	
2	Credit / Debit Code	1AN	
3	Total tax amount	DEC(18,2)	
14	Number of records	9N	
5	Sending date	8N	
6	Payment month	6N	
7	Reference of the declaration	50AN	
8	BIC of the Accountable Party	11AN	
9	Name of the Accountable Party	50AN	
10	Address of the Accountable Party	150AN	
11	Country of the Accountable Party	3AN	
12	EU VAT reference	20AN	
Additional data for acknowledgement for both acceptance / rejection			
13	Reason code	8AN	Code sent for the result on reception (00000000 for acceptance)
14	Reason code description	80AN	Description of the reason code
15	Last Update Timestamp	14N	YYYYMMDDHHMMSS

The reason codes and their descriptions are described below:

Reason Code	Reason code description
00000000	
E0204002	Credit/Debit Code invalid or missing
E0204003	Total tax amount invalid or missing
E0204004	Number of record invalid
E0204005	Sending date invalid
E0204006	Payment month invalid or missing
E0204007	Reference of the declaration invalid or missing
E0204008	BIC of the Accountable Party invalid or missing
E0204009	Name of the Accountable Party invalid or missing
E0204010	Address of the Accountable Party invalid
E0204011	Country of the Accountable Party invalid
E0204012	EU VAT reference code invalid or missing
E0201002	Syntax error in the transaction: Nr, field,Nr ⁸
E0201003	No transaction can be found in the declaration
E0201005	Syntax error « ; » in the transaction : Nr
E0201006	Reference of the declaration already exists
E0003004	Syntax error « ; » in the header

- Please note that upon reception, the first blocking control will lead to rejection with one of the above reason codes (i.e. no exhaustive list). Only one reason code will be sent.
- The acceptance of the file will be reported with the reason code 00000000 but without a description (space between the two semi-colons).

⁸ This reason code is sent when a field in the transaction exceed maximum size or when the narrative field contain ";"

- 'Nr' in the reason code description will display, for the transaction, the line and, as the case may be, the field number concerned by the error.

Annex 3 Format of the 'FTT payment advice' message

The Euroclear France member sends a 'FTT payment advice'

- to inform Euroclear France that it will initiate a FTT payment (MT202) and
- to list the tax declarations linked to that payment.

This message will be sent in CSV format with ',' as a separator.

The amount has to be declared with ',' before the decimals.

Id	Field name	M/O	Type	Format	Definition
<i>Header</i>					
1	Euroclear France member code	M	8N		Euroclear France member code sending the advice
2	Reference of the Advice	M	50AN	YYYYMMDD	Reference attributed by the Euroclear France member to the advice message
3	Payment date of the FTT cash transfer	M	8N		Payment date of the related FTT cash transfer sent by the Euroclear France member
4	Amount of the FTT cash transfer	M	DEC(18,2)		Amount of the related FTT cash transfer
<i>Declaration(s) covered by the payment (repetitive)</i>					
05 to 'n'	Reference of the declaration	M	50AN		Reference of the declaration(s) paid (see field 7 of the declaration)

Annex 4 Format of the 'Status FTT payment advice' message

Euroclear France sends this message upon receipt of the FTT payment advice to notify the sender that the 'FTT payment advice' was accepted or rejected.

Id	Field name	M/O	Type	Format
1	Euroclear France member code	M	8N	
2	Reference of the advice	M	50AN	
3	Payment date of the FTT cash transfer	M	8N	YYYYMMDD
4	Amount of the FTT cash transfer	M	DEC(18,2)	
5	Error code	M	8AN	If no error: 00000000 Others error code in the table below)
6	Error description	M	80AN	Description of the error code in field05

The reason codes and their descriptions are described below:

Reason Code	Reason code description
E0600005	No declaration reference in the payment advice
E0601002	Decl not found, ref xxxxxxxx ⁽¹⁾
E0601003	Decl paid or cancelled, ref xxxxxxxx ⁽¹⁾
E0601004	Cash Amt inconsistent with Decl; indicative EF Amt NNNNNN,NN € ⁽²⁾
E0601005	The amount of the cash transfer cannot be equal to zero
E0605002	Reference of the advice invalid or missing
E0605003	Payment date of the advice invalid or missing
E0605004	Cash amount invalid or missing
E0605005	Syntax error in the advice (':;')
E0606001	Reference of the advice already exist

Decl = Declaration **Amt** = Amount **Ref** = Reference

⁽¹⁾ [xxxxxxxx](#), (max. 50 characters) is the Declaration Reference triggering the error message. If there are several Declaration References in error in the client's payment advice, only the first one in error will be mentioned.

⁽²⁾ [NNNNNN,NN](#) € (max. 18 integers and 2 decimals), the amount computed by Euroclear France, represents the total cash amount relating to the sum of the declarations indicated in the client's payment advice.

Please note that upon reception, the first blocking control will lead to rejection with one of the above reason codes. Only one reason code will be sent.

The acceptance of the file will be reported with the reason code 00000000 but without a description (space between the two semi-colons).

Annex 5 Example of declaration, payment advice and MT 202 messages

Functional format

Header								
1	Euroclear France member code	1234						
2	Credit / Debit Code	D						
3	Total taxa mount	5915,59						
4	Number of records	7						
5	Sending date	20121203						
6	Payment month	201212						
7	Reference of the declaration	BICAFRPPXXX201212001						
8	BIC of the Accountable Party	BICAFRPPXXX						
9	Name of the Accountable party	Bank Example						
10	Address of the Accountable Party	1st Bd des Italiens 75001 Paris						
11	Country of the Accountable Party	FRA						
12	EU VAT reference	123456789						
Repetitive record : transactions								
13	Transaction external number	1	2	3	4	5	6	7
14	Reference of the transaction	order-nb-123789	order-nb-123842	Net-20121223-001	order-nb-145678	order-nb-123779	order-nb-123792	order-nb-123793
15	Type of transaction	S	S	S	S	S	S	S
16	Netted transaction flag	N	N	Y	N	N	N	N
17	ISIN code	FR0000130809	FR0000130809	FR0000120685	FR0000130809	FR0000120685	FR0000130809	FR0000130809
18	Trade Date	20121120	20121117	20121121	20121124	20121102	20121120	20121120
19	Settlement Date	20121123	20121120	20121124	20121127	20121105	20121123	20121123
20	Quantity	120000	12400	456000	84516	546789	164500	45214
21	Unit of quantity	UNT	UNT	UNT	UNT	UNT	UNT	UNT
22	Cash amount	307680	31793,6	2207040	216699,02	2646458,76	421778	115928,7
23	Taxable Flag	Y	N	Y	Y	Y	Y	Y
24	Exoneration code		1					
25	Tax amount	307,68	0	2207,04	216,70	2646,46	421,78	115,93
26	Place of trade	XPAR	XPAR	MULT	XPAR	XPAR	XPAR	XPAR
27	Narrative			No specific comment				

Technical format in csv for the FTT Declaration

```
1234;D;5915,59;7;20121203;201212;BICAFRPPXXX201212001;BICAFRPPXXX;Bank Example;1st Bd des Italiens 75001
Paris;FRA;123456789

1;order-nb-123789;S;N;FR0000130809;20121120;20121123;120000;UNT;307680;Y; ;307,68;XPAR;

2;order-nb-123842;S;N;FR0000130809;20121117;20121120;12400;UNT;31793,60;N;1;0;XPAR;

3;Net-20121223-001;S;Y;FR0000120685;20121121;20121124;456000;UNT;2207040;Y; ;2207,04;MULT;No specific comment

4;order-nb-145678;S;N;FR0000130809;20121124;20121127;84516;UNT;216699,02;Y; ;216,70;XPAR;

5;order-nb-123779;S;N;FR0000120685;20121102;20121105;546789;UNT;2646458,76;Y; ;2646,46;XPAR;

6;order-nb-123792;S;N;FR0000130809;20121120;20121123;164500;UNT;421778;Y; ;421,78;XPAR;

7;order-nb-123793;S;N;FR0000130809;20121120;20121123;45214;UNT;115928,70;Y; ;115,93;XPAR;
```

Example of csv format for the payment advice linked to the above declaration:

```
1234;PAY-1234-Dec12-001;20121201;5915,59
BICAFRPPXXX201212001
```

Example of MT 202 linked to the above declaration

```
{4:
:20: ZZZZZZZZZZZZ Your reference

:21:NONREF

:32A:121205EUR5915,59 Payment date and amount to pay

:52A:XXXXXXXXXXXX Your account T2 to debit (BIC code)

:58A: ESESEFRPPFTT* T2 Euroclear account to credit

:72:/ACC/1234 or :72:/BNF/1234 Your ESES participant account number

-}
```

Annex 6 Example of update process for intra-day transactions: single purchase

Purchase of 100 UNT of ISIN FR0000120685 followed by a sale of 40 UNT on the underlying taxable security, both executed the same day by a broker for the same investor. According to the law, only the net buying position is taxable (60 UNT)

There are three options to declare this operation:

1) Net Buying position

The broker declares only the net buying position of 60 UNT at the end of the day

→ No update needed (standard transaction declared S with a netting flag set to Y)

Transaction external number	Reference of the transaction	Type of transaction	Netted transaction flag	ISIN code	Trade Date	Settlement Date	Quantity	Unit of quantity	Cash amount	Taxable Flag	Exoneration code	Tax amount	Place of trade
1	Net-20121223-001	S	Y	FR0000120685	20121121	20121124	60	UNT	600,00	Y		0,60	XPAR

2) Reversal

The broker declares in a first instance the purchase of 100 UNT (standard transaction declared S for 100 UNT)

The broker reverses this transaction in the same declaration or in a subsequent declaration (Refund Claim transaction declared C for 100 UNT with the same reference number)

The broker creates a new standard transaction (standard transaction declared “S” for 60 UNT) with the net flag set to ‘Y’ and the same settlement date.

Note: if the update is done after the payment month following the acquisition, the new transaction will be reported as a “late transaction”.

Transaction external number	Reference of the transaction	Type of transaction	Netted transaction flag	ISIN code	Trade Date	Settlement Date	Quantity	Unit of quantity	Cash amount	Taxable Flag	Exoneration code	Tax amount	Place of trade	Narrative
1	order-nb-123788	S	N	FR0000120685	20121121	20121124	100	UNT	1000,00	Y		1,00	XPAR	
2	order-nb-123788	C	N	FR0000120685	20121121	20121124	100	UNT	1000,00	Y		1,00	XPAR	
2	Net-20121223-003	S	Y	FR0000120685	20121121	20121124	60	UNT	600,00	Y		0,60	XPAR	

3) Partial refund

The broker declares in a first instance the purchase of EUR 100 UNT (standard transaction declared S for EUR 100 UNT)

The broker requests a partial refund in the same declaration or in a subsequent declaration (Refund Claim transaction declared C for 40 UNT with the same reference number)

Transaction external number	Reference of the transaction	Type of transaction	Netted transaction flag	ISIN code	Trade Date	Settlement Date	Quantity	Unit of quantity	Cash amount	Taxable Flag	Exoneration code	Tax amount	Place of trade	Narrative
1	order-nb-123788	S	N	FR0000120685	20121121	20121124	100	UNT	1000,00	Y		1,00	XPAR	
2	order-nb-123788	C	N	FR0000120685	20121121	20121124	40	UNT	400,00	Y		0,40	XPAR	

Annex 7 Example of update process for intra-day transactions: multiple purchases

A broker has executed the following trades for the same investor, on the same day for the same taxable ISIN

2 purchases: of 70 UNT For EUR 700 and 40 UNT for EUR 400

1 sale for of 80 UNT for EUR 800

According to the law, only the net buying position is taxable (30 UNT)

There are only 2 options to declare this operation

1) Net Buying position

The broker declares only the net buying position of 30 UNT at the end of the day

→ No update needed (standard transaction declared S with a netting flag set yo Y)

Transaction externalnumber	Reference of the transaction	Type of transaction	Netted transaction flag	ISIN code	Trade Date	Settlement Date	Quantity	Unit of quantity	Cash amount	Taxable Flag	Exoneration code	Taxamount	Place of trade	Narrative
1	Net-20120924TTF1	S	Y	FR0000110667	20120924	20120927	30	UNT	300,00	Y		0,30	XPAR	

2) Reversal

The broker declares in a first instance the 2 purchases of 70 UNT and 40 UNT (standard transactions declared S.)

The broker reverses these two transactions in the same declaration or in a subsequent declaration (Refund Claim transaction declared C for 70 UNT and 40 UNT with the same reference numbers)

The broker creates a new standard transaction (standard transaction declared “S” for 30 UNT with the net flag set to ‘Y’ and the same settlement date.

Note: if the update is done after the payment month following the acquisition, the new transaction will be reported as a “late transaction”.

Transaction external number	Reference of the transaction	Type of transaction	Netted transaction flag	ISIN code	Trade Date	Settlement Date	Quantity	Unit of quantity	Cash amount	Taxable Flag	Exoneration code	Tax amount	Place of trade	Narrative
1	order-nb-998877	S	N	FR0000110667	20120924	20120927	70	UNT	700,00	Y		0,70	XPAR	
2	order-nb-665544	S	N	FR0000110667	20120924	20120927	40	UNT	400,00	Y		0,40	XPAR	
3	order-nb-998877	C	N	FR0000110667	20120924	20120927	70	UNT	700,00	Y		0,70	XPAR	
4	order-nb-665544	C	N	FR0000110667	20120924	20120927	40	UNT	400,00	Y		0,40	XPAR	
5	Net-20121223-006	S	Y	FR0000110667	20120924	20120927	30	UNT	300,00	Y		0,30	XPAR	

3) Partial refund

Unlike the previous example, partial refund cannot be used here as there is no mean to offset the sale of 80 UNT with a single former trade, as related quantities are all lower than 80 UNT

Annex 8 Main rules governing the CSV format of the FTT messages

1. FTT messages will be sent in CSV format generated within Windows or Unix environment.
2. Fields will be separated by a semicolon ‘;’.
3. The last field of each line at header level or transaction level ends with a new line (<NL>), except for the last line of the declaration file
4. The size of each field of the messages described in Annexes 1 to 4 should be understood as ‘maximum size’.

Example: field#1: if the Euroclear France Code is 1234, the field can be 1234 in the csv file, (not necessarily 00001234).

5. Two semicolons should never be one next to the other:

“;;” will be considered as a syntax error and will lead to the rejection of the declaration

6. When a field is not populated, it must contain:

- space (‘ ’) for alphanumeric data (AN), or
- zero (‘0’) for numerical (N) data

- o **Note:** this rule also applies to the narrative field (AN) of each transaction in the declaration. If the field is empty, you must add a space

7. Numbers with decimals, e.g. DEC (18,2) should be understood as a total length of 18 digits maximum, including a maximum of sixteen integers and two decimals, plus a comma. Decimals should be preceded by ‘.’. Where there are no decimals, only the entire part must be populated and the comma is not needed

These are 3 valid examples

1 234 567 890 123 456=> 16 integers with no decimals (16 digits)

1 234 567 890 123 456,7 => 16 integers with 1 decimal (17 digits)

1 234 567 890 123 456,78 => 16 integers and 2decimals (18 digits)

8. The labeling of the CSV file should not contain any blank (space):
 - o File name.csv is not valid
 - o File-name.csv is valid

Annex 9 Form to request a cancellation of your FTT Declaration

FINANCIAL TRANSACTION TAX

**CANCELLATION REQUEST FOR AN FTT
DECLARATION – REF /FTT.DC**

To be sent by fax to the attention of Euroclear France – ESES Settlement (+33 (0)1 73 00 00 28) on your company letterhead

Institution Information	
Institution code :	
Institution Name :	
Contact :	Phone number :
Date fax sent :	/ /

DETAILS									
REF DECLARATION :								
BIC CODE OF THE ACCOUNTABLE PARTY :								
GLOBAL CASH AMOUNT : EUR								
MONTH OF PAYMENT: (format MM/AAAA)	<table border="1"><tr><td></td><td></td><td>/</td><td></td><td></td><td></td><td></td><td></td></tr></table>			/					
		/							

Reason for request (optional) :
Costs charged to the requesting institution

STAMP OF INSTITUTION	Name of signatory :
	Place :
	Date : / /

REGISTERED SIGNATURE IN ESES SETTLEMENT

Annex 10 FTT connection form to Euroclear France



Post-trade made easy

Financial Transaction Tax (FTT) Connection form to Euroclear France

Contacts & Timeline

Name of the Client (Legal Entity name):

List of Institution codes concerned:

<p>Project Manager Name: Phone number: E-mail address:</p>	<p>Operational Contact for Production Name: Phone number: E-mail address:</p>
<p>Estimated date of Testing: Estimated date of 1st declaration in production:</p>	

Communication Channels

The below connection will be implemented both in the testing and production platforms.

I wish to use a file transfer via EuroclearConnect STP (E2A)

Please fill in the table with the list of Institution codes (one or several per box) that need to be connected to the FTT system and the name of the concerned Technical provider which can be yourself or a third-party (in case of outsourcing arrangements with a technical provider or another Euroclear France client). The transfer identifiers that you will have to use are mentioned in annex. Please ensure to provide them to your technical teams.

Institution Code(s)	Name of the Technical Provider (yourself or a third-party)

I wish to use the upload of files via the EuroclearConnect Screen (ex-eRGV)

Please list your institution codes (one or several per box) and the eRGV site number(s) that will be used for their FTT uploads and downloads. Euroclear France will grant the FTT authorization to these sites, your administrator will then be able to grant this new right to the relevant UserIDs.

Institution Code(s)	EuroclearConnect site number (ex-eRGV site number)

Please return to:

<p>ESES Commercial (scan via email): ESES.commercial@euroclear.com Phone numbers: +32 (0)2 337 5930 from Belgium +33 (0)1 55 34 5544 from France +31 (0)20 552 1530 from the Netherlands</p>	Name of Signatory:
	Date:
	Signature

About delegation

If you choose to delegate your FTT activities to a third party, you can specify the name of the latter in the first table related to EuroclearConnect STP and/or mention his EuroclearConnect Screen site number in the second table. Your signature on the form serves as notification of the delegation to Euroclear France who will perform the technical implementation. However, it is your responsibility to notify the third party directly so he can take the necessary steps to setting up this service.

If you received a general delegation (POA Account Operator) from an institution, you may request the opening of the FTT service on behalf of that institution directly to Euroclear France via this form.

A third party may request from Euroclear France a list of institutions from whom it has received delegation.

Documentation and Assistance:

The FTT documentation is available on our website www.euroclear.fr. On the homepage, a banner directs you to the dedicated webpage. You can also access it via the "Resources" section.

Assistance	Team	Contact details
General Information	Your Account Manager	ESES.AccountManagement@euroclear.com +32 (0)2 337 5930 from Belgium +33 (0)1 55 34 5544 from France +31 (0)20 552 1530 from the Netherlands
Advice on Communication channels	Technical Account Managers	Email : ESES.TAM@euroclear.com +33 (0)1 55 34 5600
Testing assistance	ESES Tests Management	Email: homologation@euroclear.com +33(0)1 55 34 5626
Technical assistance on file transfers	Client Technical Support	Email: eses.connectivity@euroclear.com +33(0)1 49 31 8799

Transfer Identifiers

You will find below the technical transfer identifier that you will have to use in your STP communication with Euroclear France. This only concerns the STP transfers via EuroclearConnect (formerly E2A).

Message	Type	Testing Platform	Production Platform
FTT Declaration	Issuance of a declaration	RHFTTDEC	RPFTTDEC
FTT status messages	Functional acceptance by the FTT system	SHAFTDEC	SPAFTDEC
	Technical rejection by Euroclear Connect	SHRECDEC	SPRECDEC
	Functional rejection by the FTT system	SHRFTDEC	SPRFTDEC
FTT Payment advice	Issuance of a payment advice	RHFTTPRE	RPFTTPRE
	Functional acceptance by the FTT system	SHAFTPRE	SPAFTPRE
FTT Payment advice status	Technical rejection by Euroclear Connect	SHRECPRE	SPRECPRE
	Functional rejection by the FTT system	SHRFTPRE	SPRFTPRE

Annex 11 Who to contact?

You can find general information on the project oneuroclearfrance.com under **ESES Testing Services & Projects > Financial Transactions Tax Project**.

If you have any question on the FTT processing by Euroclear France, please email us at **ESES.FTT@euroclear.com**

For more specific questions, you can contact us as follows:

Questions on	Contact	Contact details
Operational Assistance on declarations and payments	ESES FTT service	Phone : +33 (0)1 55 34 5788 Email : ESES.FTT@euroclear.com
Testing enquiries and assistance	ESES Projects and Tests Management	Phone: +33(0)1 55 34 5626 Email: homologation@euroclear.com
Connectivity assistance	Client Technical Support	Phone: +33(0)1 49 31 8799 Email: eses.connectivity@euroclear.com

If you have any questions on the scope of the FTT Law, please email the French tax authorities at dge@dgfip.finances.gouv.fr , and mention 'Question FTT' in the subject line.



© 2020 Euroclear France SA – 66 rue de la Victoire 75009 Paris, France – Tél : +33 (0)1 5534 5534 – Société anonyme au capital de 10 908 240 euros – RCS Paris B 542 058 086 – Euroclear est l'appellation commerciale du Système Euroclear, d'Euroclear Holding SA/NV, d'Euroclear SA/NV et de ses filiales. Euroclear is the marketing name for the Euroclear System, Euroclear Holding SA/NV, Euroclear SA/NV and their affiliates. All rights reserved. The information and materials contained in this document are protected by intellectual property or other proprietary rights. All information contained herein is provided for information purposes only and does not constitute any recommendation, offer or invitation to engage in any investment, financial or other activity. We exclude to the fullest extent permitted by law all conditions, guarantees, warranties and/or representations of any kind with regard to your use of any information contained in this document. You may not use, publish, transmit, or otherwise reproduce this document or any information contained herein in whole or in part unless we have given our prior written consent. Your use of any products or services described herein shall be subject to our acceptance in accordance with the eligibility criteria determined by us.