

Euronext Securities Corporate Event Service

Harmonization and standardization



EURONEXT SECURITIES

Agenda

- 1 |** Welcome and opening remarks - **10 mins**
Pierre Davoust, Head of CSDs – Euronext
- 2 |** Why standardization and harmonization are so important –
The Corporate Events Group view - **30 mins**

Michael Collier, Co-Chair of the AMI-SeCO Corporate Events
Group | Executive Director, Product Management – JP
Morgan
- 3 |** Euronext Securities' Corporate Events Service White Paper
- **45 mins**

Davide Ren, Senior Manager Product Development –
Euronext Securities Milan
 - Background and rationale for the new service
 - Approach and methodology
 - Service features & user experience
 - Macro-plan for clients' engagement
- 4 |** Q&A session - **30 mins**
David Durand, Program Director –
Euronext Securities
- 5 |** Closing remarks - **5 mins**

CORPORATE EVENTS JOINT WORKING GROUP

- Formally known as the Corporate Action Joint Working Group and Joint Working Group for General Meetings, in 2007 replaced the individual work of associations in their efforts in dismantling Giovannini Barrier 3.
- The mandate: **Standardising processes across all European markets with the aim of achieving a significant reduction of respective costs and operational risks.** To dismantle Giovannini Barrier 3 by becoming compliant with the standards European securities markets and its users (intermediaries) to benefit from having a harmonised process, cross border.
- Leveraging industry experts ranging from Global Custodians, Sub Custodians, Market Infrastructures and associations such as European Issuers, Federation of European Securities Exchanges, **the Joint Working Group set out to create the Market Standards for Corporate Action Processing.**

CORPORATE EVENTS JOINT WORKING GROUP

- Key achievements:
 - **Standardising the sequence of dates**, especially on distribution events types, with ex-date prior to the record date. This is reduced the number of market claims being raised and helped harmonise trading behaviours.
 - **Two stage events for event types such as optional dividends and rights issues.**
 - **Income paid prior to midday.**
 - High rate of compliance in each European market since 2009.
- The Market Standards for Corporate Action Processing were first endorsed in 2009 and again in 2012 by industry associations.

CORPORATE EVENTS GROUP (CEG)

Role of the AMI-SeCo Corporate Events Group (CEG)

The CEG is a pan-European group (covering EEA, UK and Switzerland) comprised of corporate event experts representing all industry sectors and geographic regions.

The core task of the **CEG is to define, maintain and monitor the implementation of, and compliance with, European corporate event standards.**

Core tasks:

- To define and maintain market standards for the processing of corporate events (currently t2s CASG, Shareholder Identification and SCoRE).
- Provide clarifications on, and interpret, corporate event standards owned by the AMI-SeCo to market stakeholders, if and when necessary.
- To assess and follow the implementation of European corporate event standards endorsed by the AMI-SeCo falling within the mandate of the CEG with the help of National Stakeholder Groups (NSGs).

CORPORATE EVENTS GROUP (CEG)

Other tasks:

- To assess key financial market integration developments and policy issues with a view to any remaining barriers to market integration in AMI-SeCo markets, in particular also including the potential impact of such developments and issues on the Eurosystem's TARGET Services.
- To advise the AMI-SeCo when communicating key harmonisation policy issues to the relevant EU authorities.
- If requested, to support the AMI-SeCo in assessing and forming an opinion on the potential impact of financial innovation on corporate events and the wider EU financial market harmonisation and integration.

THE STANDARDS AND WHY THEY ARE IMPORTANT?



Changing Investor Needs

- Clients want information as accurate and as fast as possible in order to make informed decisions.
- Clients want as much complexity as possible removed therefore the need for harmonisation is imperative.
- Clients want their entitlement paid on payment date and as soon as possible.
- Increasing importance of Environmental Social Governance (ESG) and corporate governance for issuers and investors, hence the need for greater efficiency in General Meetings.



Custodian Benefits

- Bring able to develop solutions for clients through collaboration with CSDs, Issuer agents and other custodians in order to realise the efficiency and transparency benefits of a standardised market place.
- By having a modern, open platform with advanced functionality, enhances the overall client experience. Processing the same event type across multiple markets increases STP rates and further mitigates risk.
- Quality data – reduction in the need to scrub event information, ensuring clients have the information as soon as practically possible.

THE STANDARDS AND WHY THEY ARE IMPORTANT?



Further Benefits For Issuer CSDs & Market Infrastructures

- Direct connectivity with CSDs potentially bringing more Custodians to the market.
- Connectivity with Issuers to ensure more timely and accurate corporate actions & meeting announcements, available in STP format to intermediaries, voting agents and investors.
- Substantial improvements to deadlines, offering investors more time for research to make more informed voting decisions.
- Fostering closer engagement from investor to issuer, enabling stronger collaboration.
- Allowing for further European initiatives to take place, such as t2s and the ECMS platform.

A CUSTODIAN VIEW

Why harmonisation is important?

- Clients would like complexity removed, risk mitigated and competitive deadline.
 - By having a harmonised model, whether it be globally or regionally, these expectations become achievable.
- Reduction in costs and efficiency.
 - Across the holding chain, costs could be reduced as the process is set. Having a standardised timetable allows for more accurate information around trading periods, settlement periods and deadlines that can be adhered to.
 - Greater use of technology – mitigation of complex mapping rules which is needed to remove the complexity for clients, therefore allowing for greater STP rates.

Value added services

- ISO 20022/ ISO 15022.
 - For General Meetings and Shareholder Identification ISO 20022 is a must (no direct mapping logic into ISO15022).
 - For Corporate Actions, whilst there is still direct mapping between both ISO versions, ISO15022 remains the preferred message type.

A CUSTODIAN VIEW

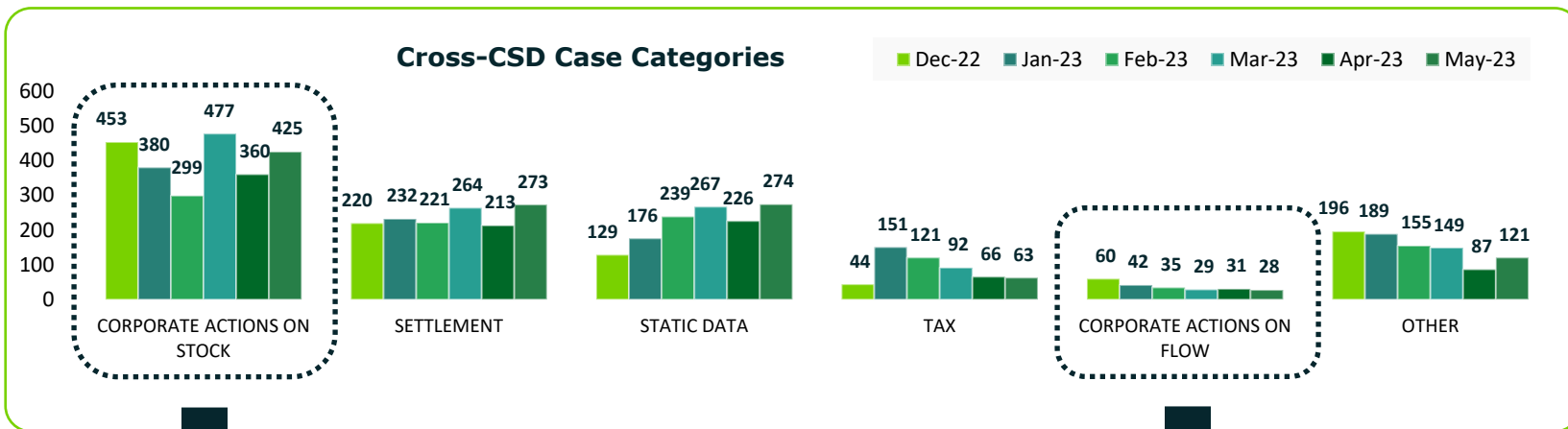
Value added services

- Buyer Protection
 - Being able to pass elections on open trades electronically via the Issuer CSD brings huge benefits to clients, allowing for automation in processing the event.
 - JWG buyer protection standards have provided the framework for Europe.
- Market Claims & Transformations
 - Automatically raising market claims on failing / pending transactions as at record date is a key requirement within Europe. Having the entitlement paid as soon as possible protects the rights of the 'shareholder'.
 - Automatically transforming failing / pending transactions as at deadline / record date is a key requirement within Europe. Having the entitlement paid as soon as possible protects the rights of the 'shareholder'.
 - Both practices are essential in the world of CSDR and settlement discipline.
 - Can all transaction types be in scope - for example Stock loan positions?

The Corporate EVENTS service

Corporate EVENTS processing is a pain point for clients

Client Service Report of some of the last 6 months (all Euronext Securities):



Corporate Events represent around 40% to 50% of the total client's requests. Lack of standardization for such a large scope of requests - is a key pain point for Europe's capital markets.

A multi-staged initiative

We defined a multi-staged initiative to ensure thorough planning and execution for long-term success.



Euronext securities common corporate events platform

Euronext is deploying a common harmonised service for Corporate Events across all CSDs

The service will meet clients' needs for efficient, consistent and harmonised processes across markets and supporting more STP Corporate Action processing. The platform will also ensure compliance with CE international standards as well as support local market specificity if necessary.

MAIN BENEFITS



Processes

- Enhanced compliance to international standards, reducing likelihood of queries and claims
- Reduced operational risk by minimizing manual intervention
- Increased Straight-Through Processing, allowing for more automation and consequently efficiency in the processes management leading to cost savings



Technology

- High degree of flexibility available
- Reduced time to market for the implementation of new services
- Increased scalability with possibility to easily accommodate increases in volumes
- Harmonised communication in ISO20022 & ISO15022 formats*



Clients' satisfaction

- Consistent CE management across all our markets
- Faster decision-making for our clients, especially on elective events
- Harmonize our communication with clients
- Improved accuracy - reduction in the need to scrub event information, ensuring clients have the information as soon as practically possible
- Comprehensive events management offering



The White Paper approach

A single document of reference describing the future Euronext Securities Corporate Events Service have been published beginning of July 2023.



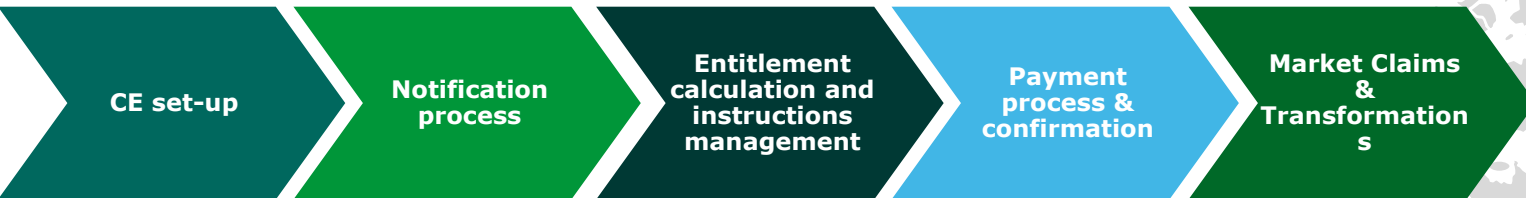
Principles and scope:

- This document provides extensive information on Euronext's Corporate Events service across Euronext Securities Oslo, Copenhagen, Porto and Milan.
- The events are grouped in macro categories: mandatory distributions w/o options, mandatory reorganization w/o options and voluntary, general meetings and shareholders disclosures.
- It describes the functional logic and sequence of processes , including models for cash and securities bookings for each corporate event categories mentioned above
- All processes are defined in line with all the main international corporate events standards and from the perspective of Euronext Securities' clients.
- Any deviation from standards, which are limited to the essential, is clearly mentioned in the document together with what market it refers to
- The content structure will follow the CE lifecycle: creation, notification, entitlement and elections management, payments and confirmations, market claims and/or transformation, etc.



Standardise and harmonise CE processes across all our markets

The goal is to standardise and harmonise the lifecycle of each Corporate Event across all CSDs, regarding Issuer and Investor CSD services. In particular, the harmonisation will cover all CA processes and underlying connectivity means:



All detailed processes description can be found in our White Paper at the following link: [WHITE PAPER](#)

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CE set-up

Notification process

Entitlement calculation and instructions management

Payment process & confirmation

Market Claims & Transformations

- Clear definition of different Roles and split of responsibilities;
- Multiple ways of interacting with us for setting up the event:
 - U2A mode (web GUI), also via form;
 - A2A mode (ISO15022 and ISO20022);
 - Scheduled CE creation available for predictable events based on static data information available
- CE Trigger mechanism available per event on an optional basis.

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Market Claims & Transformations

- High flexibility on subscriptions available (e.g. settled positions, pending positions, etc.);
- Same SWIFT notification formats shared by all locations;
- Where possible, same notification timing for predictable corporate events in all locations;
- Possibility to notify third parties based on request form clients.

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Market Claims & Transformations

- Common rules for entitlement calculation applicable;
- Defined acceptance and rejection rules for elective corporate events;
- Reminders available on elective corporate events with harmonized timing;
- Standing instructions available on elective corporate events.

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Market Claims & Transformations

- Common models for payments in Central Bank and Commercial Bank Money payments processed by all the CSDs when acting as Issuer and Investor CSD (e.g. CeBM payments via settlement instructions in Norway)*
- FX process applicable
- Same CeBM payment timing (NTS for T2S markets, first settlement batch Oslo)

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Market Claims & Transformations

- Harmonization in all markets of the automatic market claim and transformation processes for all asset classes (detection period, generation rules, etc.)
- CoBM debit Market Claims processed automatically via debit authority or via FX
- Automatic buyer protection process applicable on elective corporate action events
- Standard Reversal process available in all markets*

Focus on general meetings and proxy voting

Euronext Securities provides, for all markets covered, general meetings and elective proxy voting services to Participants/Account Controllers/Investors in line with guidelines provided by the EU Shareholders Rights Directive

- The service will be offered via A2A (ISO20022 format) and U2A
- Voting instructions and Beneficial Owners details collected and forwarded to the General Meeting processor
- Possibility to receive instructions from Proxy Agents appointed by our clients
- The service can be available in all markets covered as Issuer and Investor CSD



Focus on other relevant events

New features will also be available for the management of some relevant corporate events like:



Shareholders Identifications

- The service will be offered via A2A (ISO20022 format) and U2A
- Disclosure instructions are managed and forwarded to the Collector of the Issuer as soon as received
- The service can be available in all markets covered as Issuer and Investor CSD*

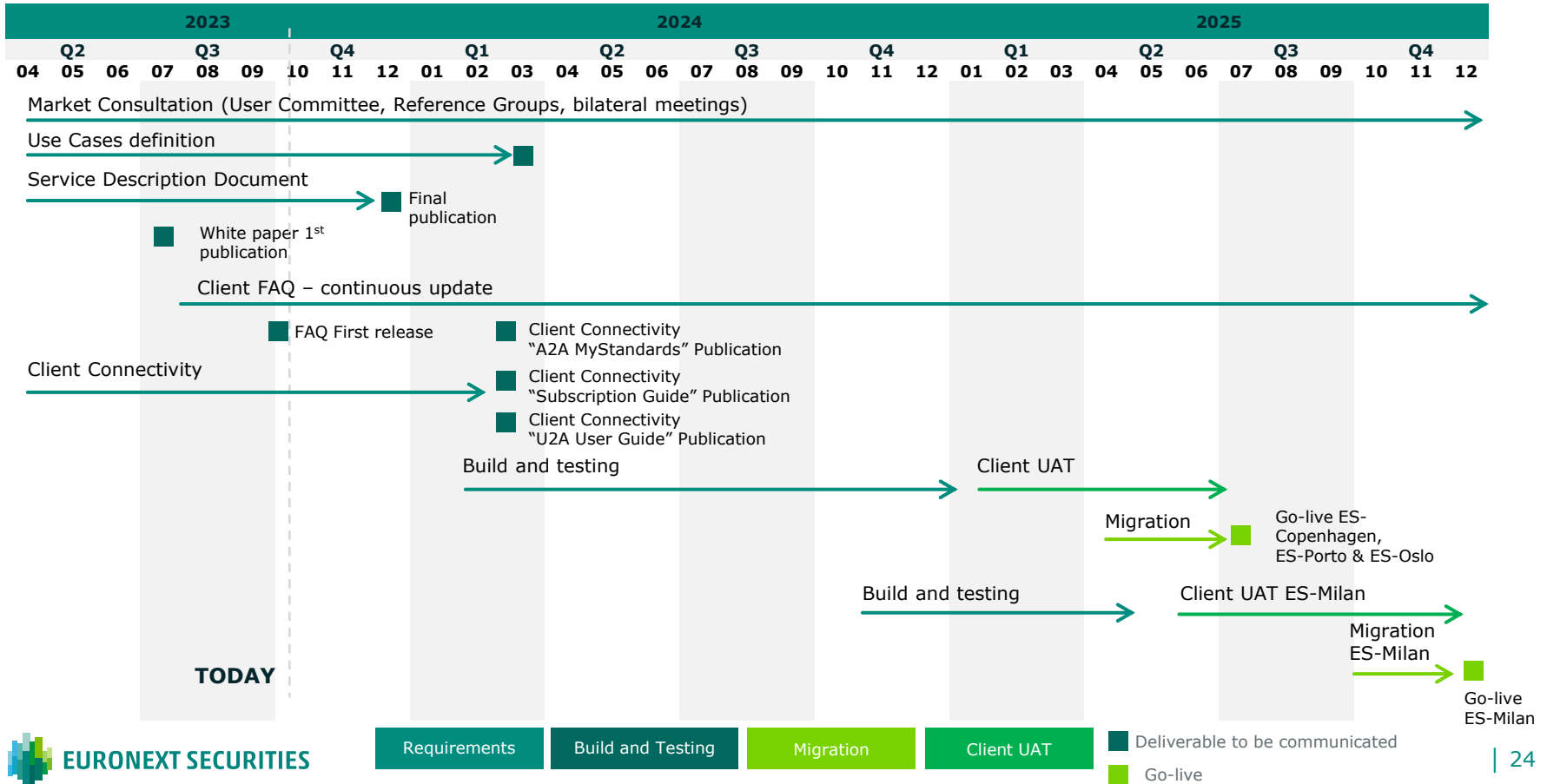


Tender Offers

- Possibility to appoint Euronext Securities as Processor of the event
- If not appointed as Processor, Euronext Securities can in any case inform the Participants/Account Controllers of the event upon request received from the Issuer or Lead Manager of the event



Macro-Plan for Clients' engagement





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