NASDAQ CSD CORPORATE ACTION SERVICE DESCRIPTION

Applicable to Estonian, Latvian and Lithuanian SSS

Version 1.15

Nasdaq

Document Revisions

Version	Date	Revision Notes
1	2017-09-14	1st version
2	2018-03-14	Time zone specification and important notice on limitations of T2S real time settlement were included
3	2018-06-14	Changes to Paragraph "Detection rules" were applied
4	2018-12-31	Annual review as well as new paragraphs "Transformation when securities lapse" and "Withholding tax guidelines for Estonia" were included
5	2019-01-28	Updated section regarding corporate meetings
6	2019-05-27	Updated section 7.1. related to the meeting messages and new subscriptions

Version	Date of amendments	Owner of the document	Modifier/ involved stakeholders	Brief description of the main changes and their justification	Approved date
1.10	2019-10-24	Head of Operations	Project Manager Sr Specialist, Business Development	Updated section 7.1. related to the messages added in DEPEND Release 7 supporting reversal processing	11/11/2019
1.11	2020-08-06	Head of Operations	Lead Project/Program Manager, Business Development	The document includes updates related to the services supporting compliance with the requirements set in the amended Shareholders Rights Directive (EU)	2020-08-06

				2017/828 and Implementing Regulation (EU) 2018/1212, effective September 2020. Consent event is added to the list of events supported by Nasdaq CSD.	
1.12	2021-02-10	Head of Operations	Lead Project/Program Manager, Business Development	Updated section 21 related to the meeting services supporting compliance with the requirements set in the amended Shareholders Rights Directive (EU) 2017/828 and Implementing Regulation (EU) 2018/1212 Added section 7 on the screen channels - Graphical User Interfaces available for the Participants and the Issuers.	2021-02-26
1.13	2021-07-12	Head of Operations	Head of Operations	Correction in Chapter 5 "Processing elective corporate action events"	2021-07-12
1.14	2021-12-14	Head of Operations	Head of Operations	Updates related to Section 21 Corporate actions with foreign securities	2022-02-01
1.15	2022-11-16	Head of Operations	Head of Operations	Updates related to discontinuing ISO 15022 messages for the meetings as of November 21, 2022 in Chapter 8, 22 and 23.3	2022-11-21

Content plan

5

9

1 Introduction

1.1 Purpose of the document

The purpose of this document is to provide the general principles of corporate action related processing in the Baltic market for the securities registered in the Nasdaq CSD (the CSD).

1.2 Target audience

This service description is mainly applicable to:

- CSD participants
- Issuers and issuer agents
- Paying agents
- Other interested parties who can initiate a corporate action event

1.3 Compliance

1.3.1 Compliance with CAJWG and CASG standards

The Corporate Actions Joint Working Group (CAJWG) encompasses the main relevant constituencies, i.e. issuers, market infrastructures and intermediaries, and it has developed a comprehensive set of market standards for the operational processing of all categories of corporate actions including transaction management (CASG standards).

Implementation of the standards results in the European securities market and its users benefitting from a unified European market for settlement and corporate actions.

As T2S markets should comply with the corporate action standards defined by the CAJWG and CASG and the CSD's will process the corporate actions accordingly.

1.3.2 Compliance with amended Shareholder Rights Directive

The amended Shareholders Rights Directive (EU) 2017/828 (hereinafter "SRD II") and Implementing Regulation (EU) 2018/1212 (hereinafter "SRD II IR") aim to encourage long-term shareholder engagement by enabling shareholders to exercise their voting rights and rights to information across borders. Requirements set in SRD II Articles 3a, 3b, 3c[1] are directly transposed in the national laws of the EU Member states whereas requirements set in the SRD II IR are directly applicable.

The requirements set in SRD II and SRD II IR are applicable to companies with registered offices, and shares admitted to trading, in the EU and all intermediaries (including Nasdaq CSD) in such companies' custody chain (even if based outside the EU).

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[1] Shareholder identification (Article 3a), transmission of information (Article 3b) and facilitating the exercise of shareholder rights (Article 3c)

Nasdaq CSD corporate action processing is compliant with the SRD II and SRD II IR. Nasdaq CSD will populate Shareholder Rights Directive Indicator[2] for a corporate action and meeting event as follows:

- when the corporate action / general meeting is in scope of SRD II and the notification/event information has been received from the issuer, indicator is set to YES (value "true");
- when the corporate action / general meeting is to be intended as in scope of SRD II but the Nasdaq CSD did not receive the notification/event from the issuer, indicator is set to NO (value "false").

Nasdaq CSD will disseminate meeting notices in accordance with the requirements set in the SRD II IR Table 3 on the basis of information submitted by an issuer to Nasdaq CSD.

Nasdaq CSD plans to introduce service to enable transmission of notice of participation and voting instructions from the shareholders to the issuers and confirmation of votes registered from the issuers to the shareholders through the chain of the intermediaries (See chapter 21 for more details) in early 2021.

1.4   Main principles

The following principles are applicable to corporate actions processed in the CSD:

- The CSD processes corporate action events according to the CAJWG and CASG standards.
- The CSD processes corporate action events according to the ISO standard corporate action flow. The main changes on processing corporate actions are on elective corporate action events, where the CSD only accepts holders' elections on corporate action instruction submitted to the CSD by a CSD participant (i.e. MT565 ISO 15022 message or seev.033 ISO 20022 message).
- The time of the close of the business of the CSD equals the end of T2S operational day which normally is 6:00pm CET/CEST. If the end of T2S operational day is delayed for any reason the close of the business of the CSD is delayed accordingly. Therefore, close of business on the record date equals to the timestamp of the end of T2S operational day.
- As corporate actions have to be executed as soon as the T2S operational day has started, a very important aspect applies to all issuers of T2S eligible securities and for the EUR cash payment of corporate action events, as the required liquidity should be available in the CSD's T2S dedicated cash account at the opening of the T2S settlement day, which coincides with the payment date of the corporate action event cash proceeds. The T2S settlement day starts at 6:45 pm CET/CEST on the payment date minus 1 business day and first night time settlement cycle is scheduled at 8:00 pm CET/CEST. For example, at the end of a Friday settlement day (or the last T2S operating day of the week), T2S moves to the next Monday (or the next available T2S operating day of the following week) as settlement day.

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[2] SRD II indicator in MT564 message is available from November 23, 2020 after SWIFT annual MT maintenance release.
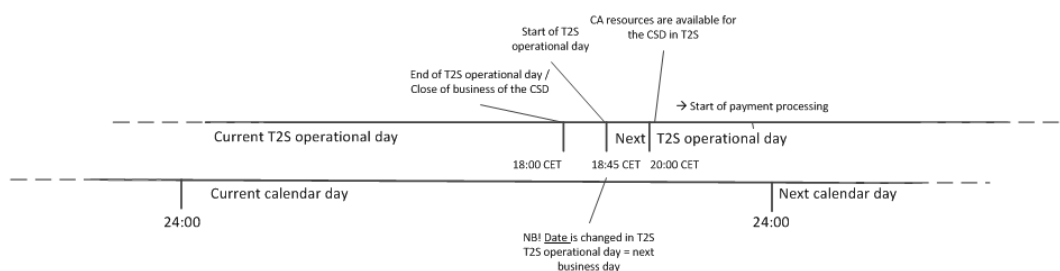
Figure 1. General overview of T2S operational day versus calendar day.

- The corporate action proceeds are settled using standard settlement instructions.
- An issuer has to have a Paying agent for corporate actions involving cash movements.

1.5 Disclaimer

The CSD reserves the right to revise and update this document from time to time in order to document the availability of new products and other improved services. The CSD reserves the right to modify the content of this document without prior notice. However, the CSD will endeavor to notify participants promptly of any such changes. Please always refer to the latest version of this document published on the CSD's web site.

If issuer (or its agent) is handling the corporate action through the Nasdaq CSD it has to handle it according to Nasdaq CSD rules, following the CA standards. If corporate actions are not handled through the Nasdaq CSD the CA standards might not apply.

2 General overview

2.1 Applicable securities

All securities that are registered in the Estonian Settlement System, the Latvian Settlement System and the Lithuanian Settlement System are subject to the corporate actions according to the process described in this document. The process is also applied to the foreign securities held via the CSD as the Investor CSD unless the Issuer CSD has prescribed a different process.

2.2 Eligible currencies

The CSD only processes corporate actions in currencies that are accepted as a settlement currency in the CSD. The list of settlement currencies is set in the Nasdaq CSD Operating manual.

3 Corporate action announcement procedure

The Issuer (or its agent) has to inform the CSD of all upcoming corporate action events of the security registered with a CSD and has to inform the CSD about any changes to the previously announced corporate action without undue delay.

The Issuer (or its agent) has to inform the CSD about an upcoming corporate action:

- For distributions – as soon as they are publicly announced but no later than 5 business days before the record date;
- For reorganizations without options - as soon as they are publicly announced but no later than 5 business days before the record date;
- For reorganizations with options - as soon as they are publicly announced but no later than 2 business days before the start date of the election period.

In some cases a corporate action event can be announced by the third party; for example, in case of a tender offer or a squeeze out an offeror announces the corporate action event. The obligations set in this section are applicable also to any such third party who initiates a corporate action event.

3.1 Announcement to the CSD

For each corporate action event, the issuer (or its agent) must communicate all mandatory information on the corporate action announcement to the CSD at the same time when the event is publicly announced and, if required, submit any relevant documents. The required information and documents differ depending on the securities settlement system the underlying security is registered within. The details (such as key dates, additional documents, etc.) of each corporate action event are set in the respective market's corporate action application form for this type of event.

Corporate action details shall be delivered to the CSD:

- When requesting an initial recording of the security with a CSD (for example, interest payment schedule, redemption details of debt securities);
- As soon as the issuer has publicly announced the corporate action according to applicable law (for example, dividend payment, squeeze out);
- As soon as the issuer has updated information (for example, applicable rate for the interest payment of debt securities with floating rate).

An announcement status can be "confirmed" or "unconfirmed" and "complete" or "incomplete".

"Unconfirmed" announcement means that the event has not been confirmed by the official source, for example, the issuer. The issuers are only invited to inform the CSD when a corporate action is confirmed in order to avoid circulation of preliminary information.

"Confirmed" announcement means that the event has been confirmed by the official source.

13

"Incomplete" announcement means the corporate action event details have not been completed at the time the event is announced.

"Complete" announcement means the event contains complete details of the corporate action event at the time the event is announced and the occurrence of the event has been confirmed by the official source. Further updates to the event are also possible after the event is complete.

If some of the key details of the corporate action are not known at the time of the announcement, the issuer (or its agent) is still required to inform the CSD. If this is the case, the CSD will set up the corporate action with an "incomplete" status in the system.

The CSD will only create a corporate action event in the CSD system when the CSD has received a completed corporate action application form for a relevant corporate action event from the issuer (or its agent). In case the CSD is unable to setup the corporate action event in the CSD system due to incomplete or missing information, the CSD immediately informs the issuer (or its agent) thereof and requests the missing information.

The corporate action application form from the issuer (or its agent) to the CSD is sent:

- For securities registered in the Estonian securities settlement system – through an electronic application processing system or by submitting a filled and signed corporate action application form for the respective corporate action event;
- For securities registered in the Latvian securities settlement system – by submitting a filled and signed corporate action application form for the respective corporate action event;
- For securities registered in the Lithuanian securities settlement system – by submitting a filled and signed corporate actions form for the respective corporate action event.

On the corporate action application form, issuers, who have an international shareholder base, should provide narrative text information in both the local and English languages. The CSD will then make an announcement to its participants.

3.2 Announcement from the CSD to CSD participants

After the successful validation of a corporate action announcement received from the issuer (or its agent), the CSD will, without undue delay, create the corporate action event in the CSD system and disseminate information, as well any subsequent information, to any participants who, at the time of the announcement, have a direct holding or pending settlement instructions in the underlying security.

In between the announcement date and the record date or response deadline the CSD will also notify those CSD participants that have obtained a holding in the underlying security or are subject to a new transaction in the underlying security. Note to the CSD Participants: All corporate action notifications will be based on participant subscriptions (for example, MT564 NEWM will be sent to a participant if that participant has subscribed to receiving MT564). Such notifications will be sent as soon as the CSD has setup event in the CSD's system.

Please see section 8 in this document for more information on how the CSD notifies its participants about corporate action events.

3.2.1 Corporate action identifier

For all the corporate action events set up in the CSD system the Corporate Action Processing Identifier (CORP reference) is assigned by the CSD system.

3.2.2 Official Corporate Action Event Reference

Starting September 1, 2020 Nasdaq CSD assigns an official and unique corporate action reference of an event, including meeting event. This is reference is assigned for all events, which are announced via the CSD.

3.3 Announcement from the CSD participants to end investors

CSD participants, their clients and the onward chain of intermediaries, each at their respective level towards their own clients, should communicate received corporate action event announcement, and any subsequent information regarding the corporate action event, without undue delay until the information reaches the end investor according to the same principles as set out in section 3.2.

4 General processing of corporate actions

Key dates that are applicable to corporate action processing are defined in this section. Dates applicable to a specific corporate action type and their usage are described in the respective sections in this document.

4.1 Key dates

4.1.1 Ex-date

An ex-date is the date on which the underlying security is traded without the corporate action benefit/right attached to it. As a rule, the ex-date precedes the record date by one settlement cycle minus one business day.

Note that the ex-date is not applicable to securities in nominal value, e.g. bonds.

For Baltic equities, the ex-date is mandatory and shall be set based on the T+2 settlement cycle, i.e. ex-date is a date preceding the record date by one settlement cycle (T+2) minus one business day.

4.1.2 Record date

The record date is the date on which the settled positions are struck in the books of the CSD at the close of business to determine the entitlement and the entitled holders to the proceeds of a corporate action event. The close of business is the end of the settlement day in the CSD. More information on the settlement day in the CSD is available in the Nasdaq CSD Operating manual.

The record date must be (preferably) one business day before the payment date unless stated differently in the national legislation applicable to the issuer.

4.1.3 Payment date

The payment date is the date on which the payment (cash or securities) is due to be paid to the eligible holders. The payment date should be as close as possible to the record date or the market deadline for elective events[3]. In case the payment date as set by the issuer is on the non-business day of the CSD the date when the payment is actually made will be announced as 'earliest payment date' in addition to the official payment date.

4.1.4 Election period

The election period or period of action is the period during which an eligible holder of securities can make an election for an elective corporate action event. The election period should be at least 10 business days so that the shareholders have sufficient time to react to the information received. The exact number of days will depend on the corporate action event and applicable national legislations. The period of action shall be provided by the issuer (or its agent or the third party as the case may be) and always ends on market deadline. Note, in case the CSD for processing reasons cannot accept election instructions up until market deadline, the notification sent by the CSD will include both the market deadline date and time set by the issuer as well as the CSD's own response deadline date and time which always will be earlier than the market deadline. If that is the case the election instructions shall be delivered to the CSD no later than this response deadline date and time.

4.1.5 Guaranteed participation date

The guaranteed participation date is the last date to buy the underlying security with the right attached to participate in an elective corporate action event. The guaranteed participation date precedes the buyer protection deadline by one settlement cycle where the settlement cycle means the number of business days from the trade date to the intended settlement date.

Settlement instruction with trade date after Guaranteed Participation Date should always be in the new ISIN (outturn security of the mandatory reorganization with options event).

For Baltic securities the guaranteed participation date will be set based on the T+2 settlement cycle.

4.1.6 Buyer protection deadline

The buyer protection deadline is the last date and time by which a buyer of underlying securities can give an instruction to the seller of the underlying securities on their election on the corporate action

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[3] Company Law in Lithuania requires that cash dividends are paid out within one month after general meeting, which adopted the resolution.

event in order to receive the outturn of the buyer's choice. The buyer protection deadline precedes the market deadline by at least one business day. Time part of the deadline is in the local time zone of the CSD (Eastern European time zone).

4.1.7 Response deadline

The response deadline date and time is set by the CSD and it is the latest date and time for CSD Participants to send election instructions to the CSD. Time part of the deadline is in the local time zone of the CSD (Eastern European time zone).

4.1.8 Market deadline

The market deadline specifies the last possible date when the issuer (or its agent), an offeror or an Issuer CSD expects a response to an offer. Time part of the deadline is in the Coordinated Universal Time.

4.1.9 Last trading date

For corporate action events – reorganizations – where the ISIN is changed, the last trading date is the last date to trade the underlying security in the old ISIN. The last trading date should precede the record date by at least one settlement cycle. The last trading date will be set based on the T+2 settlement cycle.

Settlement instruction with trade date after last trading date should always be in the new ISIN (outturn security of the mandatory reorganization event).

4.2 Handling of fractions

Corporate action events involving a credit of securities, and depending on the event terms, can lead to a situation where fractions have to be handled. The fractions arise when the number of "new" securities resulting from the application of the parity fixed by the issuer on the number of the underlying securities or rights held by the investor does not result in an integer. The CSD will use a rounding-down method meaning that the securities entitlement will be rounded down to the last full unit/minimum nominal quantity, fractions are discarded. For corporate action events with options (elective events) the rounding-down method will be applied per incoming corporate action instruction.

The issuer might or might not compensate the fractions.

4.2.1 No compensation for fractions

If fractions occur, the securities distribution is processed by rounding down to the nearest integer and fractions are discarded.

4.2.2 Cash compensation for fractions

In case the issuer compensates fractions in cash it shall inform the CSD about the compensation price per fraction. If this is the case, the securities distributions are processed by rounding down to the nearest integer and for compensation of fractions the CSD will generate additional PFOD settlement instruction transferring cash to the entitled CSD participant. In this case the cash amount will equal the

number of residual fractions multiplied by the "compensation price" as announced by the issuer to the CSD.

Example :

To minimize the number of fractions and explain the processing, here is an example for a bonus issue.

The relevant securities position is 500 of ISIN1. The issuer defines the parity - for one ISIN1 security investor receives 1/3 of ISIN2 security and sets the fractions compensation price at 10 EUR.

The following calculation applies:

Parity = 1/3

Entitled quantity = 500

500/3 = 166.6666667

Compensation Price 10 EUR

Entitlements	Credit	Debit
Cash movement	6.66 EUR (=0.666667 * 10 EUR)	-
Security movement	166 ISIN2 securities	-

4.3   CSD deadline and details for distributions

The CSD will execute corporate action payments when the required resources are available in the CSD's corporate action distribution account (for securities distributions) or in the respective cash account . As a consequence, the execution will take place after the actual receipt of the required resources (cash or securities) irrespective of the payment date of the corporate action event.

4.3.1 Paying agent

As Issuers cannot access all of the CSD's services for corporate action processing, they must appoint an agent for the processing of corporate actions that includes cash movements.

There are two options on how an issuer can execute the corporate action with cash movements (cash distributions or cash collections), in connection with one or more corporate actions, through the CSD:

- By appointing a Paying Agent (PA). PA shall be a CSD Participant who is able to settle the cash in the respective currency. The issuer or its agent shall submit a copy of valid Paying agent service agreement to the CSD in order the CSD is able to process the corporate action event/-s correctly. PA can be issuer itself if it meets criteria of being a PA, if that is the case the issuer shall only indicate in the corporate action notification form himself as a Paying agent;

- In case an issuer has not appointed a PA the corporate action cash proceeds are processed through the CSD where the CSD acts as a PA.

The responsibility of the PA is to secure the total amount of corporate action cash proceeds in a cash account available to the CSD for execution of a corporate action.

For each corporate action an issuer can appoint only one PA however there can be different PAs for different corporate actions of the same issuer. The issuer shall inform the CSD about appointed PA when announcing a corporate action event to the CSD according to the process described in chapter 3.1.

A CSD participant can be a Paying agent for issuers if:

- its role in the CSD allows having securities accounts as the CSD will open one or more corporate action distribution accounts;
- it is able to settle money in relevant currencies in the CSD (note: it is not mandatory for a Paying agent to be a cash agent or a T2S Payment bank), i.e. corporate action distribution account must be linked to at least one DCA in T2S and CSA in the CSD system for a respective currency.

4.3.2   Cash accounts

In case an issuer has not appointed a PA for a specific event the issuer should make a corporate action cash payment to the designated cash account of the CSD in the given currency according to the guidelines specified on the CSD's approved corporate action application form.

The list of the CSD's cash correspondent banks / payment systems and their opening dates and times are available in the Nasdaq CSD Operating manual.

In case an issuer has appointed a PA, the responsibility of PA is to make the total amount of the corporate action proceeds available to the CSD in the cash account that is linked to the corporate action distribution account of a PA as early as possible on the payment date of a corporate action but no later than by the CSD's deadline defined in this document.

4.3.3   CSD deadline for issuers and paying agents

4.3.3.1   Cash distribution

The CSD should make a corporate action cash payment in full as early as possible after the opening of the payment system for the respective currency and no later than 12:00 p.m. EET on the payment date. An issuer (or its agent) must meet the corporate action execution deadline on cash payments in order for the CSD to guarantee the timely execution of the corporate action on the payment date. As corporate action cash movements are executed by the CSD taking into account the settlement days and schedule of the respective payment system (for EUR – T2S (Baltic T2S instruments) or T2 (Baltic non-T2S instruments)) late cash payments on the payment day may not be executed and, if that is the case, such corporate action settlement instructions will be reconciled to the next settlement day resulting in extra charges to the issuer.

Settlement of a corporate action cash distribution in T2S during T2S real time settlement (from 6:00 EET to 17:00 EET) is more expensive than settling them during night time settlement (21:00 EET to 4:00 EET). NB! Due to the limitations of T2S during real time settlement the corporate actions that affect more than 1299 securities accounts with the CSD shall be settled during the night time settlement in order for the CSD to guarantee the execution of the corporate action on the payment date. In order to ensure that the corporate action settlement instructions are settled during night time settlement the CSD advises issuers and their paying agents to secure the total amount in the respective T2S DCA and a paying agent has ensured release of corporate action settlement instructions for settlement by 21:00 EET.

The CSD Participant acting as a PA for an issuer is responsible that total amount[4] is available to the CSD by the deadline set by the CSD:

- in the dedicated cash account (applicable to the Baltic T2S instruments where corporate action cash proceeds are settled in EUR) that is linked to the PA's corporate action distribution account or
- in the cash settlement account linked to the PA (applicable to the Baltic non-T2S instruments where corporate action cash proceeds are settled in EUR and Baltic T2S instruments where corporate action cash proceeds are settled in other than EUR currency).

Where an issuer, by the corporate action execution deadline on the payment date, has failed to transfer or where a PA has not made available the full amount of cash proceeds to the CSD, the CSD will immediately advise the CSD participants and the issuer thereof.

The cash movements from the PA cash account to the entitled CSD Participants' cash accounts are instructed by the CSD.

In case where the CSD acts as a PA an issuer has to transfer the total amount of corporate action cash proceeds to the CSD by 12:00 p.m. EET one CSD's business day before the payment date.

If an issuer (in case where the CSD acts as a PA) has only transferred part of the amount of corporate action cash proceeds to the CSD by the corporate action execution deadline on the payment date the CSD will revert the amount to the original account from where it was transferred, and the issuer has to repeat the transfer on the next business day.

4.3.3.2 Securities distributions

The CSD only starts the execution of a corporate action when the required resources (securities) are booked on the special CSD's corporate action distribution account. The procedure for distributing

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[4] minus the amount of corporate action cash proceeds which the Paying Agent is entitled to receive as account operator in respect of the securities issue provided that the designated cash account of the participant as a Paying Agent is the same as the receiving cash account of that participant as an account operator.

outturn securities will be agreed with the issuer when the corporate action application form and other documents are filed to the CSD.

The Issuer must submit any relevant documents to the CSD as early as possible to ensure that the securities are available for distribution at the beginning of the payment date. Where an issuer has failed to ensure the required securities are available for distribution by the CSD, the CSD will immediately advise the CSD participants thereof.

Corporate action securities movements related to the Baltic T2S instruments are executed by the CSD taking into account the settlement days and schedule of T2S late payments on the payment day may not be executed and, if that is the case, such corporate action settlement instructions will be reconciled to the next settlement day resulting in extra charges to the issuer.

Settlement of a corporate action cash distribution in T2S during T2S real time settlement (from 6:00 EET to 17:00 EET) is more expensive than settling them during night time settlement (21:00 EET to 4:00 EET).

4.4   Reversals

Corporate action events can be reversed. A corporate action reversal is a process enabling the CSD to reverse the transfers of securities or cash credited to the CSD participants and their customers as part of a mandatory cash distribution, a stock distribution or a reorganization if the initial distribution has been processed incorrectly due to the incorrect set-up of the corporate action by the CSD, a change of information affecting the processing or any other error affecting the initial distribution. The reversal can be initiated by the CSD itself or by the issuer (or its agent). Two automatic reversal scenarios are available.

- Reversal is required when the corporate action settlement instructions are already settled. In this case the CSD generates new settlement instructions reversing the movements related with the distribution:
  - o For cash distributions: the CSD debits the cash account that was originally credited and credits the dedicated CSD's cash account, in case a PA was involved in the corporate action processing the CSD reallocates cash amount from its cash account to a cash account linked to a PA;
  - o For securities distributions: the CSD debits the securities account that was originally credited and credits the CSD's corporate action distribution account.

The cash amount/securities quantity of each of these movements is equal to the amount/quantity of the original credit movements.

- Cancellation is required when the corporate action settlement instructions are not yet settled. In this case the CSD cancels all corporate action settlement instructions related with the respective corporate action.

Reversals might be followed by the immediate announcement and processing of a new corporate action that contains corrected information. In this case, the issuer (or its agent) must simultaneously send a

21

new announcement. The new announcement message refers to the corporate action reference of the reversed corporate action.

5   Processing elective corporate action events

The CSD will process corporate action events with elections (mandatory reorganization with options and voluntary reorganization with options) in accordance with CAJWG market standards for corporate actions processing.

The issuer (or its agent) should inform the CSD of the details of an elective corporate action event as soon as the issuer has publicly announced the event according to the applicable national legislation. On the announcement date, the event may not include all the required information, for example, in case of exercise of rights with an oversubscription option, the oversubscription rate is determined after the election period has ended. The CSD will support setting up and processing of such incomplete events.

Each option of the elective event has to have a unique identifier provided by the issuer and communicated to the CSD (i.e. 001, 002, 003 etc.). The unique identifier for each option will be maintained by the CSD and all intermediaries. Holders' elections are communicated from the last intermediary in the chain of intermediaries up to the issuer via the CSD by using corporate action instructions. One option shall always be 'default option' which will be applied to all uninstructed balances on the market deadline by the CSD. For example, for voluntary reorganization with options a holder has choice not to act – in this case default option would be 'no action'. It is not necessary to elect default option as the CSD is going to apply it for all uninstructed securities balances.

The CSD offers the following option types:

Option type	Definition
CASH	Distribution of cash to holders.
SECU	Distribution of securities to holders.
CASE	Distribution of both cash and securities to holders.
EXER	Exercise intermediate securities.
LAPS	Lapse the rights.
OVER	Holders can subscribe to more securities than their positions allow.
NOAC	Option for the holder not to take part in the event.
CONY	Consent Granted. Vote to approve the event or proposal.
CONN	

	Consent Denied. Vote not to approve the event or proposal.

6 Corporate action execution

The CSD will execute corporate action events by generating the following corporate action settlement instructions:

- For securities distributions: FOP (free of payment) transfer of securities that will debit the CSD's corporate action distribution account or issuance account as the case may be and credit the entitled securities account in the CSD;
- For cash distribution: PFOD (payment free of delivery) transfer of cash that will debit to the cash account linked to the CSD's corporate action distribution account and credit to the cash account linked to the securities account in the CSD on which the underlying securities are held;
- For de-issuance of securities: FOP (free of payment) transfer of securities that will debit entitled securities account in the CSD and credit the CSD's corporate action distribution account or issuance account as the case may be;
- For cash collection: PFOD (payment free of delivery) transfer of cash that will debit the cash account linked to the entitled securities account in the CSD and credit the cash account linked to the CSD's corporate action distribution account.

6.1 Principles of corporate action settlement instructions

The CSD will generate corporate action settlement instructions in accordance with the corporate action details specified by the issuer in the corporate action application. The following general principles are applied to all corporate action settlement instructions:

- Instructing party is the CSD;
- Generated as already matched;
- Depending on the corporate action, the delivering or receiving counterparty is always the CSD;
- Special CSD corporate action distribution securities account is used in corporate action settlement instructions when distributing or collecting corporate action proceeds on behalf of the issuer by the CSD (in some cases the issuance account of the CSD);
- Transaction type: CORP (or ISSU or REDM for specific cases outlined in the section 17 of this document);
- Includes corporate action reference (CORP reference) assigned to the corporate action event.

6.2 Special process for Paying agent

Whenever an issuer chooses a Paying agent – CSD Participant for cash distribution or cash collection the CSD, in addition to the corporate action settlement instructions specified in section 6.1. of this document, will generate single pair of the following corporate action settlement instruction:

- For cash distributions: PFOD instruction to debit the corporate action distribution account of an appointed Paying agent and credit the corporate action distribution account of the CSD. Settlement of this instruction will result in debiting cash from the cash account linked to this corporate action distribution account of a Paying agent and crediting the CSD's cash account. Such PFOD instruction will be automatically generated as "on hold" by the CSD as a part of the corporate action processing and shall be released by the Paying agent as soon as the required amount is secured in the respective cash account. Release of this PFOD instruction will result in settlement of it and of all linked corporate action settlement instructions distributing cash to the entitled CSD participants;
- For cash collection (e.g. exercise of the rights event): PFOD instruction to credit the corporate action distribution account of the appointed Paying agent and debit the corporate action distribution account of the CSD. Settlement of this instruction will result in crediting cash in the cash account linked to this corporate action distribution account of the Paying agent that the Paying agent will further transfer to the issuer.

6.3 Settlement of corporate action settlement instructions

Corporate action settlement instructions are settled the same way as standard settlement instructions and the settlement of securities or cash or both will happen only on the business days of the CSD and, for cash settlement, on the business days for the respective currency (i.e. EUR – on TARGET2 opening days). The cut off times for DVP (PFOD) and FOP instructions are also applicable to the corporate action settlement instructions. If the CSD is unable to settle corporate action settlement instructions on the instructed payment date they will be recycled for settlement on the next business day resulting in extra charges to the issuer. More details on the settlement process in the CSD are available in the Nasdaq CSD Service description.

6.3.1 Corporate action settlement accounts

The CSD will provide corporate action services to both T2S eligible and non-T2S eligible Baltic securities. Any debit or credit in securities and/or cash resulting from corporate actions will be processed using ordinary settlement instructions. Depending on securities' T2S eligibility, the CSD will process the corporate action settlement instructions as follows:

- Securities settlement related to T2S eligible securities: in the securities accounts in T2S;
- Cash settlement in T2S eligible currency related to T2S eligible securities: in the default T2S dedicated cash account linked to the entitled securities account;
- Cash settlement in non-T2S eligible currency related to T2S eligible securities: in the cash settlement account linked to the entitled securities account in the CSD;
- Securities settlement related with non-T2S eligible securities: in the securities accounts in the CSD;
- Cash settlement in any currency accepted by the CSD related to non-T2S eligible securities: in the cash settlement accounts in the CSD.

For more information on the cash management and cash accounts in the CSD please see Nasdaq CSD Service description.

Settlement instruction type	Movement	T2S security	Currency	Place of settlement
FOP	Securities debit	Yes	-	T2S
FOP	Securities debit	No	-	CSD system
FOP	Securities credit	Yes	-	T2S
FOP	Securities credit	No	-	CSD system
PFOD	Cash credit	Yes	EUR	T2S
PFOD	Cash credit	Yes	Non-T2S currency[5]	CSD system
PFOD	Cash debit	Yes	EUR	T2S
PFOD	Cash credit	No	EUR	CSD system
PFOD	Cash debit	No	Non-EUR currency	CSD system

The CSD will use a special technical account – corporate action distribution account – from which the corporate action proceeds are distributed or to which the CSD will collect the corporate action in-turns. In case an issuer uses a PA the CSD will debit its cash account first when distributing cash to the entitled securities accounts or will credit its cash account when collecting cash from the investors. The corporate action distribution account is linked to the T2S dedicated cash account of the CSD and corporate action cash settlement account in the CSD.

6.3.2 Corporate action settlement on restricted balances

Corporate action execution will affect restricted securities positions (for example, blocked or pledged securities). The process depends on the corporate action type, movements, restricted balance nature and applicable national legislation.

6.3.2.1 Mandatory reorganization

In case of blocked balance the CSD will debit the underlying securities out of that blocked balance. If new securities are distributed as a result of the corporate action the CSD will block incoming new securities in the respective securities account.

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[5] Only in currencies accepted by the CSD

In case of pledged balances the pledge can be removed or substituted by the CSD Participant before the payment date of a mandatory reorganization event.

6.3.2.2   Securities distributions

In case of blocked balance the outturn securities related with the underlying securities will be blocked except for certain interim securities issue, for example, rights issues on distributions with options or reorganization with options.

In case of pledged balance the outturn securities related with the underlying securities will only be pledged if the pledge agreement states so and the outturn securities are marked as pledgable.

6.3.2.3   Elective events

Upon receipt of corporate action instructions the CSD will try to block the instructed securities quantity on corporate actions, in case part or the full quantity is unavailable to be blocked (for example, pledged, blocked for other reasons) the CSD will reject the corporate action instruction (exception – if an oversubscription option is offered). If holders intend to participate in the elective events, they will have to ensure that securities are available to be blocked by the CSD.

6.4   Use of interim security

Interim security is a securities identification number created for temporary use and it is used to process specific corporate events (e.g. increase of number of circulating shares resulting from convertible bonds, reduction of circulating shares etc.). It is used if required by law or market practice.

If interim security is used, then two-step process is applied. First interim security is created, and according to event interim security is credited with the respective number of shares which may result in changes in the underlying security. This will be notified via relevant corporate action notification and settlement instructions. After entry in the commercial register the CSD will debit interim security. According to the event, also credit the underlying security with the respective number of shares or the number of circulating shares is reduced. After debiting interim security is inactive and the ISIN code cannot be used again.

7   Graphical user interfaces and the systems

Depending on the client's role (a Participant or an Issuer) following graphical user interfaces (hereinafter - GUI) are available.

7.1   DEPEND GUI for Participants

DEPEND GUI allows the Participants to:

- Consult the details of the corporate action event;
- Monitor key dates and deadlines of the upcoming corporate action events;

- Input and manage the corporate action instructions and consult the status of the submitted corporate action instructions;
- Consult the meeting details;
- Monitor key dates and deadlines of the upcoming meetings.

7.2 ESIS GUI for Participants

ESIS GUI allows the Participants to:

- Input and manage the meeting instructions (i.e. voting instructions and notices of participation) and consult the status of the submitted meeting instructions;
- Upload meeting instruction in seev.004 format;

ESIS GUI will display confirmation of the vote execution and the modality once the issuer has provided this information.

7.3 ESIS GUI for Issuers

ESIS GUI allows the Issuers to:

- View and act upon (accept or reject) the meeting instructions;
- Provide confirmation of the vote execution and the modality;
- Download the reports.

8 Corporate action reporting

8.1 General

This section describes formats and procedures for receiving and responding to the corporate action and meeting details in the CSD via the approved communication channel[6].

The following table lists the ISO 15022 and ISO 20022 corporate action and meeting related messages available in the Nasdaq CSD Corporate action and General meetings Message Usage Guidelines.

Business function	ISO 15022	ISO 20022	Direction
Corporate Action Notification	N/A	seev.031	CSD → CSD Participant
Meeting Event Notification	MT564 NEWM + MT	seev.001	CSD → CSD Participant

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[6] CSD participants who are communicating with the CSD using the user interface of the CSD's system can view all corporate actions and meetings via the user interface in the dedicated browser 'Corporate actions'.

	568 NEWM* if free text narratives used		
Corporate Action Notification update	MT564 REPL + MT 568 REPL if free text narratives used	seev.031	CSD → CSD Participant
Corporate Action Entitlement / Movement Preliminary Advice	MT564 REPE	seev.035	CSD → CSD Participant
Meeting Entitlement Notification	N/A	seev.003	CSD → CSD Participant
Corporate Action Confirmation	MT566	seev.036	CSD → CSD Participant
Corporate Action Narrative	MT568	-	CSD → CSD Participant
Corporate Action Cancellation	MT564 CANC	seev.039	CSD → CSD Participant
Meeting Cancellation	N/A	seev.002	CSD → CSD Participant
Corporate Action Withdrawal	MT564 WITH	seev.039	CSD → CSD Participant
Corporate action reminder before response deadline	MT564 RMDR	seev.031	CSD → CSD Participant
Corporate Action Instruction	MT565	seev.033	CSD Participant→ CSD
Corporate Action Status and Processing Advice	MT567	seev.034	CSD → CSD Participant
Corporate Action Instruction Cancellation Request	MT565 CANC	seev.040	CSD Participant→ CSD
Corporate Action Instruction Cancellation Request Status Advice	MT567	seev.041	CSD → CSD Participant
Corporate Action Movement Preliminary Reversal Advice	MT564 ADDB + ADDB//REVR	seev.035	CSD → CSD Participant
Corporate Action Movement Reversal Advice	MT566 REVR	seev.037	CSD → CSD Participant
Meeting Result Dissemination	N/A	seev.008	CSD → CSD Participant
CA Movement Preliminary Advice Cancellation Advice	564 (CANC + ADDB//CAPA + 20C::PREV)	seev.044	CSD → CSD Participant
Meeting Instruction	N/A	seev.004	CSD Participant→ CSD
Meeting Instruction Status	N/A	seev.006	CSD → CSD Participant

Meeting Instruction Cancellation Request	N/A	seev.005	CSD Participant→ CSD
Meeting Vote Execution Confirmation	N/A	seev.007	CSD → CSD Participant

8.2 Subscriptions to the corporate action messaging

The CSD participant can choose one of the following corporate action message subscription profiles to receive corporate actions messages in either ISO 15022 or ISO 20022 format:

- Bulked with reminders;
- Bulked without reminders;
- Not bulked with reminders;
- Not bulked without reminders.

If a CSD participant would like to receive corporate action notifications per securities account, it has to opt for the 'not bulked' subscription. In case of the 'bulked' subscription option, the CSD will send one corporate action notification to the entitled CSD participant irrespective of how many securities accounts of that CSD participant are eligible. Bulking is only applicable to the following corporate action messages:

Business function	ISO 15022	ISO 20022
Corporate Action Notification	MT564 NEWM	seev.031
Meeting Event Notification		Seev.001
Corporate Action Notification update	MT564 REPL	seev.031
Corporate Action Narrative	MT568	-
Corporate Action Cancellation	MT564 CANC	seev.039
Meeting Cancellation		seev.002
Corporate Action Withdrawal	MT564 WITH	seev.039

All other corporate action messages are sent per securities account.

Should a CSD participant would like to receive meeting related messages it has to setup a separate meeting messages subscription in the CSD system. Four options are available:

- Meeting messages per securities account with reminders;
- Meeting messages per participant (the CSD will send meeting notification to the entitled CSD participant irrespective of how many securities accounts of that CSD participant are eligible) with reminders;
- Meeting messages per securities account without reminders;
- Meeting messages per participant without reminders.

Sender of ISO 20022 message Meeting Instruction seev.004 will receive Meeting Instruction Status seev.006 and, if requested in seev.004, Meeting Vote Execution Confirmation seev.007 by default. The Nasdaq CSD participant shall inform the CSD

- a communication channel through which the above-mentioned messages shall be sent;

- in case the Nasdaq CSD participant has authorized a third party to submit Meeting Instruction a BIC code of that party

by completing Nasdaq CSD message subscription form.

8.3   Notifications

Corporate action notifications are sent to the eligible CSD participants between the announcement date and the record date / response deadline to advise them of a corporate action or when a general meeting is announced. Please see section 3.2 for more details on announcement dissemination from the CSD to CSD participants. As soon as the CSD receives information on changes to the conditions of a corporate action event for which a notification has been sent, a subsequent notification with function REPL is sent to the entitled CSD participants.

8.4   Entitlement

Entitlement notices are sent to CSD participants after:

- the record date to advise that they have received a securities event entitlement based on the holding on the record date;
- response deadline to advise instructed and uninstructed balances;
- the record date and before the payment date if entitlements are updated (e.g. tax is withheld by the issuer and the CSD has to pay net amounts according to the issuer's calculations);
- the claim instruction is generated.

8.5   Corporate action instructions

The CSD will accept corporate action instructions during the election period of an elective event until the response deadline. The CSD participant shall instruct one option with a single corporate action instruction, however the CSD participant is able to aggregate clients' instructions (case for accounts in which holdings of many CSD Participant's clients are kept) by sending one corporate action instruction per each option.

The CSD will reject the instruction if it is sent after the response deadline as well reject the instruction in case the CSD is unable to freeze the instructed quantity or amount in the securities account.

8.6   Election cancellation messages

Corporate action election instruction can be cancelled during the election period until the specified revocability deadline.

8.7   Reminders

Reminders are sent to those A2A CSD participants who have uninstructed balances in case of elective corporate action events. CSD participants using ISO messaging for data exchange with the CSD have a choice whether they wish to receive reminders or not. The CSD will send reminders to the entitled CSD participants as follows:

- 1st reminder: 5 calendar days before the response deadline;
- 2nd reminder: 3 calendar days before the response deadline;
- 3rd reminder: 1 calendar day before the response deadline.

If each option has a different deadline, the reminders will be sent for each option. There will be no reminders to GUI users.

8.8   Status reporting

The CSD will send status messages informing the CSD participants on the status of their submitted corporate action instructions and cancellation requests of the corporate action instructions as soon as the status is changed by the CSD.

8.9   Narratives

If a CSD participant has subscribed to ISO 15022 standard corporate action messages and corporate action details cannot be disseminated in the structured fields of the message and narrative is more than 350 characters the CSD in addition to the standard corporate action notification MT564 will send ISO 15022 standard narrative message MT568. If a CSD participant has subscribed to ISO 20022 standard corporate action messages the narrative text will be generated within the seev.031 since ISO 20022 allows input of long narrative.

8.10   Confirmations

Corporate action confirmations will be sent to the CSD participants at the time of the corporate action payment or settlement of claim instruction to advise of the amounts and quantities of cash and/or security proceeds that have been credited or debited from the CSD participant's account. In case of execution of elective corporate action events, a confirmation will be sent for each instruction received from the CSD participant. The CSD participant will get a separate confirmation for each account and tax rate combination. In case there were two different tax rates applied on the payment in the omnibus account, the CSD participant will receive two corporate action confirmations - e.g. one for 0% tax rate and another for 15% tax rate.

8.11   Cancellation of the corporate action event

Corporate action cancellation messages will be sent to the CSD participants when the CSD cancels the corporate action event or the issuer withdraws the corporate action event.

9 Reporting of corporate action settlement instructions

Besides the ISO20022 and ISO15022 corporate action reporting the CSD will offer the CSD participants (delivering or receiving party in the corporate action settlement instruction) the following ISO20022 standard messages as a part of the CSD participant's standard message subscription:

- *Securities Settlement Transaction Generation Notification* (sese.032) is sent immediately when the CSD has generated a corporate action settlement instruction.
- *Securities Settlement Transaction Status Advice* (sese.024) – information on the status and progress of the corporate action settlement instruction is sent reporting the status of corporate action settlement instruction. This message is also sent in case the CSD initiates cancellation of the corporate action settlement instructions before they are settled due to the corporate action event cancellation or being withdrawn.
- *Securities Settlement Transaction Confirmation* (sese.025) is sent after the settlement of the corporate action settlement instruction is confirmed.

CSD participants who are communicating with the CSD using the user interface of the CSD's system can view the settlement instructions and their progress via the user interface.

10 For information corporate actions

The CSD will notify CSD participants of corporate actions for information purposes, in the following events:

- in case the securities are delisted from the stock exchange (CA ISO event code: DLST);
- announcing bankruptcy of the company (CA ISO event code: BRUP).

11 Cash distributions

Distribution is a corporate action whereby the issuer of a security delivers proceeds to the holder of the underlying security without affecting the underlying security. Cash distribution is a distribution where the proceeds consist of cash only.

11.1 List of Corporate Actions processed as cash distributions

The CSD supports the following cash distribution corporate action event types:

Event Name	Description	Event Code
Capital Distribution	The Corporate event pays shareholders an amount in cash issued from the capital account. There is no reduction to the face value of a single share (or the share has no par value). The	CAPD

	number of circulating shares remains unchanged.	
Capital Gains Distribution	Distribution of profits resulting from the sale of company assets, for example, Shareholders of Mutual Funds, Unit Trusts, or Sicavs are recipients of capital gains distributions which are often reinvested in additional shares of the fund.	CAPG
Cash Dividend	Distribution of cash to shareholders, in proportion to their equity holding. Shareholder receives cash in the original currency of the public announcement.	DVCA
Liquidation Dividend/Liquidation Payment	A distribution of cash to the holders. Debt may be paid in order of priority based on preferred claims to assets specified by the security.	LIQU
Decrease in value	Reduction of face value of a single share. The number of circulating shares remains unchanged. This event includes a cash payout to holders.	DECR

11.2 Key dates

Three key dates are used for mandatory cash distributions:

- Ex-date
- Record date
- Payment date

Please see more information on the key dates in the section 4.1 of this document.

Announcement → Ex-date → Record Date → Payment Date

Min. 5 Business Days

Settlement cycle -1 Business Day

Preferably 1 Business Day

Figure 2. Sequence of key dates for cash distributions

11.3 Processing

Cash distributions supported by the CSD include corporate action events such as cash dividends, interest payments and capital gains distributions. Cash distributions calculations are done end of the business day on the record date by the CSD according to the information received from the issuer. The CSD uses

the end-of-day securities account holdings received from T2S for securities settled in T2S and securities account balances in the CSD system for non-T2S securities to obtain the securities positions eligible for the cash distribution. The issuer or its agent or offeror has to provide the corporate actions underlying cash in full by the deadline set by the CSD to guarantee the timely execution of the cash distribution event.

After receiving confirmation of the receipt of the full cash amount to be distributed in the cash account of the CSD or after a PA has released cash settlement instruction, the CSD will process the corporate action by releasing for settlement already matched PFOD settlement instructions. Please see more details on place of settlement in section 6.3.1 of this document.

The CSD participants will receive relevant standard settlement status updates and corporate action messages of each underlying payment per securities account according to their subscriptions. The CSD will manage the corporate actions entitlements of the pending matched settlement instructions in T2S creating the corresponding claims instructions (see section 19).

11.4 Taxation

Taxation rules and the CSD's role in the tax withholding setup may vary depending on the issuer's country of residence, nature of the underlying security, criteria set in the national legislation and other arrangements between the CSD and the issuers. If withholding tax is applied on the cash dividends or interest payments, the cash distributions will be made in the net amount. Relevant reporting of the gross, net, and tax amounts and applied withholding tax rate for each underlying securities account is provided by the CSD to the CSD participants.

11.5 Reversals

All mandatory cash distributions can be reversed. See section 4.4 of this document for more details on the reversals.

12 Securities distributions

12.1 General information

Distribution is a corporate action whereby the issuer of a security delivers proceeds to the holder of the underlying security without affecting the underlying security. Securities distribution is a distribution where the proceeds only consist of securities. Securities distribution processing can involve interim security.

In case where an additional share issue can be added to the underlying share issue without using an interim security (e.g. an issuer has already registered increase of the capital in the relevant registry) the event will be executed in one step – crediting additional securities into the eligible securities accounts on the payment date of the event.

In case the additional securities distribution is increasing the paid capital of the company the CSD processes such additional share issues (bonus issues, intermediate securities distribution, etc.) in two steps with an interim security where applicable. If the event is voluntary event with options then it is processed in three steps (RHDI + EXRI + PARI).

In the first step, the newly issued shares are book-entered into the eligible securities accounts as the interim securities with a new ISIN according to the eligible holdings of the underlying securities at the close of the business on the record date of the corporate action event.

In the second step, the increase in capital is finalized after the relevant entry with the registry in the respective issuer's residence country, i.e. in Estonia - Äriregister, in Latvia – Uzņēmumu reģistrs, in Lithuania - VĮ Registrų Centras. After the increase in capital entry is made in the relevant registry and the CSD has received the required information, the interim securities rank pari passu with an underlying security at 1 to 1 ratio. Please see section 13.3.1 of this document describing the process of the pari passu. The interim securities may have different rights (rights for dividends, voting rights) than the underlying securities. The interim securities will only rank pari passu with underlying security when the interim securities have the same rights as the underlying security.

The CSD has a direct arrangement with the Äriregister in Estonia which enables it to receive direct information on the entries in the register. In case the company is registered on another register an issuer is required to submit the required information to the CSD by themselves as soon as the relevant entry is made.

12.2   List of Corporate Actions processed as securities distributions

The CSD supports the following securities distribution corporate action event types:

Event Name	Description	Event Code
Bonus Issue	Bonus or capitalization issue. Security holders receive additional assets free of payment from the issuer, in proportion to their holding.	BONU
Stock Dividend	Dividend paid to shareholders in the form of equities of the issuing corporation.	DVSE
Intermediate Securities Distribution	The distribution of interim securities that gives the holder the right to take part in a future event, for example, to exercise rights.	RHDI

12.3   Key dates

Three key dates are used for securities distributions:

- Ex-date

- Record date
- Payment date

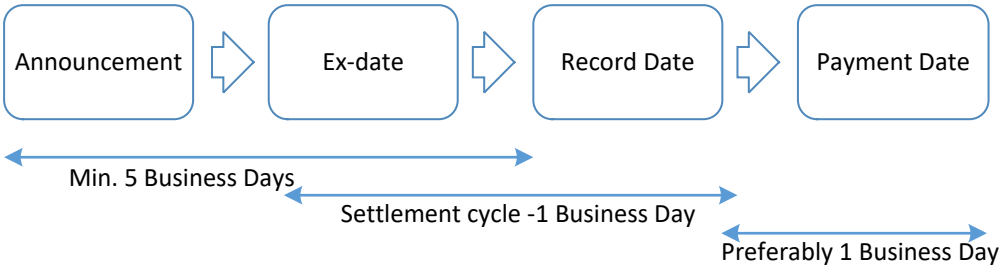Please see more information on the key dates in the section 4.1 of this document.
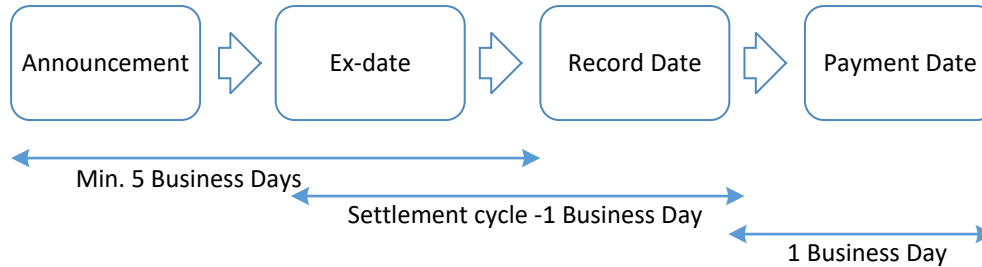
Figure 3. Sequence of key dates for securities distribution

12.4 Processing

When an announcement is received from the issuer, the CSD will create two corporate action events - securities distribution followed by pari passu (as incomplete). The CSD will create a pari passu event as incomplete as a date when the relevant entry is made in the company's registry is unknown at the time of creation of a pari passu event.

On a payment date of the securities distribution event the CSD will distribute interim securities to the holders of the underlying security as of the close of business on the record date by generating FOP settlement instructions. See section 6.3 of this document on the settlement of FOP settlement instructions.

After the CSD has received the required information (from the relevant registry or the issuer) the pari passu event is updated with the key dates, set to complete and executed as mandatory reorganization without options. See section 13 of this document for more information.

12.5 Reversals

All securities distribution events cannot be reversed. If interim securities shall be cancelled the CSD sets up a new event (CA ISO event code: WRTH) cancelling the shares from all the securities accounts.

13 Mandatory reorganizations without options

Mandatory reorganization is a reorganization that affects the underlying security. Mandatory reorganizations include:

- exchange of an underlying security for a new or existing security;
- exchange of an underlying security for cash;
- changing the characteristics of the underlying security, for example, name change or currency;
- de-issuance of the underlying security from the CSD.

13.1 List of Corporate Actions – processed as mandatory reorganizations without options

Mandatory reorganizations involving exchange of an underlying security for a new or existing security are following:

Event Name	Description	Event Code
Pari passu	Occurs when securities with different characteristics, for example, shares with different entitlements to dividend or voting rights, or interim shares of a securities distribution become identical in all respects with the underlying security.	PARI
Stock Split/ Change in Nominal Value/Subdivision	Increase in a corporation's number of outstanding equities without any change in the shareholder's equity or the aggregate market value at the time of the split. Equity nominal value is reduced accordingly.	SPLF
Reverse Stock Split/Change in Nominal Value	Decrease in a company's number of outstanding equities without any change in the shareholder's equity or the aggregate market value at the time of the split. Equity nominal value is increased accordingly.	SPLR
Change of legal form	A company may be transformed into a company of a different type, e.g. a public limited (or joint-stock) company is transformed into a private limited company. The partners or shareholders of a company being transformed shall become partners or shareholders of the new company.	EXOF OTHR[7]
Conversion	Conversion of securities (generally preferred shares) into another form of securities (usually common shares) at a pre-stated price/ratio.	CONV
Redenomination	The share capital of companies or nominal values of debt instruments conversion into Euro.	REDO

Mandatory reorganizations where characteristics of the underlying security change are the following (no debits or credits of the securities and/or cash):

Event Name	Description	Event Code
Change	Information regarding a change Issuers legal name and name of shares.	CHAN

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[7] Depending on the nature of the corporate action, if company's form is changed to private limited company and the shares will not be registered in the CSD, the corporate action will be processed as OTHR event and company security will be de-issued from the CSD after relevant entry in the registry.

Increase in value	Increase in the face value of a single security. The number of circulating securities remains unchanged.	INCR
Decrease in value	Reduction of face value of a single share or the value of fund assets. The number of circulating shares/units remains unchanged.	DECR
Adopting no par value shares	Changing from par value shares to no par value shares. As a result the share will not have nominal value, but an estimated value (capital divided by the number of circulating shares).	INFO
Increasing/decreasing capital of company with no par value shares	Changing capital without any effect on the circulating shares.	INFO

The following mandatory reorganizations can result in new or existing securities, cash or both:

Event Name	Description	Event Code	Supported options[8]
Merger	Exchange of outstanding securities, initiated by the issuer as a result of two or more companies combining assets.	MRGR INFO[9] WRTH[10]	CASE CASH SECU LAPS
Demerger/Spin-off	Demerger division shall be effected without a liquidation proceeding by distribution or separation. Split of a company into two companies.	INFO[11] SOFF[12] EXOF WRTH[13]	SECU LAPS

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[8] Corporate action event includes only one of the listed options.

[9] If issuer notifies CSD of merger as prescribed by law and securities holdings in CSD do not change, merger will be notified as INFO event.

[10] Depending on the nature of the corporate action event, if acquiring company is not registered in CSD, the corporate action event will be processed as WRTH event and company being acquired security will be de-issued from the CSD after relevant entry in the registry.

[11] If Issuer notifies the CSD of demerger as prescribed by law and securities holdings in the CSD do not change, the demerger will be notified as INFO event to the CSD participants.

[12] In case the event is processed with an interim security, linked event pari passu will be created.

[13] Depending on the nature of the corporate action event, if demerging company is divided and new company(-ies) are not registered in the CSD, the corporate action event will be processed as WRTH event and demerging company's security will be de-issued from the CSD.

Exchange Offer	Mandatory exchange of holdings for other securities and/or cash.	EXOF	CASE CASH SECU
Warrant Exercise	Warrant "in money" will be exchanged for cash.	EXWA	CASH
Tender/Acquisition/Takeover/Purchase Offer	An offer made to holders by a third party, requesting them to sell or exchange their securities when the shares belonging to the minority shareholders being taken over by the majority shareholder in return for monetary compensation or for securities.	TEND	CASH SECU CASE

The following mandatory reorganization will result in debiting the underlying securities:

Event Name	Description	Event Code
Worthless	Booking out of valueless securities in case of Bankruptcy, Bankruptcy Deescalation, Compulsory Dissolution, Liquidation	WRTH
Total securities cancellation from the CSD	Booking out of securities in all other cases for which there is no appropriate ISO code. For example, issuer requests to cancel its shares from the CSD as it will maintain shareholder register by itself	OTHR

13.2 Key dates

Three key dates are used for mandatory reorganizations without options:

- Last trading date
- Record date
- Payment date[14]

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[14] The payment date should be as close as possible to the record date, preferably the next business day for cash outturns and the next business day for securities outturns.
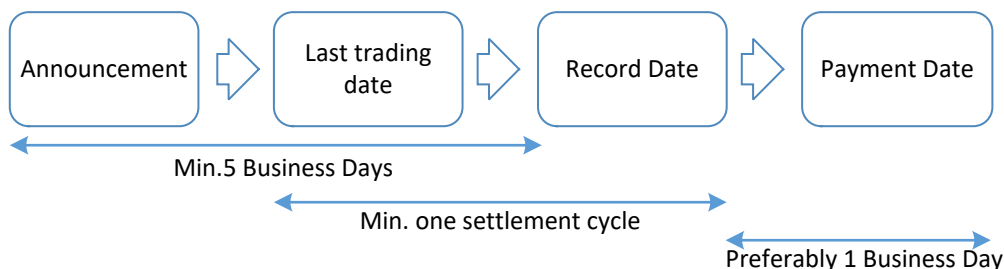
Figure 4. Sequence of key dates for mandatory reorganization without options

13.3 Processing

As soon as an announcement of a corporate action event is received the CSD creates the corporate action event. As the execution of the event depends on the relevant entry in the companies register in the issuer's country of residence the CSD will create the corporate action event as confirmed and incomplete. After the CSD has received the required information from the relevant registry or the issuer the event will be updated with the key dates, set to complete and executed. For example, this applies to the following events:

- Merger of two or more companies;
- Share split / reverse split of the company;
- Change of the legal form of the company;
- Exchange offer for the securities of the company;
- Redenomination;
- Total securities cancellation from the CSD;
- Decrease or increase of the value of the securities.

If required by law securities cancellation from the CSD (e.g. reduction of capital when decreasing the number of circulated shares) will be processed using an interim security. If interim security is used, then two-step process is applied. First interim security is created and then underlying security is debited with respective number of shares according to event and interim security is credited with the respective number of shares. After the entry in the commercial register CSD will debit interim security and completing the event.

The following events are usually set up as confirmed and complete as soon as the CSD receives the required information:

- Name change of the company;
- De-issuance of valueless securities (e.g. due to bankruptcy of the company);
- Squeeze out;
- Warrant exercise.

For the above listed corporate action events the record date is the previous business day of the payment date. The CSD will start execution of the corporate action on a payment date provided that the required

40

resources (cash/securities) are available to the CSD based on the securities holdings of the underlying security as of the close of business on the record date. Depending on the movements (debit and credit of the corporate action resources) the CSD will generate either FOP settlement instructions or PFOD settlement instructions or both. See section 6 of this document on the execution of the corporate actions.

13.3.1 Pari passu

Pari passu (CA ISO event code: PARI) is the second corporate action event for securities distribution and the third corporate action event for rights exercises and distributions with options (applicable to dividend option event only). The CSD will create a pari passu event at the same time as these events are created as confirmed and incomplete and link to the respective corporate action events. For example, the CSD will create two events for an announcement of a bonus issue – interim securities distribution and pari passu. Pari passu event will be linked to securities distribution event.

After receiving the required information from the relevant registry or the issuer the CSD will update the pari passu event with the key dates and set it as complete and confirmed.

On a payment date of the pari passu event the CSD will generate FOP settlement instructions debiting interim securities from the entitled securities accounts and FOP settlement instructions crediting the underlying security of the first event on the entitled securities accounts. See section 6 of this document on the execution of corporate actions.

13.3.2 Merger scenarios

Companies, which are registered in the CSD, are obliged to notify the CSD of the merger as soon as it is publicly announced.

In this section different scenarios and processing of mergers are described. As a result of the merger, depending on the terms of the merger, the shareholders of the acquired company may become shareholders of the acquiring company or the shareholders of the company to be acquired may be compensated in cash.

13.3.2.1 Acquiring company and company being acquired are registered in CSD

This section describes the processing rules if the two companies involved in the merger have registered their shares issues in the CSD and the acquired companies' shareholders receive shares of acquiring company.

13.3.2.1.1 Processing

After the announcement from the issuer (or its agent) of the company being acquired, the CSD will create a corporate action event as merger (CA ISO event code: MRGR).

As the execution of the corporate action event depends on the relevant entry in the companies register in the issuer's residence country the CSD will create the corporate action as confirmed and incomplete.

The reorganization will take place through the debit of the underlying security and the credit of the security of the acquiring company.

The CSD also supports cash compensation paid to the owners of the underlying security. In case cash is paid via the CSD, the CSD will generate PFOD settlement instructions crediting the cash to the entitled holders on the payment date. For more information on handling the cash proceeds through the CSD, please see section 11.3 of this document.

In case there are more than two companies involved in the merger, each issuer (or its agent) of the company being acquired must inform the CSD separately about the merger. In this case the CSD will create a corporate action event per underlying security.

In case two companies merge into one newly established company, the issuers (or their agents) of the merging companies must inform the CSD of the merger. The CSD will create one corporate action event per underlying security and will assign a new ISIN to the newly established company and the two companies' securities will be debited and the new security credited.

If the company being acquired is registered in the CSD and newly established company is not registered in the CSD, the CSD will process the event as worthless event (CA ISO event code: WRTH) and after relevant registry entry the companies being merged will be de-issued from the registry.

In case merging companies (both registered in the CSD) have the same shareholder and no changes are made to the acquiring company's capital, the CSD will process the corporate action event as worthless event (CA ISO event code: WRTH) for shares of the company that is being acquired and as a result the company being acquired will be de-issued from the CSD.

After entry regarding reorganization in the relevant registry, the acquired company has been deleted from the registry, and the CSD has received the required information, the corporate action event will be updated with the key dates (i.e. record date, payment date) and set to complete and confirmed.

On a payment date of the merger event the CSD will generate FOP settlement instructions debiting underlying securities of the company being acquired from the entitled securities accounts. According to the terms of the merger, if the shareholders of the acquired company become shareholders of the acquiring company the CSD will generate FOP settlement instructions crediting the entitled securities accounts with securities of the acquiring company.

As a result of event execution acquired company's securities issue is de-issued from the CSD.

13.3.2.2 Acquiring company is registered in CSD

If the acquiring company has registered its securities issue with the CSD and the company being acquired is not registered in the CSD, the acquiring company is obliged to notify the CSD of the merger.

13.3.2.2.1 Processing

After the announcement from the issuer of the acquiring company, the CSD will create a corporate action event as info event (CA ISO event code: INFO) as incomplete and confirmed. In the additional information field of the corporate action notification the companies involved and changes in capital, if applicable according to terms of merger, will be described.

After entry regarding reorganization in the relevant registry of the acquiring company is made and the CSD has received the required information, the CSD will update the event to complete and confirmed.

Depending on the merger agreement and issuer's application, the CSD will book enter the shares of the acquired company as additional shares issue of the acquiring company and notify this as info event (CA ISO event code INFO). If event is processed with an interim security, event will be done in two steps: notification of booking of new interim security as info event (CA ISO event code INFO) and creating linked pari passu event (CA ISO code PARI). After registry entry, interim securities will rank pari passu at a 1 to 1 ratio with the acquiring company's security.

13.3.2.3 Company being acquired is registered in CSD

If the acquiring company has not registered its securities with the CSD and the company being acquired has, the company being acquired is obliged to notify the CSD of the merger.

13.3.2.3.1 Processing

Processing of such merger scenario depends on whether the shareholders of a company being acquired receive shares of an acquiring company or not, are compensated with cash or not.

In case the acquired companies' shareholders do not receive shares of an acquiring company after the announcement from the issuer of the company being acquired, the CSD will create a corporate action event as worthless event (CA ISO event code: WRTH). In the additional information field of the corporate action notification of the involved companies and changes in capital, if applicable, will be described.

In case the acquired companies' shareholders receive shares of an acquiring company (this is outside of the CSD) after the announcement from the issuer of the company being acquired, the CSD will create a corporate action event for de-issuance of the securities from the CSD (CA ISO event code: OTHR). In the additional information field of the corporate action notification of the involved companies and changes in capital, if applicable, will be described.

In case shareholders are compensated and cash is paid via the CSD, the CSD, besides WRTH or OTHR events as the case may be, will create a merger event (CA ISO event code: MRGR) with a single option crediting the cash to the entitled holders.

After deletion of the company being acquired from the relevant registry and once the CSD has received information on it, the CSD will update the corporate action event to complete and confirmed.

On a payment date of the event the CSD will generate FOP settlement instructions debiting underlying securities of the company being acquired from the entitled securities accounts and the company being acquired will be de-issued from the CSD.

In case shareholders of the acquired company are compensated and cash is paid via the CSD, the CSD will execute the merger event on the payment date by generating PFOD settlement instructions crediting the cash to the entitled holders. For more information on handling the cash proceeds through the CSD, please see section 11.3 of this document.

13.4 Reversals

Corporate action can be withdrawn before they have been completed (before registration in the relevant company's register). After registration, it is not possible to request to reverse a mandatory reorganization without an options event.

14 Distributions with Options

Distribution with options means a distribution with a choice of proceeds where an issuer grants an entitlement (using an interim security) to the holders of the security and the holders elect the final benefit they want to receive.

14.1 List of Corporate Actions processed as distributions with options

The CSD processes the following corporate action event types related with distributions with options:

Corporate Action	Description	Event Code	Supported options
Cash Dividend with currency options	Distribution of cash to shareholders, in proportion to their equity holding as of the record date. Shareholder receives dividends in chosen currency.	DVCA	Cash credit in the currencies supported by the CSD
Dividend Reinvestment	Dividend payment where shareholders can keep cash or have the cash reinvested in the market by the issuer into additional shares in the issuing company.	DRIP	Two options: • Securities credit or • Cash credit
Dividend Option	Distribution of a dividend to shareholders with a choice of benefit to receive. Shareholders may choose to receive shares or cash.	DVOP	Two options: • Securities credit or • Cash credit

14.2 Key dates

The dates that are applicable for distributions with options are specified in the following sections of this document:

- For securities distributions – see section 12;
- For mandatory reorganization with options – see section 16.
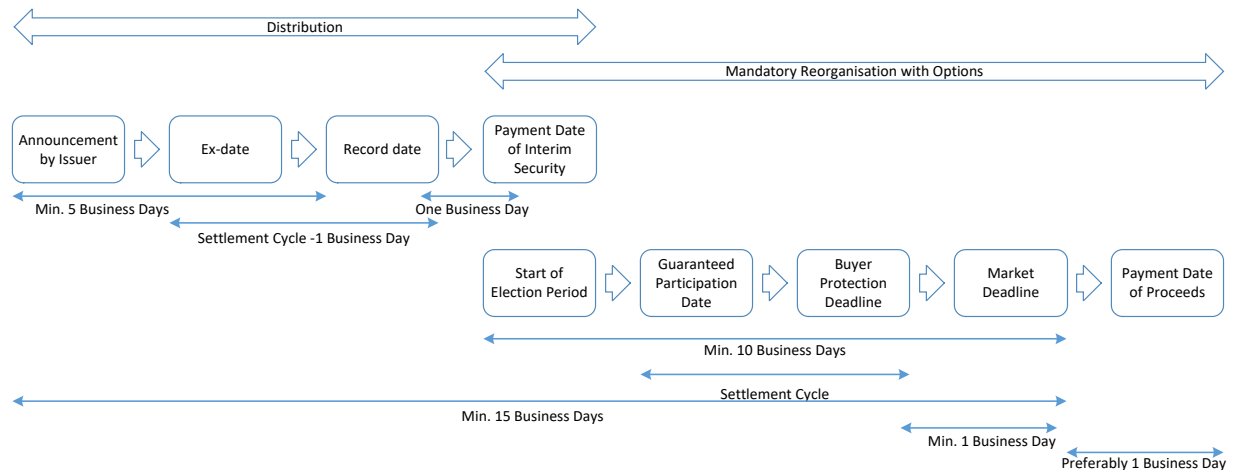
Figure 5. Sequence of key dates for distributions with options.

14.3 Processing

In general, distribution with options is processed as two (in some cases as three) separate corporate action events. As soon as an announcement of the corporate action event is received the CSD will create two corporate action events:

- Distribution of an interim security (rights to dividend option) and
- Mandatory reorganization with options.

The first event is the distribution of interim securities/rights granting entitlement to the holders of the underlying security as of the close of business on the record date specified by the issuer. Distribution of interim securities is processed as a mandatory event (CA ISO event code: RHDI) with the additional for existing ratio 1 for 1. For more information on handling the securities distributions see section 12 in this document.

The second event is mandatory reorganization with options where holders of interim security can elect the final benefit that they want to receive (applicable CA ISO event codes: DVCA, DRIP, DVOP). For more information on handling mandatory reorganization with options see section 16 in this document.

The third event (applicable to Dividend Option cases where shareholders have elected to receive additional shares) is when the new security ranks pari passu with the underlying security of the first event when the issuer has fulfilled their obligations under the respective national law (for example,

45

registered additional share capital with the relevant company's registry). For more information on handling the pari passu see chapter 13.3.1 in this document.

15 Corporate actions for debt securities

15.1 Corporate action event types applicable for debt securities

The CSD supports the following corporate actions for debt securities:

Event Name	Description	Event Code	Event category	Supported options
Partial Redemption With Reduction of Nominal Value	Securities are redeemed in part before their scheduled final maturity date with reduction of the nominal value of the securities. The outstanding amount of securities will be reduced proportionally.	PCAL	Mandatory reorganization without options	CASH
Partial Redemption Without Reduction of Nominal Value	Securities are redeemed in part before their scheduled final maturity date without reduction of the nominal value of the securities.	PCAL processed as pro rata	Mandatory reorganization without options	CASH
Partial Redemption Without Reduction of Nominal Value	Securities are redeemed in part before their scheduled final maturity date without reduction of the nominal value of the securities. This is commonly done by pool factor reduction.	PRED	Mandatory reorganization without options	CASH
Full Call/Early Redemption	The redemption of an entire issue outstanding of securities before final maturity.	MCAL	Mandatory reorganization without options	CASH
Maturity Extension	As stipulated in a bond's Terms and Conditions, the issuer or the bond-holder may prolong the maturity date of a bond. After extension, the security may differ from the original issue (new rate or maturity date). May be subject to bondholder's approval.	EXTM	Mandatory reorganization without options	No option SECU
Final Maturity	The redemption of an entire issue outstanding of securities, for example, bonds, preferred	REDM	Mandatory reorganization without options	SECU CASH

Event Name	Description	Event Code	Event category	Supported options
	equity, funds, by the issuer or its agent, for example, asset manager, at final maturity.			
Bond default	Failure by the company to perform obligations defined as default events under the bond agreement and that have not been remedied.	DFLT	Mandatory reorganization without options	No option
Interest Payment	Interest payment distributed to holders of an interest bearing asset.	INTR	Cash distribution	CASH
Put Redemption	Early redemption of a security at the election of the holder subject to the terms and conditions of the issue with no reduction in nominal value.	BPUT	Voluntary reorganization	CASH
Consent	Procedure that aims to obtain consent of holder to a proposal by the issuer or a third party without convening a meeting. For example, consent to change the terms of a bond.	CONS	Voluntary reorganization	CONN CONY NOAC
Conversion	Conversion of securities (convertible bonds into another form of securities (usually common shares) at a pre-stated price/ratio.	CONV	Mandatory reorganization without options	SECU
Conversion	Conversion of securities (convertible bonds into another form of securities (usually common shares) at a pre-stated price/ratio or holders are compensated with cash.	CONV	Mandatory reorganization with options	SECU CASH
Conversion	Conversion of securities (convertible bonds into another form of securities) at the election of the holder subject to the terms and conditions of the issue	CONV	Voluntary reorganization	NOAC SECU CASH
Credit event	An occurrence of credit derivative for which the issuer of one or several underlying securities is	CREV	Info event	N/A

Event Name	Description	Event Code	Event category	Supported options
	unable to full fill his financial obligations (as defined in terms and conditions)			

15.2 Key dates

The following key dates are used on corporate action events (mandatory reorganization without options and cash distribution) for debt securities:

- Last trading date (only applicable on mandatory reorganization without options)
- Record date (for redemptions of Baltic debt instruments the record date is set one business day before the payment date unless the prospectus of the debt instrument specifies an earlier date)
- Payment date

The following key dates are used on corporate actions (voluntary reorganization) for debt securities:

- Election period (start and end dates of the election period)
- Guaranteed participation date
- Buyer protection deadline
- Market deadline
- Payment date

More information on the sequence of key dates for corporate action events is available in the respective sections for cash distribution (see section 11.2), for mandatory reorganization without options (see section 13.2) and voluntary reorganizations (see section 16.2) in this document.

15.3 Processing

The CSD will create a corporate action event after receipt of an announcement from the issuer (or its agent) or based on the information provided during initial recording of the debt security in the CSD (for example, for scheduled events like interest payment).

Mandatory reorganizations of debt securities are processed as described in section 13.3 of this document. Only final maturity and maturity extension can a have new outturn security whose ISIN is different from the ISIN of the underlying security.

Interest payment of the debt security is processed as described in section 11.3 of this document.

Voluntary reorganization of the debt security is processed as described in section 16 of this document.

15.4 Redemption of debt securities

The following table is created to provide the key differences between the various redemptions events of the debt security:

	Distinguishing Characteristics						
CA Event code	Full or partial redemption	Issuer initiated	Holder initiated	Change in nominal value	Factors Applied	Results in securities debit movement	Results in cash credit movement
BPUT	Partial in regard to entire issue outstanding; holder may choose to put all or part of holding		X	No	No	Yes	Yes
MCAL	Full	X		No	No	Yes	Yes
PCAL	Partial	X		Yes	No	Yes	Yes
PCAL	Partial	X		No	No	Yes	Yes
PRED	Partial	X		No	Yes; uses the difference between two factors to calculate the principal reduction	No	Yes
REDM	Full	X		No	No	Yes	Yes

16 Reorganizations with options

There are two types of reorganizations with options:

- Mandatory reorganizations with options – a corporate action event that is going to happen and the holders of securities have a choice to elect benefits they want to receive;
- Voluntary reorganizations - a corporate action event that may or may not happen and the holder of securities can elect to take part or not.

16.1 List of corporate actions processed as reorganizations with options

The CSD supports the following corporate action event types related with distributions with options:

Corporate Action	Description	Event Code	Event category	Supported options
Dividend Reinvestment	Dividend payment where shareholders can keep cash or have the cash reinvested in the market by the issuer into additional shares in the issuing company.	DRIP	Mandatory reorganization with options	SECU CASH
Dividend Option	Distribution of a dividend to shareholders with a choice of benefits to receive. Shareholders may choose to receive shares, cash.	DVOP	Mandatory reorganization with options	SECU CASH
Exchange Offer	Exchange of holdings for other securities and/or cash.	EXOF	Mandatory reorganization with options	SECU CASE CASH
Call on Intermediate Securities	Call or exercise on nil paid securities or intermediate securities resulting from an intermediate securities distribution (RHDI).	EXRI	Mandatory reorganization with options	EXER OVER LAPS
Repurchase Offer/Issuer Bid/Reverse Rights	Offer to existing holders by the issuing company to repurchase its own securities. The objective of the offer is to reduce the number of outstanding securities.	BIDS	Voluntary reorganization	SECU CASE CASH NOAC
Exchange Offer	Exchange of holdings for other securities and/or cash.	EXOF	Voluntary reorganization	CASH SECU CASE

Corporate Action	Description	Event Code	Event category	Supported options
				NOAC
Tender/Acquisition/Takeover/Purchase Offer	An offer made to holders by a third party (offeror), requesting them to sell (tender) or exchange their securities.	TEND	Voluntary reorganization	SECU CASE CASH NOAC
Consent	Procedure that aims to obtain consent of holder to a proposal by the issuer or a third party without convening a meeting. For example, consent to change the terms of a bond.	CONS	Voluntary reorganization	CONN CONY NOAC

16.2 Key dates

The following dates are applicable on reorganizations with options:

- Election period (start and end dates of the election period)
- Guaranteed participation date
- Buyer protection deadline
- Response deadline
- Market deadline
- Payment date and results publication date for voluntary reorganization.

For more information on the key dates and its usage see section 4.1 of this document.
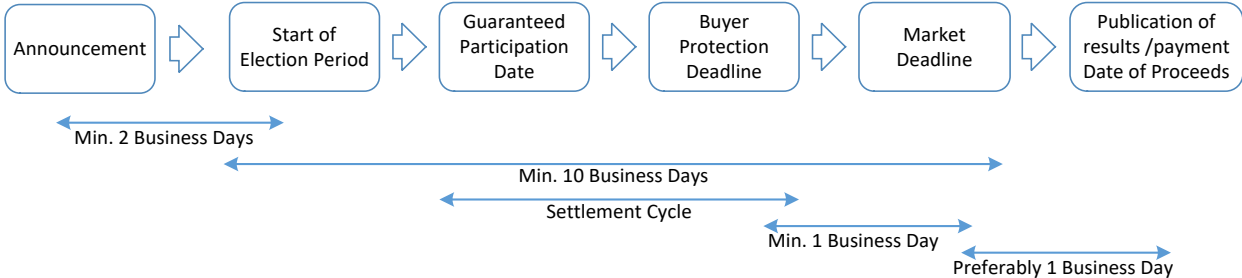
Figure 6. Sequence of key dates for reorganizations with options.

16.3 Processing

Mandatory reorganization with options events follows the securities distribution (of rights/interim security) and the start of the election period cannot be earlier than the payment date of interim security.

Voluntary reorganization does not involve securities distribution, an election is made on the underlying security. [15]

The CSD announces the options available for the corporate action event as specified by the issuer via corporate action notifications. The issuer has to assign a unique identifier for each option of the corporate action.

During the election period holders of interim security can elect final benefit they want to receive by submitting corporate action instructions to the financial intermediary servicing investor's securities account. Elections should be communicated from the last intermediary in the chain of intermediaries up to the CSD by a specified CSD deadline (response deadline).

When electing on a corporate action the CSD requires the following information in the CSD participants' election instruction (note the rule is one instruction per option):

- Corporate action reference (CORP reference) or official Corporate action reference (COAF reference);
- Corporate action event code (type of corporate action);
- Corporate action option number;
- ISIN of the underlying securities;
- Securities account number in the CSD (instruction should contain reference to only one safekeeping account and elected balance for that same account);
- Quantity of instructed securities.

Please note that some of above mentioned informative fields will be auto populated if a corporate action instruction is entered through the GUI of the CSD system, for example, type of corporate action, ISIN. In some cases beneficial owner disclosure details are required in the election instruction.

Upon receipt of election instructions from the CSD participant the CSD blocks the instructed securities quantity/amount "for corporate actions" on the respective securities account in the CSD. The CSD rejects the corporate action instruction if it is unable to block the instructed securities quantity/amount

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[15] In Lithuania, legal acts require that voluntary reorganizations (tender offers) are processed either through the regulated market or through the CSD.

in the respective securities account. The CSD only accepts the corporate action instruction from the CSD participant after the successful blocking of the instructed quantity/amount.

No election instructions are accepted by the CSD after the response deadline of the corporate action event.

At the end of the election period, the default option (as defined by the issuer and communicated in the corporate action notification) applies to the uninstructed positions. In case of voluntary reorganization the default option is no action.

The CSD will communicate consolidated election results to the issuer (or the offeror in case of tender offers) by their specified deadline.

On a payment date (for specific cases on market deadline), provided that the issuer has secured required corporate action proceeds (see section 4.3 of this document) and based on the election results the CSD distributes the proceeds according to the elected positions and applying default option for uninstructed positions by generating the following settlement instructions:

Option type	Movements	CA settlement instructions
CASH	Security debit	FOP debiting underlying security
	Cash credit	PFOD crediting cash
SECU	Security debit	FOP debiting underlying security
	Security credit	FOP crediting new security
CASE	Security debit	FOP debiting underlying security
	Security credit	FOP crediting new security
	Cash credit	PFOD crediting cash
EXER	Cash debit	PFOD debiting cash*
	Security debit	FOP debiting underlying security
	Security credit	FOP crediting new security
OVER	Cash debit	PFOD debiting cash*
	Security credit	FOP crediting new security
LAPS	Security debit	FOP debiting underlying security
NOAC	No movement	No instructions

*cash is debited on the market deadline, see section 16.3.1.

16.3.1   Special handling of rights exercise

For corporate action events with exercise option where a holder of interim security has to deliver cash to the issuer the CSD generates PFOD settlement instructions debiting the cash account linked to the holder's CSD participant securities account and crediting the cash account linked to the CSD's corporate

action securities account on the market deadline (at the start of the business on the market deadline date). The cash amount is calculated as follows: the instructed quantity multiplied by the exercise price. Such corporate action instructions will remain in 'pending' status until the CSD has successfully settled the PFOD settlement instruction. After the settlement of PFOD the status of the respective corporate action instruction is changed to 'accepted'. If the CSD is unable to settle the PFOD settlement instruction by the deadline on the market deadline the corporate action instruction is rejected and the CSD participant is informed thereof.

In case an issuer has chosen a PA for this event as soon as the CSD has collected the cash from the relevant CSD participants representing investor, it will credit the amount in the cash account for the respective currency associated with the PA's corporate action distribution account.

On a payment date the CSD generates FOP settlement instructions debiting rights and FOP settlement instructions crediting new interim security (paid subscription securities).

In case of an oversubscription option the CSD communicates the consolidated election results to the issuer by their specified deadline. As soon as the issuer has communicated the oversubscription rate to the CSD, the CSD recalculates the results according to the specified rate and generates:

- PFOD settlement instructions crediting the cash account linked to the entitled securities account with the CSD and debiting cash account linked to the CSD's corporate action securities account for cash restitution, if any. In case an issuer has chosen a PA for this event, the restitution amount will be debited from the cash account for the respective currency associated with the PA corporate action distribution account first;
- FOP settlement instructions crediting new security (paid subscription securities) on the entitled securities account with the CSD.

The new interim security (paid subscription securities) will rank pari passu with the underlying security. For more information on handling the pari passu see chapter 13.3.1 in this document.

17 Other events

17.1 Initial recording of securities

Initial (or additional) recording of securities is done based on the documents submitted to the CSD by the issuer. The CSD will book-enter securities into the respective securities accounts according to the issuer's instructions. The book-entering is done generating and settling the FOP securities transfers debiting the CSD's corporate action distribution account (in some cases issuance account is debited directly) and crediting each respective securities account. The settlement instruction transaction type ISSU will be used. As soon as the participant (holder of credited securities account) receives settlement confirmation it has to make bookings in his back office system accordingly. Any new securities credited is setup as INFO event in the CSD system but no ISO notifications are sent to the impacted CSD participants.

The processing of such event is as follows:

AO	CSD system	Settlement module of the CSD
Registration date of the new instrument with the CSD = intended settlement date	**STEP 1:** CSD registers instrument in the CSD system, creates INFO event in the system that creates securities settlement instructions to credit respective securities accounts	

SecuritiesSettlementTransactionGenerationNotification - sese.032

SecuritiesSettlementTransactionInstruction - sese.023
Transaction type = ISSU
Debit: CA distribution/issuance account of the CSD
Credit: respective securities account of AO

STEP 2: Status of each settlement instruction is updated with the information received from the settlement system

SecuritiesSettlementTransactionStatusAdvice - sese.024

SecuritiesSettlementTransactionStatusAdvice - sese.024

STEP 3: Confirmation of settlement results in crediting the respective securities account of AO and debiting account of the CSD

SecuritiesSettlementTransactionConfirmation - sese.025

SecuritiesSettlementTransactionConfirmation - sese.025

17.2 Increasing the number of circulating shares

Increasing capital while increasing the number of circulating shares. The CSD will book-enter additional securities using a temporary ISIN into the respective securities accounts according to the issuer's instructions. The book-entering is done generating and settling the FOP securities transfers debiting the CSD's corporate action distribution account (in some cases issuance account is debited directly) and crediting each respective securities account. The settlement instruction transaction type ISSU will be used. CSD sets up the event as INFO event in the CSD system but no ISO notifications are sent to the impacted CSD participants. As soon as the participant (holder of credited securities account) receives settlement confirmation it has to make bookings in his back office system accordingly.

17.3 De-issuance of securities

This section only applies for such cases when securities (fully or partially[16]) are de-issued from the CSD at the issuer's or competent authorities' request; for example, the issuer has decided to keep the shareholders' register outside the CSD. If this is the case (full cancellation of the securities issue) the CSD will create a corporate action event with CA ISO event code OTHR. The record date is one business day before the payment date of the corporate action. The securities will be blocked for other than corporate action settlement as of start of business on the payment date.

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[16] In case the issuer owns own securities and has requested to de-issue this part only or is required to cancel them according to the applicable national law.

In case of partial cancellation of the issue, when quantity or amount of securities owned by the issuer or undistributed part of securities is cancelled, CSD notifies of such event using CA ISO code INFO. Such settlement instructions debiting respective securities account will have transaction type REDM.

If required by law interim security is used. Then two-step process is applied. First interim security is created, and the respective number of interim securities is credited. CSD sets up the event using CA ISO code INFO to notify the participants with the transaction type ISSU. Own shares (underlying security) are debited, settlement instructions debiting the underlying security from respective securities account will have transaction type REDM.

After the entry in the commercial register the CSD will debit interim security by creating worthless event (CA ISO code WRTH). Such settlement instructions debiting respective securities account will have transaction type CORP.

The de-issuance is done by generating and settling the FOP securities transfers debiting underlying security from the eligible securities accounts and crediting the CSD's corporate action distribution account on the payment date. The settlement instruction transaction type REDM will be used only in case part of securities issue is cancelled and it does not affect the rest of the investors' holdings. The final de-issuance step will be when the CSD debits the entire quantity from the CSD's corporate action distribution account and credits the issuance account.

18 Transformations

Transformation is a process by which pending settlement instructions still unsettled by the end of the record date or market deadline are cancelled and replaced in accordance with the terms of the reorganization event. The CSD will detect pending matched settlement instructions and create corresponding cancellations and new settlement instructions in case the CSD participant's settlement instructions are subject to transformation due to mandatory reorganization (with or without options) of the underlying security.

18.1 Scope of securities

The transformations procedure is applicable to:

- All Baltic securities safe-kept and settled in T2S;
- All Baltic securities safe-kept and settled in the CSD system;
- All foreign securities safe-kept and settled in T2S.

Settlement instructions in foreign securities settled in the issuer CSD which is not participating in T2S will only be cancelled.
As a rule settlement in the old ISIN should be discontinued after the record date or the market deadline, as applicable, in case of mandatory reorganisations. Input of instruction in the old ISIN is still possible after the guaranteed participation date / last trading date for instruction with trade date before or on

the guaranteed participation date / last trading date. If such instructions match, they will automatically be transformed by the CSD according to the rules described in this section. Instruction with trade date after guaranteed participation date / last trading date of the reorganization event should always be entered in the CSD system in the new ISIN as the case may be.

18.2 Detection rules

18.2.1 Key dates

The transformation process is based on the following key dates:

- The record date of the mandatory reorganization or
- Market deadline of mandatory reorganization with options.

18.2.2 Status of underlying settlement instruction

In the transformation detection process the CSD will detect all pending matched settlement instructions which are still unsettled by the end of the record date / market deadline of the reorganization event.

18.2.3 Generation rules

The transformation (for mandatory reorganizations without options) is processed as follows:

- First step: CSD cancelling matched settlement instructions still pending by the end of business on the record date (hereinafter – original instruction);
- Second step: Replacing the original instruction with a new transformed settlement instruction in the outturn ISIN and/or cash (hereinafter – replaced instruction) in accordance with the terms of the reorganization as specified by the issuer.

The replaced instruction is only generated after the successful cancellation of the original instruction.

The transformation (for mandatory reorganizations with options) is processed as follows:

- First step: Cancelling pending matched settlement instructions still unsettled by the end of business on the market deadline date of the default option of the event.
- Second step: Replacing the original instruction with a new transformed settlement instruction in the new ISIN and/or cash according to the default option of the event.

Pending unmatched instructions, which are out of scope of transformations, will be maintained in T2S for 20 T2S opening days and afterwards they will be cancelled. In case during those 20 T2S opening days the unmatched instruction matches with the counterparty's instruction the CSD immediately will apply transformation as set in 18.2.3.

18.2.3.1 Opt out indicator

As a rule, transformations are applicable to all pending matched settlement instructions. However, parties in the original instruction can use opt-out flags if they want to indicate that no transformation

should be raised on a given settlement instruction. The opt-out flag is instructed by both parties by using an opt-out ISO transaction condition indicator (NOMC) in the settlement instruction. If this is the case, the CSD will only cancel the original instruction due to the reorganization of the security, no replaced instructions will be generated by the CSD.

Please note: the opt-out flag is an additional matching field in the settlement instruction. Please see Nasdaq CSD Service description for more details on the matching fields.

18.3 Frequency of transformation process

The transformation process is run once a day after the close of the business. In case the instrument is settled in T2S there is there is dependency from (i) actual end of settlement day in T2S and (ii) receiving end of day reports (Pending settlement instructions reports) from T2S.

18.4 Replaced instructions

The replaced instructions will be generated by the CSD as unmatched and must match with counter-instruction irrespective of whether the counterparty is the participant of the CSD or of a linked T2S CSD.

Replaced instructions are generated based on the original instruction and corporate action details. The CSD will use the following settlement instruction types:

- Deliver or receive FOP (free of payment) for transferring securities;
- RVP/DVP (receive / deliver against payment) for transferring securities against cash;
- PFOD (payment free of delivery) for transferring cash.

18.4.1 Transformation in cash

Original instruction	Replaced instruction/-s
FOP	PFOD for cash outturn (from seller to buyer)
DVP	PFOD for cash outturn (from seller to buyer)
	PFOD for settlement amount (from buyer to seller)

For example, redemption of a bond at 100% of the nominal value.

Original DVP: Seller A delivers 300'000 ISIN1 to Buyer B against 350'000 EUR.

The original DVP is cancelled due to the redemption of ISIN1 and the following two replaced instructions are generated by the CSD:

PFOD1: Seller A delivers 300'000 EUR to Buyer B.

PFOD2: Buyer B delivers 350'000 EUR to Seller A.

58

The settlement quantity in the replaced PFOD of ISIN1 equals 0.

18.4.2 Transformation in securities

Original instruction	Replaced instruction/-s
FOP	FOP for securities outturn
DVP	DVP for securities outturn

For example, a corporate action event replaces ISIN1 with ISIN2 at ratio 1/2.

Original DVP: seller A delivers 300'000 ISIN1 to buyer B against 350'000 EUR.

The original DVP is cancelled and the following replaced instruction is generated by the CSD:

Replaced DVP: seller A delivers 600'000 ISIN2 to buyer B against 350'000 EUR.

18.4.3 Transformation in cash and securities

Original instruction	Replaced instruction/-s
FOP	FOP for securities outturn
	PFOD for cash outturn
DVP	DVP for securities outturn
	PFOD for cash outturn

For example: a corporate action event replaces ISIN1 with ISIN2 at ratio 1/2 and holders receive 0.05 EUR for ISIN1.

Original DVP: seller A delivers 300'000 ISIN1 to buyer B against 350'000 EUR.

The original DVP is cancelled and the following replaced instructions are generated by the CSD:

Replaced DVP: seller A delivers 600'000 ISIN2 to buyer B against 350'000 EUR.

PFOD: seller A delivers 15'000 EUR to buyer B.

18.4.4 Transformation when securities lapse

Original instruction	Replaced instruction/-s
FOP	None
DVP	PFOD for original trade amount

For example: a corporate action event debits ISIN1 without any compensation.

Original DVP: seller A delivers 300'000 ISIN1 to buyer B against 350'000 EUR.

The original DVP is cancelled and the following replaced instructions are generated by the CSD:

PFOD: seller A receives 350'000 EUR from buyer B.

18.4.5 Settlement amount and settlement quantity

The settlement amount and settlement quantity in the replaced instruction are calculated taking into account the original instruction and based on the terms of the corporate action event as specified by the issuer.

18.4.6 Currency

The payment currency in the replaced instruction is the same as the currency of the corporate action event. The currency of the corporate action event is defined by the issuer of the underlying security at the setup of the corporate action event. In case the currency of the corporate action payment is not a T2S settlement currency and the counterparty is from a linked T2S CSD, then the parties in the underlying settlement instruction should decide how to settle the cash entitlement outside T2S/the CSD between them.

18.4.7 Settlement indicators

The replaced instruction can contain the following indicators if they were stipulated in the original instruction:

- Partial indicator;
- Ex/cum indicator.

The replaced instruction is marked as eligible for partial settlement (for transformation in securities) if the original instruction was eligible to partial settlement.

18.4.8 Dates in the replaced instruction

The trade date and intended settlement date in the replaced instruction are generated according to the following:

- The trade date equals the trade date of the original instruction;
- The intended settlement date is either the payment date of the entitlement or the intended settlement date indicated in the original instruction, whichever is the latest.

18.4.9 References in the replaced instruction

The CSD will indicate the following references in the replaced instruction:

- Corporate action event reference (CORP) of the reorganization event;
- Market infrastructure transaction identification as in the original instruction (based on T2S FAQ it will be populated as linkage with processing code 'INFO') in sese.023 that is sent to T2S to settle the transformed settlement instruction;

- Account servicer transaction identification as in the original instruction (it will be populated as linkage with processing code 'INFO') in sese.032 that is sent to the CSD participant informing that the replacement instruction has been generated.

The replaced instruction will contain the ISO settlement transaction condition code TRAN however settlement transaction type remains as in the original instruction.

18.4.10 Fractions of the security

If the generation of a replaced instruction results in outturn securities fractions, the number of outturn securities in the instruction is rounded down to the nearest integer. In case the issuer compensates investors for the remaining securities fractions with cash, an additional PFOD transaction is generated by the CSD transferring cash to the entitled party. In this case the cash amount equals the number of residual fractions multiplied by the "compensation price" as announced by the issuer.

18.4.11 Usage of hold/release

The CSD will generate the replaced instruction with "on hold" status if, and only if, the original instruction was "on hold" at the moment the transformation was processed.

18.5 Amendment of replaced instructions

CSD participants are able to amend the replaced instruction in the same manner as any other standard settlement instruction. For more details on how to amend or cancel settlement instructions, please see the Nasdaq CSD Service description.

18.6 Settlement of replaced instructions

Settlement of the replaced instructions is the same as for any other standard settlement instruction. Please see the Nasdaq CSD Service description for more details.

18.7 Recycling period

The recycling period for the replaced instructions is the same as for any other standard settlement instruction. Please see the Nasdaq CSD Service description for more details.

18.8 Reporting

The CSD will report to CSD participants (the delivering or receiving party in the replaced instruction) according to the following:

What?	When?	ISO 15022 custody	ISO 20022 custody	ISO 20022 settlement
Cancellation of original instruction	• As soon as the CSD detects a settlement instruction subject to the transformation	N/A	N/A	• sese.024+ sese.027

Generation of replaced instruction	• As soon as the CSD has generated a replaced instruction	N/A	N/A	• sese.032
Confirmation of settlement of the replaced instruction	• Sent when the replaced instruction is settled	N/A	N/A	• sese.025

Please see Annex 1 for more details on transformations reporting.

19 Claim procedure

The CSD will provide the market claims/reverse claims detection and corresponding settlement instruction generation in case the CSD participant's settlement instruction is subject to a claim. The CSD follows the T2S Corporate action standards for the processing of market claims.

19.1 Market claims

Market claim is a process where proceeds of a distribution are re-allocated to the party that was contractually entitled to the proceeds in case it has not received the underlying security until the end of the record date because of a pending underlying securities settlement instruction (matched but not settled).

Market claims are processed for all the corporate action distribution events (securities, cash, securities and cash distribution).

Market claims are detected at the close of the record date for next 20 business days.

19.2 Reverse claims

Reverse claim is a process where proceeds of a distribution are re-allocated to the party that was contractually entitled to the proceeds in case the trade date is on or after the ex-date and the actual settlement date is on or before the record date.

Reverse claims are processed for all the corporate action distribution events (securities, cash, securities and cash distribution).

Reverse claims are detected once – at the close of business on the record date and only for settled/partially settled settlement instructions.

19.3 Eligible securities

The market claims and reverse claims detection procedure is applicable to:

- All Baltic securities safe-kept and settled in T2S;
- All Baltic securities safe-kept and settled in the CSD system;
- All foreign securities safe-kept and settled in T2S.

19.4 Detection rules

19.4.1 Key dates

The claim detection process is based on the following key dates:

- The ex-date (applicable to securities in units only);
- The record date;
- The actual settlement date.

19.4.2 Ex/cum indicator and opt-out flag

Parties in the underlying settlement instruction can use the opt-out flag if they want to indicate that no claim at all should be raised on a given settlement instruction. The opt-out flag is instructed by both parties by using an opt-out ISO transaction condition indicator (NOMC) in the settlement instruction.

Parties in the underlying settlement instruction can use ex/cum indicator if they want to deviate from the standard market claim detection procedure.

Both opt-out and ex/cum indicators are additional matching fields in the settlement instruction. Please see Nasdaq CSD Service description for more details on the matching fields.

19.4.3 Status of underlying settlement instruction

When detecting the underlying settlement instruction subject to the market claim, the following statuses are taken into account by the CSD:

- Matching status: matched;
- Settlement status: settled, pending, partially settled.

19.5 Claims scenarios

The table below summarizes the different cases and whether the claim is from the buyer to the seller or from the seller to the buyer.

No	Trade Date	Intended settlement date	Settled / Not settled by COB of RD	Ex/Cum indicator	Eligibility for market claims
1			Not settled	Blank	Yes (From seller to buyer)

No	Trade Date	Intended settlement date	Settled / Not settled by COB of RD	Ex/Cum indicator	Eligibility for market claims
	Before ex-date	On or before record date		Ex	No
				Cum	Yes (From seller to buyer)
2	Before ex-date	After record date	Not settled	Blank	Yes (From seller to buyer)
				Ex	No
				Cum	Yes (From seller to buyer)
3	Before ex-date	On or before record date	Settled	Blank	No
				Ex	Yes (From buyer to seller)
				Cum	No
4	Between ex-date and record date	On or before record date	Settled	Blank	Yes (From buyer to seller)
				Ex	Yes (From buyer to seller)
				Cum	No
5	Between ex-date and record date	On or before record date	Not settled	Blank	No
				Ex	No
				Cum	Yes (From seller to buyer)
6	Between ex-date and record date	After record date	Not settled	Blank	No
				Ex	No
				Cum	Yes (From seller to buyer)

For securities at face value, the table below summarizes the different cases and whether the claim is from the buyer to the seller or from the seller to the buyer.

No	Trade Date	Intended settlement date	Settled / Not settled by COB of RD	Ex/Cum indicator	Eligibility for market claims
1	Before record Date	On or before record date	Not settled	N/A	Yes (From seller to buyer)
2	Before record Date	On or before record date	Settled	N/A	No

Note: Not settled / settled settlement status at the close of business on the record date is also applicable to the partially settled settlement instructions – not settled is applicable for remaining unsettled quantity / amount and settled is applicable to the partially settled quantity / amount.

19.6 Frequency of detection process

The CSD will detect the market claims at specified times shortly after the close of the business day and reverse claims once – at the close of business on the record date.

19.7 Claim instructions

Market claims and reverse claims are created by the CSD (irrespective of whether the instructing party of the underlying settlement instruction is ICP or DCP in T2S) as separate settlement instructions, independent from the underlying settlement instruction. Claim instructions are generated for each outturn (result of corporate action entitlement) separately according to the following:

- For securities distributions: FOP (free of payment) settlement instruction transferring securities;
- For cash distribution: PFOD (payment free of delivery) settlement instruction transferring cash;
- For cash and securities distributions: PFOD and FOP settlement instructions.

The CSD will calculate the "entitled proceeds" based on the terms of the corporate action event as specified by the issuer, i.e. for a specific ISIN and a specific event, the amount of cash/securities to be transferred will be calculated solely on the number of securities in the underlying settlement instruction.

All the claim instructions will be generated as unmatched and must match the counter-instruction irrespective of whether the counterparty is a participant of the CSD or of the linked T2S CSD.

In order CSD participants are able to identify claim instructions, a specific ISO transaction type code "CLAI" is used in the claim instructions.

19.7.1 References in the claim instruction

The CSD will indicate the following references in the claim instruction:

- Corporate action event reference (CORP reference) of the underlying security;
- Market infrastructure transaction identification as in the underlying settlement instruction (based on T2S FAQ it will be populated as linkage with processing code 'INFO') in sese.023 that is sent to T2S to settle the market claim;
- Account servicer transaction identification as in the underlying settlement instruction (it will be populated as linkage with processing code 'INFO') in sese.032 that is sent to the CSD participant informing that the market claim has been raised.

19.7.2 Claim currency

The payment currency of the cash claim is the same as the currency of the original corporate action. The currency of the original corporate action is defined by the issuer of the underlying security.

In case the currency of the corporate action payment is not a T2S settlement currency and the counterparty of the claim is from the linked T2S CSD, then the parties in the underlying settlement instruction should decide between themselves how to settle the cash entitlement outside the T2S.

19.7.3 Fractions of the security

If the generation of a claim instruction results in outturn securities fractions, the number of outturn securities in the claim instruction is rounded down to the integer. In case the issuer compensates investors for the remaining securities fractions with cash, an additional PFOD settlement instruction is

generated by the CSD transferring cash to the entitled party. In this case the cash amount equals the number of residual fractions multiplied by the "compensation price" as announced by the issuer.

19.7.4 Usage of hold/release

The CSD will generate the claim instruction "on hold" if, and only if, the underlying settlement instruction was "on hold" at the moment of the detection of the claim. Hence, the CSD Participants can use the hold/release mechanism to ensure that the market claim settles after the underlying settlement instruction has been settled by putting the underlying settlement instruction on hold before the CSD starts the claim detection process.

19.7.5 Dates in the claim instruction

Irrespective of the creation date of the market claim, the trade date and intended settlement date in the claim instructions will be generated according to the following:

- The trade date of the claim will equal to the trade date of the underlying settlement instruction;
- The intended settlement date of the claim will be the payment date of the underlying corporate action.

Partial settlement will be limited to market claims in securities and take into account the standard T2S rules for partial settlement. Partial settlement indicator of the market claim will replicate the one of the underlying transaction.

19.8 Amendment of the claim instruction

The CSD participant will be able to amend the claim instruction in the same manner as any other standard settlement instruction. For more details on how to amend or cancel settlement instructions please see the Nasdaq CSD Service description.

19.9 Settlement of claim instruction

Settlement of a claim is independent of the settlement of the respective underlying settlement instruction. Settlement of claims will take place in the cash and securities accounts of the CSD participants according to the following:

- For T2S securities and T2S currencies – in securities accounts and default dedicated cash accounts of the securities account in T2S;
- For T2S securities and non-T2S currencies – in securities accounts in T2S and cash settlement accounts in the CSD system;
- For non-T2S Baltic securities – in securities accounts and cash settlement accounts in the CSD system.

The claim will settle on the intended settlement date provided that the required resources are available in the respective securities accounts/cash accounts.

19.10 Tax for claim instruction

CSD will calculate the claimed amounts based on the terms of the corporate action event and the tax status of the securities accounts does not affect the amount transferred. This means that for a specific ISIN and a specific event, the rate of the market claim is always the same, i.e. if multiple tax rates are applied for respective corporate action proceeds, then claim is processed at 100% of gross, for example, dividend rate. If the dividend rate is already net amount the claim is processed at 100% of net.

19.11 Recycling period

The recycling period for the claim instructions is the same as for any other standard settlement instruction. Please see the Nasdaq CSD Service description for more details.

19.12 Reporting

The CSD will report to CSD participant (delivering and receiving party in the claim instruction) according to the following:

What?	When?	ISO 15022 custody	ISO 20022 custody	ISO 20022 settlement
Advise of claim instruction generation	• As soon as the CSD detects a settlement instruction subject to the claim	• MT 564	• seev.035	• N/A
Claim instruction generation notification	• As soon as the CSD has generated claim instruction	• N/A	• N/A	• sese.032
Claim instruction status	• As soon as there is status change	• N/A	• N/A	• sese.024
Claim instruction execution confirmation	• Sent when a claim instruction is settled	• MT 566	• seev.036	• sese.025

Please see Annex 2 for more details on reporting the claims by using custody and settlement messages.

20 Buyer protection

Buyer protection is applicable to reorganizations with options events. The objective of buyer protection is to ensure that the buyer in a pending matched settlement instruction, who has acquired the right to elect but does not yet hold the underlying securities in an elective reorganization, will receive the outturn of its choice by instructing the seller specifying the option(-s) chosen.

The CSD does not offer an automated buyer protection mechanism; however, a bilateral agreement between the buyer and seller is possible. When provided by the issuer the CSD will include the buyer protection deadline and guaranteed participation date in the corporate actions notification for information purposes only.

Buyer protection must be invoked before the buyer protection deadline. Invocation of buyer protection is performed by sending a buyer protection instruction from the buyer to the seller. The template of a buyer protection instruction is available on the CSD website. If the buyer wants to protect his rights, he will invoke the buyer protection. When buyer protection is not invoked by the buyer, then the default option for elective corporate action will be applied. The buyer is able to amend the buyer protection instruction before the buyer protection deadline. Buyers can only amend their elections (i.e. a corporate action option).

The CSD recommends that the seller acknowledges receipt of the buyer protection instruction to the buyer.

The buyer protection is valid as long as the settlement instruction is still pending. Once it settles, the related buyer protection instruction becomes void. Should the settlement instruction partially settle, then the buyer protection shall be applied to the remaining pending quantity.

A buyer and seller shall initiate cancellation of the pending settlement instruction and re-instruct, in accordance with the buyer protection instruction, at the market deadline/record date of reorganization.

21 Corporate actions with foreign securities

The CSD as the Investor CSD will also provide processing of corporate actions with the foreign securities based on the information received from the Issuer CSD. As soon as the CSD receives information from the Issuer CSD it disseminates information to the eligible CSD participants the same way as described in section 3.2 of this document

The CSD will also create a corporate action event in the CSD's system for cash distributions in EUR and USD currencies. Cash distributions for other currencies will be handled through Issuer CSD system.

When a COAF reference is included in the original announcement of the Issuer CSD, it is reused by the CSD in addition to the CORP reference. When no COAF is included in the original announcement of the issuer CSD, the CSD will only allocate CORP reference.

CSD participants are obliged to disseminate corporate action information the same way as described in section 3.3 of this document.

21.1   Cash distributions

In a cross-CSD environment if the CSD acts as an Investor CSD, the CSD will receive the cash payment in its cash accounts in the Issuer CSD, according to the securities position held in the CSD's accounts at the Issuer CSD and the cash distribution procedures of the Issuer CSD. For EUR and USD currencies such cash will be mirrored in the accounts of eligible participants in the Core CSD system based on messages received from the Issuer CSD.

Upon receipt of corporate action confirmation message from Issuer CSD cash amounts will be immediately forwarded to eligible CSD participants correspondent bank accounts.

Cash distribution related to dividend payment will carried our as described in Section 11 and cash distribution related to interest payment as described in Section 15.

21.2 Securities distributions

In a cross-CSD environment if the CSD acts as an Investor CSD, the CSD will receive new incoming securities on the accounts at the Issuer CSD, according to the underlying securities position held in this CSD's accounts and the securities distribution procedures of the Issuer CSD. The CSD will allocate the incoming new securities with the calculated quantities in the Core CSD system mirror accounts based on the eligible holdings at the Issuer CSD upon receipt of confirmation message from Issuer CSD.

21.3 Elective events

The CSD will collect the election instructions from the CSD participants by the response deadline and send them to the Issuer CSD before the market deadline. Should an investor deliver cash (for example, for an exercise of the rights event) the CSD will debit the cash from the cash account linked to the respective securities account on the market deadline before the consolidated instruction is sent to the Issuer CSD. In case the cash cannot settle on the market deadline the CSD rejects the respective corporate action instruction. The same process applies to the elective events when an investor has to deliver securities.

21.4 Reversals

If the Issuer CSD has reversed a corporate action event, the CSD will initiate a reversal in the CSD system in case such an event is created in the Core CSD system. CSD will also disseminate information about reversals to the eligible CSD participants the same way as described in section 3.2 of this document, The CSD participants are required to ensure that distributed corporate action proceeds are available for a reversal in their accounts in the Issuer CSD system.

22 Corporate meetings

Corporate meetings (annual general meetings, bondholders meetings, extraordinary meetings) are initiated by the issuer or other authorized parties, for example, the trustee in case of bankruptcy proceedings by submitting a complete notification of the meeting of shareholders form to the CSD. The CSD will relay information about the meeting to the CSD participants whose clients are holding the right to vote using ISO 20022 messages.

Upon receipt of the notification form, the CSD will enter the information in the CSD's core system, allocate the official meeting reference and transmit the general meeting information to the CSD Participants without delay:

- by the close of the same business day as it received the information if the notification form is received before 16:00 EET;
- no later than the day after 10:00 EET, if the notification form was received after 16:00 EET.

The CSD Participants will receive the information according to their subscriptions, for more details see section 7 of this document.

Based on issuer's application or otherwise agreed information exchange form, CSD will inform participants of convening the meeting, notification of entitlement, meeting cancellation and dissemination of the meeting results. CSD will provide information on participation details as specified by the issuer or authorized party in the submitted corporate action application form to the CSD.

Effective September 2020, Nasdaq CSD is able to provide the information in the meeting notices compliant with the amended Shareholders Rights Directive (EU) 2017/828 and Implementing Regulation (EU) 2018/1212. The issuer (or its agent) who is subject to the directive is responsible to include all the required by normative acts information in the meeting announcement.

NB! The CSD will transmit the information on the general meeting upon reception of a valid notification form from the issuer which includes all the information as stipulated in Implementing Regulation (EU) 2018/1212 and required by the CSD to fulfill its obligation under Shareholders Rights Directive (EU) 2017/828 and Implementing Regulation (EU) 2018/1212.

22.1 Meeting types

Event Name	Description	Event Code
BondHolderMeeting	Physical meeting of bond holders.	BMET
Extraordinary	Meeting that takes place as needed, in addition to the general meetings, is extraordinary as per the bylaws. The resolutions are related to the unusual business of the company, for example approval of takeovers or mergers or spin-offs. These meetings are always issuer initiated.	XMET
General	Includes annual and ordinary meeting (in seev.001) Statutory meeting(s) usually held at least once a year. The resolutions are related to the usual business of the company, for example approval of dividends, directors, etc. These meetings are always issuer initiated.	GMET
Annual General Meeting	Annual General Meeting (in MT564)	MEET

Upon request of the issuer (or its agent) or other authorized parties the CSD will provide the full list of holders of the security as of the close of business on the record date, i.e. the holders who are entitled to participate in the meeting. The details on how the issuers can request the full list of holders for securities registered in the Latvian securities settlement system and Lithuanian securities settlement system are described in the Nasdaq CSD Shareholder disclosure processing or for issuers whose shares are listed on the regulated market – in the Nasdaq CSD Service Description on Shareholder Disclosure process in accordance with Shareholders Rights Directive (EU) 2017/828.

22.2 Transmission of Notice of participation and Voting instruction[17]

According to the Article 6 of Implementing Regulation (EU) 2018/1212 any intermediary, including Nasdaq CSD, shall, if required by the issuer and upon request by the shareholder, transmit notice of participation, including votes, to the issuer, either to enable the shareholder to exercise the rights themselves or to enable the shareholder to nominate a third party to exercise those rights upon explicit authorisation and instruction by the shareholder for the shareholder's benefit.

22.2.1 Transmission of the Notice of participation

Nasdaq CSD, if required by the issuer and upon request by the shareholder, will transmit through the chain of the intermediaries a received notice of participation (without votes) to the issuer to enable shareholders or their authorized persons register for the upcoming meeting and confirm their attendance. Notice of participation (without votes) is applicable to the meetings with in person or virtual attendance and enables the issuers to know number of attendees in advance.

Should an issuer require the shareholders to give a notice of a participation, the shareholders meeting announcement shall include the way in which a shareholder shall deliver a notice and the deadline by when the notice shall be delivered to the issuer.

Nasdaq CSD offers the issuers to request to receive the notices of participation through the chain of the intermediaries. In this case Nasdaq CSD participants transmit received notices from their clients to Nasdaq CSD (via ISO 20022 seev.004 message or by entering required information in ESIS GUI). All received notices of participation are available for an issuer in self-service portal ESIS and the list of the rights holders registered for the meeting is downloadable (available formats – excel, csv).

At least following information is included in the notice of participation:

- Unique identification of the notice;
- Securities account with Nasdaq CSD;
- Quantity of securities (Nasdaq CSD verifies if the instructed quantity does not exceed the total balance in the instructed account);
- Rights holder (owner of the voting rights)
    - legal person (Name and National registration number or LEI or if none of the previous exist – BIC or client code);
    - natural person (First name, Surname, personal code).
- Proxy (in case a rights holder is represented by a third party via Power of attorney)
    - legal person (Name and National registration number or LEI or if none of the previous exist – BIC or client code);
    - natural person (First name, Surname, personal code).

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[17] The service is enabled in self-service portal ESIS as of April 1, 2021

- Participation method. Possible values depending on the participation methods available for the respective meeting are following:
  - Participation in person;
  - Participation in person but not voting[18];
  - Virtual participation.

If a notice of participation is submitted before the record date of the meeting it is responsibility of the last intermediary who services the rights holder to verify that the rights holder is a holder of the securities on the record date. In case of any changes, the last intermediary must cancel submitted notice of participation and re-submit as the case may be.

22.2.2 Transmission of the voting instructions through the network

Nasdaq CSD, if required by the issuer and upon request by the shareholder, will transmit through the chain of the intermediaries a received notice of participation (with votes) / voting instruction to the issuer to enable the shareholder to exercise the rights themselves or to enable the shareholder to nominate a third party to exercise those rights upon explicit authorisation and instruction by the shareholder for the shareholder's benefit.

Nasdaq CSD service 'Voting through the network' enables transmission of the following information through the chain of the intermediaries:

- voting instructions of the shareholders (from the shareholder to the issuer);
- confirmation of the receipt of the votes (from the issuer to the shareholder);
- confirmation that the votes have been validly recorded and counted by the company (in case a shareholder has requested such confirmation in the voting instruction) (from the issuer to the shareholder).

Nasdaq CSD is able to process incoming voting instructions from Nasdaq CSD participants (via ISO 20022 seev.004 message or by entering required information in ESIS GUI) in case:

- an issuer (or issuer agent) has enabled electronic voting and accepts voting instructions through the chain of the intermediaries (Vote method is Vote Through Network and the BIC of Nasdaq CSD is enabled);
- an issuer (or issuer agent) provides proxy-voting service to their shareholders and accepts voting instructions through the chain of the intermediaries;
- Nasdaq CSD provides proxy-voting service according to the bilateral agreement with the Nasdaq CSD participant.

With a voting instruction a rights holder can:

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[18] This participation method is to request attendance without voting and applicable to the cases when a rights holder has already provided the votes before the meeting via mail or electronic means

- vote for the resolutions that are part of the agenda and also provide a vote for resolutions that may arise at the meeting;
- when voting for the resolutions that are part of the agenda, provide vote instructions for each resolution or provide one single vote instruction to cover all agenda resolutions;
- when providing votes for each resolution, instruct specifying the instructed quantity of voting rights per resolution or specifying a vote instruction per resolution for the entire entitlement.

At least following information is included in the voting instruction:

- Unique identification of the instruction;
- Securities account number with Nasdaq CSD;
- Instructed quantity (Nasdaq CSD verifies if the instructed quantity does not exceed the total balance in the instructed account);
- Rights holder (owner of the voting rights)
  - legal person (Name and National registration number or LEI or if none of the previous exist – BIC or client code);
- natural person (First name, Surname, personal code);Proxy (in case a rights holder shall be represented by a third party via Power of attorney or a rights holder would like to use proxy-voting service provided by the issuer)
  - legal person (Name and National registration number or LEI or if none of the previous exist – BIC or client code);
  - natural person (First name, Surname, personal code);
- Request to receive confirmation of the execution of the votes;
- Participation method. Possible values depending on the participation methods available for the respective meeting are following:
  - electronic voting;
  - proxy (vote participation is through a proxy person);
- vote instructions for the resolutions that are announced via the meeting agenda
  - optionally, vote instructions for the resolutions that that may arise at the meeting but were not previously provided in the agenda.

The last intermediary shall ensure that the information regarding the number of shares voted is consistent with the entitled position. In case of any changes, the last intermediary must cancel submitted instruction and re-instruct as the case may be.

All received voting instructions are available for an issuer in self-service portal ESIS and downloadable in excel format. An issuer is able to confirm that votes have been registered in ESIS GUI. Nasdaq CSD informs Nasdaq CSD participant who delivered the voting instruction in ISO 20022 format by sending seev.007 Meeting Vote Execution Confirmation message or the information is available in ESIS GUI.

22.2.3 Cancellation of the instructions

Nasdaq CSD participant can cancel previously submitted notice of participation and/or voting instruction by sending ISO 2022 Meeting Instruction Cancellation Request seev.005 or initiate a cancellation in ESIS GUI.

For detailed content of the cancellation request message seev.005 please see Nasdaq CSD Message Usage Guidelines published in Nasdaq CSD Participants' secure portal.

A Nasdaq CSD participant can see a status of a cancellation request in ESIS GUI. The sender of seev.005 message will receive seev.006 message informing that cancellation request is received and completed.

22.2.4 Status of the instructions

Nasdaq CSD will send ISO 20022 Meeting Instruction Status seev.006 message immediately after validation of received Meeting Instruction seev.004 message to sender of it. If validation is successful Nasdaq CSD will report status PACK – accepted for further processing. This is to confirm receipt of the instruction.

If the validation of the Meeting Instruction seev.004 message is not successful Nasdaq CSD will report status rejected with applicable reason code.

An issuer will be required to accept or reject instructions. If an issuer has accepted the instruction Nasdaq CSD will report status RCIS (received by the issuer) and if an issuer has rejected the instruction a status REJT (rejected) with reason code RBIS is reported to the sender of seev.004 message.

All above mentioned statuses can be seen in ESIS GUI.

When the instructed quantity of the instruction exceeds the eligible or entitled balance in the instructed securities account with Nasdaq CSD, the sender of seev.004 message will be notified via Meeting Instruction Status seev.006 with rejected and reason code LACK. In case an instruction is submitted in ESIS GUI a user will not be able to indicate quantity more than it is on the securities account.

22.3 Specific rules related to the instructions

The notice if a participation with and without votes must include the information on the rights holder (a person who is entitled to execute the shareholder rights according to the national laws) as required in the Implementing Regulation (EU) 2018/1212.

22.4 Transmission of information to issuer/issuer agent

22.4.1 Available reports

The issuer/issuer agent can retrieve the notices of the participation and/or the votes in ESIS GUI by downloading following reports:

- In relation to the notices of the participation – a report of all shareholders who have submitted notice of a participation through the custody chain;
- In relation to the votes:

- represented shareholders report with the information on the shareholders who have given voting instructions;
- shareholders votes per agenda item report – includes details of each voting instruction per resolution and per shareholder
- vote report – includes votes per resolution.

The reports are available for an issuer / issuer agent to download when it has marked as received all valid voting instructions. Any cancelled or rejected voting instruction is not included in the reports.

22.4.2 Vote execution confirmation

After the meeting an issuer / issuer agent must confirm that the votes were executed for those voting instructions which included a request to confirm. This feature is enabled for the issuers / issuer agents in ESIS GUI. After the confirmation a relevant information is delivered to the custodian who submitted the respective instruction (via ISO 20022 seev.007 message to the sender of ISO 20022 seev.004 message and information is available in ESIS GUI). It is obligation of that custodian to ensure that the vote execution confirmation is delivered to the shareholder.

23 Business flows for corporate action processing

23.1 Business flow for mandatory events

The following message flow applies to mandatory corporate actions events (distributions, reorganizations without options):

AO	CSD	T2S / DEPEND

Initial announcement — CorporateActionNotification – MT564 (NEWM) /seev.031(NEWM)

Replacement Announcement (optional) — CorporateActionNotification – MT564 (REPL) /seev.031(REPL)

CorporateActionMovementPreliminaryAdvice – MT564 (REPE) / seev.031 (REPL) + EligibleBalanceIndicator set *

Record date EOD

After record date EOD — CorporateActionMovementPreliminaryAdvice – MT564 (REPE) + ADDB//CAPA /seev.035 NEWM

Payment date SOD latest (optional) — CorporateActionMovementPreliminaryAdvice – MT564 (REPL) + ADDB//CAPA seev.035 REPL

Payment date — SecuritiesSettlementTransactionGenerationNotification - sese.032 | SecuritiesSettlementTransactionInstruction - sese.023

SecuritiesSettlementTransactionStatusAdvice - sese.024 | SecuritiesSettlementTransactionStatusAdvice - sese.024

SecuritiesSettlementTransactionConfirmation - sese.025 | SecuritiesSettlementTransactionConfirmation - sese.025

CorporateActionMovementConfirmation - MT566 (NEWM) /seev.036 (NEWM)

 * skipped for well known events (like INTR)

23.2 Business flow for elective events

The following message flow applies to elective corporate actions events (mandatory reorganizations with options and voluntary reorganizations):

	AO	CA processing module of the CSD		Settlement module of the CSD
Initial announcement	← CorporateActionNotification – MT564 NEWM/seev.031NEWM			
Replacement Announcement (optional)	← CorporateActionNotification – MT564 REPL/seev.031 REPL			
Election period	CorporateActionInstruction – MT565/seev.033 →		IntraPositionMovementInstruction - semt.013 →	
	← CorporateActionInstructionStatusAdvice – MT567 PEND/seev.034		← IntraPositionMovementConfirmation - semt.015	
	← CorporateActionInstructionStatusAdvice – MT567 PACK/seev.034			
Response deadline date				
	← CorporateActionMovementPreliminaryAdvice – MT564 (REPE) + ADDB//CAPA / seev.035 NEWM			
Payment date-1 (optional)	← CorporateActionMovementPreliminaryAdvice – MT564 REPL/seev.035 REPL			
Payment date	← SecuritiesSettlementTransactionGenerationNotification - sese.032		SecuritiesSettlementTransactionInstruction - sese.023 →	
	← SecuritiesSettlementTransactionStatusAdvice - sese.024			
	← SecuritiesSettlementTransactionConfirmation - sese.025			
	← CorporateActionMovementConfirmation – MT566/seev.036			

The following message flow applies to elective corporate actions events (distribution with options):

	AO	CA processing module of the CSD		Settlement module of the CSD

Initial Announcement (RHDI event) — CorporateActionNotification – MT564 NEWM/seev.031NEWM for RHDI

Initial Announcement (CHOS event) — CorporateActionNotification – MT564 NEWM/seev.031NEWM for CHOS event

Replacement announcement — CorporateActionNotification – MT564 REPL/seev.031 REPL

Record date of RHDI event — CorporateActionNotification – MT564 REPE/ seev.031 (REPL + eligibility indicator) for RHDI

CorporateActionNotification – MT564 REPE/seev.035 for RHDI

Payment date of RHDI — SecuritiesSettlementTransactionGenerationNotification - sese.032 / SecuritiesSettlementTransactionInstruction - sese.023

SecuritiesSettlementTransactionStatusAdvice - sese.024

SecuritiesSettlementTransactionConfirmation - sese.025

CorporateActionMovementConfirmation – MT566/seev.036

CorporateActionNotification – MT564 REPE/ seev.031 (REPL + eligibility indicator set) for CHOS event

Election period of CHOS event — CorporateActionInstruction – MT565/seev.033

CorporateActionInstructionStatusAdvice – MT567 PEND/seev.034

IntraPositionMovementInstruction - semt.013

IntraPositionMovementConfirmation - semt.015

CorporateActionInstructionStatusAdvice – MT567 PACK/seev.034

Response deadline date — CorporateActionMovementPreliminaryAdvice – MT564 REPE/seev.035

CorporateActionMovementPreliminaryAdvice – MT564 REPE/seev.035

Payment date-1 — (Optional) CorporateActionMovementPreliminaryAdvice – MT564 REPE/seev.035

Payment date — SecuritiesSettlementTransactionGenerationNotification - sese.032 / SecuritiesSettlementTransactionInstruction - sese.023

SecuritiesSettlementTransactionStatusAdvice - sese.024

SecuritiesSettlementTransactionConfirmation - sese.025

CorporateActionMovementConfirmation – MT566/seev.036

The following message flow applies to oversubscription option of the elective corporate actions event – exercise the rights (EXRI):

23.3 Business flow for the corporate meetings

The following message flow applies to corporate meetings:
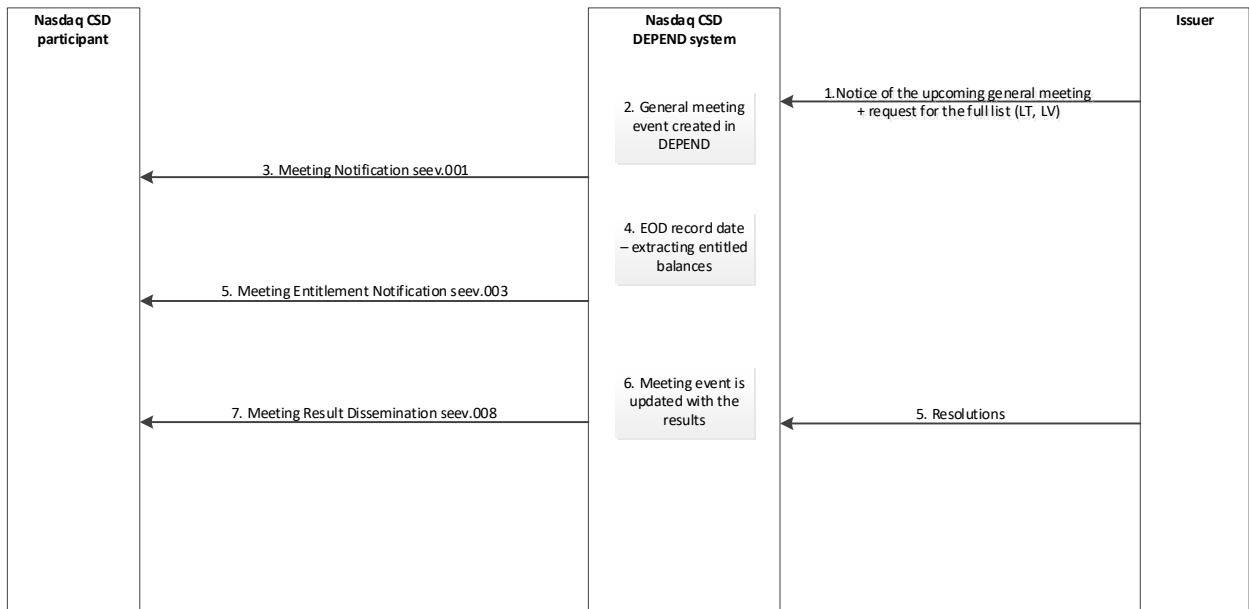
The following message flow applies to processing notices of participation:
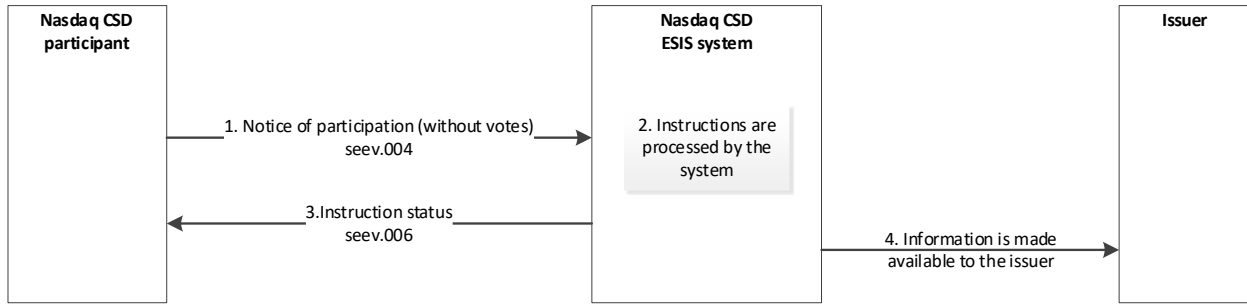
The following message flow applies to processing voting instructions:
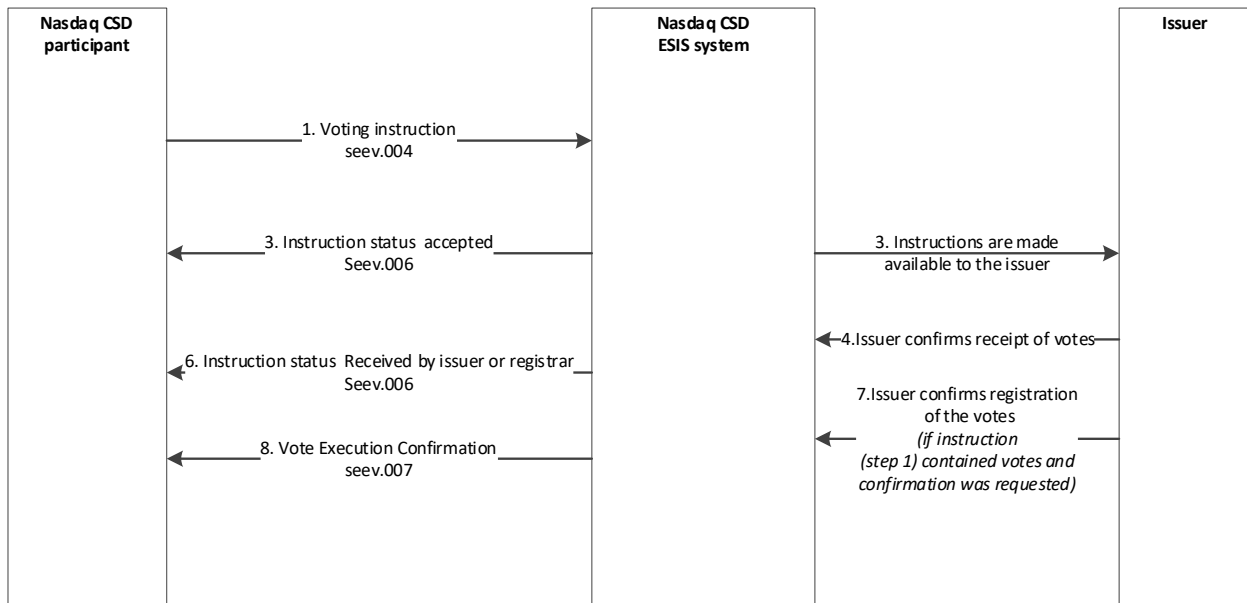
24 Withholding tax guidelines for Estonia

24.1 Applicable tax

Payment/Recipient	Resident company	Non-resident company	Resident Individual	Non-resident individual
Dividend taxed at 20% CIT	No WHT	No WHT	No WHT	No WHT
Dividend taxed at 14% CIT	No WHT	No WHT	7%	7%
Interest	No WHT	No WHT*	20%	No WHT*
Capital repayments	No WHT	No WHT	No WHT	No WHT

*Unless received in connection with holding in a common investment fund or other pool of assets of whose property, at the time of the payment of interest or during a period within two years prior to that, more than 50% was directly or indirectly made up of immovable or construction works as movables located in Estonia and in which the recipient of interest had a holding of at least 10% at the time of the payment of interest payment. Please note that Estonian tax rules do not distinguish between making dividend or interest payments to persons located in low tax jurisdictions compared to those made to treaty states. No additional WHT therefore arises even in case of recipients located in low tax jurisdictions.

24.1.1 Estonian corporate income tax system

Estonia employs a unique distribution based corporate income tax (**CIT**) system where annual profits of companies are not subject to taxation so long as they are retained. **CIT of 20/80** is imposed in case any dividend or other profit distributions and deemed profit distributions are made by the company. This means that as opposed to classical corporate income tax systems, there is no tax levied on retained earnings and the corporate income tax charge is effectively deferred.

When an Estonian company makes a dividend payment, then CIT becomes payable by the company and it constitutes a cost for the distributing company.

Distributed profits are generally subject to 20% corporate tax (20/80 on the net amount of the profit distribution), For example, a company that has profits of 100 euros (EUR) available for distribution can distribute dividends of EUR 80, on which it must pay CIT of EUR 20. The applicable tax rate is 20% on the gross amount.

In 2018, the law was amended and the corporate income tax rate on **regular dividends** was reduced from 20% to 14% over an ongoing three year cycle. According to the new rule on regular profit distributions, the payment of dividends in the amount that is below or equal to the amount of average taxed dividends paid during the three preceding years, will be taxed with a rate of 14% (the tax rate on the net amount being 14/86 instead of the regular 20/80).

For example, if a company was to distribute EUR 120,000 each consecutive year:

In 2018, dividends in the amount of EUR 120,000 are distributed and 20/80 CIT of EUR 30,000 is paid.

Y2 – In 2019, 1/3 of the 2018 dividends can be paid with a reduced CIT rate (i.e. 40,000 EUR * 14/86). The excess distribution of EUR 80,000 would be subject to 20% CIT (20/80).

Y3 – In 2020 it is possible to distribute 1/3 of the 2018 and 1/3 of the 2019 profits with 14% CIT rate (i.e. EUR (120,000 + 120,000)/3 = 80,000 EUR * 14/86). The excess distribution would be subject to 20% CIT (20/80).

Y4 – In 2021, the company would obtain the right to use 14% CIT for the whole average taxed distributed profit of three preceding years (i.e. EUR 120,000). Any excess distribution would be subject to 20% CIT (20/80).

Please note that **the first year taken into account** for calculating the average three year dividend amount **is 2018**, meaning that any dividends distributed before 2018 do not affect the 3-year average.

A **withholding tax (WHT)** is a different kind of mechanism for collecting income tax that is only levied on certain payments made by a company. Countries often levy WHT on dividends or interest paid by their resident companies. The company acts as a collector of WHT, but the actual burden of the tax is borne by the recipient of the income instead of the company making the payment. WHT is most commonly applied to dividend, interest, royalty and service fee payments. Tax treaties often lower applicable WHT rates.

In instances where dividends are subject to the reduced 14% tax rate, an additional WHT was introduced to avoid dividend income becoming more beneficial compared to other forms of income for an Estonian resident individual. From 2019 onwards, a 7% WHT applies to dividend taxed with 14% CIT that are paid to either resident or non-resident individuals.

Further to the above example:

Y2 – In 2019, 1/3 of the 2018 dividends can be paid with a reduced CIT rate (i.e. 40,000 EUR * 14/86). The excess distribution would be subject to 20% CIT (20/80).

The company would have to pay CIT of 26,512 in this example and if distributed to an individual, withhold 7% tax on the net dividend and thus remit EUR 2,800 to the tax authorities (7% of 40,000).

CIT rate: 20/80 on net amount OR 14/86 net amount on regular profit distributions

WHT on dividends: 0% or 7%. 7% WHT applies on dividend payments to individuals, which have been taxed at 14% at the level of the distributing company.

WHT on interest: Generally 0%

24.2 Withholding agent (WHT agent)

In a situation where a withholding agent (e.g. Nasdaq CSD Estonian branch) makes the payments on behalf of the issuer, then the WHT agent will become liable to withhold tax upon making taxable payments on behalf of the distributing company. The WHT agent can also provide means for avoiding double taxation. The withholding agent must follow procedures provided by law for application of correct WHT rates and to apply lower tax rates where allowed either under domestic rules or a relevant treaty. In order to do so, the withholding agent must collect necessary information regarding the form (legal person/individual) and residency of the recipient of payments.

Tax must be remitted and declared on the issuer's tax return "TSD" to the tax authorities by the tenth day following the month of making the payment.

Additional obligations of a WHT agent

If requested by a recipient of an item of income, the WHT agent must issue a certificate to the taxpayer concerning payments made and the income tax withheld during a calendar year, broken down by types of income and tax rates, no later than by 1 February of the year following the withholding of the tax.

These are forms "TSM" for resident individual taxpayers and "TSM MR" for non-resident taxpayers. The forms are available at: https://www.emta.ee/et/ariklient/tulu-kulu-kaive-kasum/maksudeklaratsioonid/tsd-esd-ja-toendid

To summarise, payments made to non-residents must be declared on form "TSD" (available on Tax and Customs Board **website**). Nonresident recipients must be registered with the Estonian tax authorities beforehand in order for them to receive a non-resident's tax code.

For further information: https://www.emta.ee/et/ariklient/tulud-kulud-kaive-kasum/valislepingud/tulu-ja-kapitalimaksuga-topeltmaksustamise-valtimise

24.3 Withholding tax

24.3.1 Key Concepts of Taxation

Tax residency

Individual – an individual is considered a tax resident of Estonia, if

- the person's place of residence is in Estonia;
- the person stays in Estonia for at least 183 days over the course of a period of 12 consecutive calendar months; or
- the person is an Estonian state public servant who is in a foreign service.

Company

A company's tax residence is usually determined either by place of incorporation or place of effective management. Estonia follows the place of incorporation principle. A legal person is therefore a tax resident if it is established pursuant to Estonian law.

24.3.2 Dividend payments

The Income Tax Act (**ITA**) defines dividend payments as payments made from the net profit or retained earnings from previous years in accordance with a resolution of a competent body of a company such as an annual general meeting. The basis of a dividend payment is the recipient's holding in the legal person (ownership of shares, partnership in a general or limited partnership or membership in a commercial association, or other forms of holding pursuant to the legislation of the home country of the company).

Generally, there **is no withholding tax on** Estonian sourced dividend payments.

If a company's dividend payment is subject to tax at the **full rate of 20/80**, then **no WHT** applies regardless of the recipient.

However, if the paying company is able to make use of the reduced tax rate of 14%, then dividends paid on account of **profit subject to 14% CIT to individuals** (either resident or non-resident individuals) must have **7% WHT** withheld.

In the context of dividend payments by listed companies, payments are often made to **nominee accounts.**

- Provided that the nominee accounts are segregated between individuals and legal persons, then payments to accounts designated for legal persons do not trigger the need to withhold tax.
- If dividends are paid to individuals or to accounts designated to individuals, then 7% WHT must be applied.
- If dividends are paid to an account, where the beneficial owners (**Bo**s) are undisclosed, then 7% WHT is applied.

The withholding agent can rely on underlying account proportion between legal persons and individuals if it is confirmed either via SWIFT message or via information given via designated information channel or signed by an authorized representative of a custodian.

24.3.3 Interest payments

Interest payments to residents

Interest payments to resident individuals are subject to 20% WHT.

If the resident individual uses an investment account and has notified the Issuer (withholding agent) of the fact of using an investment account, then the withholding obligation can be omitted.

There is no WHT on interest payments to resident legal persons.

Interest paid to a common investment fund or a public limited fund

Income tax of 20% should be withheld on interest which is paid to a common investment fund or public limited fund in connection with holding in a common investment fund or other pool of assets of whose property, at the time of the payment of interest or during a period within two years prior to that, more than 50% was directly or indirectly made up of immovable or construction works as movables located in Estonia and in which the recipient of interest had a holding of at least 10% at the time of the payment of interest.

Income tax is not charged on such interest payment, if the income of the investment fund constituting the basis thereof has already been taxed with income tax or exempt from income tax under the Income Tax Act.

Interest payments to non-residents

Generally, interest paid by Estonian companies to non-residents is **not subject to withholding tax.**

As an exception, only such interest that a non-resident has derived from a **contractual investment fund** or other **pool of assets** of whose property, at the time of the payment or during a period within two years before the payment, more than **50 per cent was directly or indirectly made up of immovable** or structures as movables located in Estonia and in which the non-resident had a **holding of at least 10%** at the time of transfer.

The above does not apply however on interest if the income of the investment fund constituting the basis of such payment has already been taxed with income tax pursuant to ITA or exempt from income tax under a certain exception.

Please note that the 10% participation rule is crucial, since it can be expected that non-resident portfolio investors do not hold over 10% in their respective listed investments. If the participation is therefore below 10%, then there is no obligation to apply WHT.

24.3.4 Fund payments

ITA does not provide for a special payment type such as fund payments. For tax purposes, any cash distributions from funds to unitholders depend on how the fund is established under Commercial Law and whether the fund has legal personality or not.

A public limited fund making payments to unitholders can pay dividends or interest or make capital repayments.

By law, monetary payments made to unit-holders on account of a contractual investment fund, excluding liquidation or redemption payments, should be treated as interest payments.

24.3.5 Capital repayments

There is no Estonian WHT on capital repayments i.e. share buy-backs or payments for cancellation of shares.

24.4   Relief at source

Eligibility of relief at source – treaty application

If a DTT prescribes lower WHT rates on payment made to a resident of a contracting state compared to the rates specified in domestic law, then the treaty rates are applied if the WHT agent submits a document certifying the recipient of income and the residency of the recipient of income to the Tax and Customs Board prior to making the payment or together with the monthly tax return "TSD". The residency document need not to be submitted if data on the recipient of income and the residency of the recipient of income have already been entered in the register of taxable persons and the document is valid.

In order to apply reduced treaty rate upon making the payment part II of form "TM3" should be filled or the Certificate of Residence (CoR) containing information listed in part II of form "Tm3" along with a confirmation on being the recipient of the said income should be filled.

Currently there are nine treaties that provide for a lower dividend WHT than 7% (5% with Bulgaria and Macedonia; 0% with Bahrein, Mexico, Georgia, Cyprus, Jersey, Island of Man and United Arab Emirates).[19]

Procedure for registering a CoR to obtain treaty relief

The documents listed above (TM3 or CoR; confirmation on beneficial ownership) should be submitted to the tax authorities by the tenth day following the month of making the payment.

Information regarding residence and about the information of the recipient of the income will be submitted to the taxpayer's registry and a unique non-resident code will be issued.

It is possible to confirm the non-resident's status on the tax authorities' website with "Mitteresidentsuse kontroll": https://www.emta.ee/et/ariklient/paringud

A resident holder of a nominee account or a non-resident holder of a nominee account residing in a treaty state can confirm recipients of income and their residency as a unified list. For the purpose of proving their residence the holder of the nominee account must have a CoR with respect to each recipient contained in the list. In addition, for confirming beneficial ownership, the holder of the nominee account should also have confirmation of each recipient that they are in fact the recipient of the income.

If so requested, then the holder of the nominee account must submit the aforementioned documents to the Estonian Tax and Customs Board.

The unified list cannot be used if the client of the nominee account is also holder of a nominee account.

Validity term of the CoR

Individual – no longer than 12 months form the date of issuance of the CoR.

Company, partnership of pool of assets – no longer than 36 months from the date of issuance.

If any information listed on the CoR changes, then the tax authorities should be notified immediately.

The CoR issued by a competent authority should include the following information

Details of the beneficial owner

- Name;
- Person is a legal person/individual/other;
- Full address in country of residence;
- Phone, e-mail address;

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[19] As of 2019

- Number of registration or identification;
- In case of representative his/her details (name, address, registration number, phone, e-mail).

Information to be confirmed by the competent authority of the Contracting State

- The competent tax authority of _____ hereby certifies that the above mentioned person is a resident of
- for treaty purposes (if necessary, the duration of residence: from ……………… to ………………)
- Name and title of the undersigned
- Date
- Signature
- Stamp of the tax authority

Eligibility of relief at source – domestic law

Relief at source should be granted to dividend payments made to legal persons based on Estonian domestic law.

To that end, a CoR is not required. The required proof for not withholding tax on dividend payments made to legal persons is information about the recipient of the dividend. Correctness of the information should be ensured.

24.5 Reclaim of withholding tax

If Estonian income tax has been withheld at a rate higher than what is stipulated in a treaty, then form "TM3" should be submitted to the Estonian tax authorities to reclaim excessively withheld tax. In addition to part II, "TM3" part IV should be filled or a request submitted in any other chosen format containing the same information.

If the reclaim request is submitted by a person other than the recipient, a PoA should be attached by the representative.

If WHT has been levied on the grounds of the BOs being undisclosed or if the WHT rate applicable to individuals has mistakenly been applied to legal persons, then the issuer's respective monthly tax return "TSD" should be amended to reflect the correct payments.

CSD does not act as intermediary to reclaim tax.

24.6 Treaty rates and applicability

The WHT rates as reflected in Annex 3 apply to dividends and interest paid to a recipient or beneficial owner resident in a tax treaty country. Individuals and companies with less than 25% shareholding are depicted in the "Dividends" column of Annex 3.

25 Abbreviations

Abbreviation	Explanation
AO	Account operator
BO	Beneficial Owner
CA	Corporate action
CAJWG	Corporate action joint working group
CIT	Corporate Income Tax
COAF	Corporate action official reference
COB	Close of business
CORP	Corporate action reference
CSA	Cash settlement account
DCA	T2S dedicated cash account
DCP	Directly connected party to TARGET2-Securities
DTT	Double Tax Avoidance
DVP	Deliver versus payment
EOD	End of day
ESIS	Electronic data exchange system based on web-based solution that provides querying and collection of securities owners information, using data stored in CSD's systems which comprises of issuers and securities register and all securities accounts opened in the CSD
FOP	Free of payment
ICP	Indirectly connected party to TARGET2-Securities
ISIN	International Securities Identification Number
ISO	International Standards Organization
NTS	Night time settlement
PA	Paying agent
PFOD	Payment free of delivery
RD	Record date
RVP	Receive versus payment
SOD	Start of day
SRD II	Shareholders Rights Directive (EU) 2017/828
SRD II IR	Implementing Regulation (EU) 2018/1212
T	Trade date

T+2	Trade date plus two business days
T2S	TARGET2-Securities
T2S CSD	Central Securities depository that has signed the T2S Framework Agreement and is participating in TARGET2-Securities
Tax CoR	Certificate of Residence
Treaty ITA	Income Tax Act
WHT	Withholding Tax

26 Glossary

Term	Definition
Baltic securities	Securities registered with the Nasdaq CSD in a book entry form. Nasdaq CSD is the Issuer CSD of these securities.
Beneficial owner	The party that is entitled to receive the benefits of the ownership of a security.
Blocking securities	A process preventing the transfer of a specified quantity of a security from one securities account to any other securities account.
Business day	Business day at the Issuer CSD.
Buyer Protection	Process whereby a buyer who has yet to receive the underlying securities of an elective corporate action, instructs the seller in order to receive the outturn of his choice.
Buyer Protection Deadline	Last day and time by which a buyer protection instruction can be given.
Calendar day	A calendar day is any day of the week, including weekends.
Chain of Intermediaries	Sequence of intermediaries connecting the issuer/Issuer CSD with the end investor and vice versa in respect of securities held by book entry in a securities account.
Close of business	Point in time when settlement ceases in the CSD on the business day.
Corporate action on flow	The generation of claims from, or a transformation of unsettled settlement instructions for, a corporate action.
Corporate Income Tax	Income tax on the income of companies
Credit, foreign tax	A method of relieving international double taxation. If income received from abroad is subject to tax in the recipient's country, any foreign tax on that income may be credited against the domestic tax on that income. The theory is that this means foreign and domestic earnings of an entity will as far as possible be similarly taxed, although usually the credit allowed is limited to the amount of domestic tax, with no carry over if tax is higher abroad.
CSD	Nasdaq Central Securities Depository
CSD participant	A customer of a CSD.
Deliver versus payment	Deliver securities against payment. A securities settlement mechanism which links a securities transfer and a funds transfer in such a way as to ensure that delivery occurs if - and only if - the corresponding payment occurs.

Delivery free of payment	A delivery of securities which is not linked to a corresponding transfer of funds.
Distribution with options	A distribution with a choice of proceeds.
Double taxation, domestic and international	Domestic double taxation arises when comparable taxes are imposed within a federal state by sovereign tax jurisdictions of equal rank. International double taxation arises when comparable taxes are imposed in two or more states on the same taxpayer in respect of the same taxable income or capital, e.g. where income is taxable in the source country and in the country of residence of the recipient of such income
Double taxation, economic and juridical	Double taxation is juridical when the same person is taxed twice on the same income by more than one state. Double taxation is economic if more than one person is taxed on the same item
Elective corporate action	Distribution with options, mandatory reorganization with options or voluntary reorganization.
Equities	Securities that form the share capital of the issuer, also known as stocks, shares.
Ex Date	Date from which the underlying security is traded without the benefit/right attached to it.
Ex/cum indicator	Indicator optionally used in the settlement instruction which indicates the conditions under which the order/trade is to be/was executed.
Foreign securities	Securities that are registered with the Issuer CSD and are held by the CSD as the Investor CSD.
Fractions	The decimal part of the balance of outturn securities resulting from the calculation of the proceeds of a Corporate Action.
Guaranteed Participation Date	Last date to buy the underlying security with the right attached to participate in an elective corporate action.
Hold and release	A process via which a CSD or instructing party may block a pending settlement instruction from settlement (block) or remove a block on a pending settlement instruction (release).
Instructing party	An entity that is the originator of a settlement instruction either on its own behalf or on behalf of its clients.
Intended settlement date	Date on which a settlement instruction is due to settle.
Interim Security	Short term transferable operational instrument, issued for processing purposes only, which is not representative of the Issuer's capital.
Intermediaries	Financial institutions that provide and maintain securities accounts.

Investor CSD	CSD that holds securities with another CSD or with an Intermediary.
Issuer	The issuer of an underlying security including the agent mandated by the Issuer for corporate actions purposes.
Issuer Agent	A CSD participant that is appointed by an issuer of a security admitted by a CSD to represent the issuer in relation with the CSD according to the rules of the CSD and national legislation.
Issuer CSD	CSD with whom the Issuer has deposited and maintains its primary securities issuance by book entry.
Mandatory reorganization	A reorganization that mandatorily affects the underlying security.
Mandatory reorganization with options	A mandatory reorganization with a choice of proceeds.
Matching	The process of comparing the settlement details provided by the buyer and the seller of securities in order to ensure that they agree on the settlement terms of the transaction.
Nasdaq CSD	Nasdaq Central Securities Depository in Baltic
Night-time settlement	A process that takes place during the night that attempts to settle and possibly settles all instructions in advance to be considered for settlement during the next calendar day.
Non-T2S currency	Currency other than T2S settlement currency.
Non-T2S eligible Baltic securities	Securities that are held by the CSD as Issuer CSD other than T2S eligible securities.
Opt out flag	See opt-out transaction condition indicator.
Opt-out transaction condition indicator	Optional attribute in a settlement instruction indicating no market claim or transformed settlement instruction should be automatically generated by the CSD.
Partial indicator	Optional attribute in a settlement instruction specifying whether partial settlement is allowed.
Partial settlement	The settlement of only part of a settlement instruction's original amount, when full settlement is not possible owing to lack of cash or securities.
Partially settled settlement instruction	Settlement instruction is not fully but partially settled.
Paying Agent	A CSD participant that is appointed by an issuer of a security registered with the CSD to intermediate corporate actions related cash resources from the issuer to the CSD (for cash distribution events) or from the CSD to the issuer (for events where cash is collected from the investors).
Payment	Delivery of the proceeds of a corporate action.

Payment Date	Date on which the payment is due.
Payment free of delivery	A transfer of funds without a simultaneous delivery of securities in return.
Payment system	In this document - TARGET2, TARGET2-securities.
Pending settlement instruction	Unsettled settlement instruction that is awaiting settlement.
Public announcement	A public announcement is any announcement which has been made and is no longer confidential.
Receive free of payment	A receipt of securities which is not linked to a corresponding transfer of funds.
Receive versus payment	Receipt of securities against payment. A securities settlement mechanism which links a securities transfer and a funds transfer in such a way as to ensure that delivery occurs if - and only if - the corresponding payment occurs.
Reconciliation	A process used to compare two sets of records to ensure the figures are in agreement and are accurate.
Record date	Date on which settled positions are struck in the books of the Issuer CSD at close of business to determine the entitlement to the proceeds of a Corporate Action.
Recycling period	The standard number of working days after the intended settlement date or the date of the last status change that an unmatched settlement instruction remains available for matching.
Relevant registry	Official companies registry in the country of residence of an issuer.
Reorganization	A corporate action whereby the underlying security is replaced with proceeds.
Residence	Residence is a basis for the imposition of taxation. Usually a resident taxpayer is taxed on a wider range of income or other taxable items than a non-resident. Residence in a state is a criteria for invoking

a tax treaty of that state, and residence for treaty purposes involves considering the domestic law of residence for tax purposes, and then the requirements in Article 4 of the OECD Model, especially in the case of tiebreaker tests in cases of dual residence |
Restricted balance	A securities position/balance in the securities account that is blocked, earmarked or reserved for a specific use.
Securities account	A securities account in the Nasdaq CSD.
Securities distribution	A distribution where the proceeds consist of securities.
Settlement cycle	Number of business days from the trade date to the intended settlement date.

Settlement instruction	An order, originating from both trading and non-trading operations, to deliver or receive securities (or rights in securities) with or without paying an amount of money to an ultimate beneficiary on behalf of an originator. In the event of a sale, the buyer of the securities will need to provide the "receive instruction" while the seller will need to provide the "delivery instruction".
Start of business	Point in time when settlement starts in the CSD on the business day.
T2S CSD	A central securities depository participating in TARGET2-Securities.
T2S currency	See T2S settlement currency.
T2S dedicated cash account	A cash account in T2S operated by a central bank.
T2S eligible Baltic securities	Securities held by the CSD as Issuer CSD that are recognized by the CSD as being eligible for settlement on T2S.
T2S settlement currency	A currency for which T2S provides settlement in central bank money on T2S dedicated cash accounts for securities transactions.
TARGET2	The Trans-European Automated Real-time Gross settlement Express Transfer system, which functions in accordance with Guideline ECB/2007/2 of 26 April 2007 (OJ L 237, 8.9.2007, p. 1).
TARGET2-Securities	The set of hardware, software and other technical infrastructure components through which the Eurosystem provides the services for CSDs and central banks that allow core, neutral and borderless settlement of securities transactions on a DVP basis in central bank money.
The CSD system	DEPEND
Trade date	The date on which the trade was executed / agreed.
Tax relief	Generic term to describe all methods used to reduce tax liability without regard to the particular way it is accomplished
Tax treaty	An agreement between two (or more) countries for the avoidance of double taxation. A tax treaty may be titled a Convention, Treaty or Agreement. Generally follows the structure of the OECD Model Convention.
Underlying Security	Security that is the subject of a Corporate Action.
Underlying Tax	Tax which is charged on corporate income out of which dividends are paid, but which does not appear as a direct deduction or withholding from the dividend itself.
Voluntary Reorganization	A reorganization in which participation is optional for the holder of the underlying security.
Withholding tax	Tax on income imposed at source, i.e. a third party is charged with the task of deducting the tax from certain kinds of payments and remitting that amount to the government. Withholding taxes are found in

	practically all tax systems and are widely used in respect of dividends, interest, royalties and similar tax payments. The rates of withholding tax are frequently reduced by tax treaties.

ANNEX 1 Transformations reporting

Information	Message trigger	15022 custody messages		20022 custody messages	ISO 20022 settlement messages
Corporate action event reference (CORP reference) of the underlying security	Underlying instruction cancellation	n/a		n/a	sese.027 n/a sese.024 n/a
	New instruction creation	n/a		n/a	sese.032 to CSD Participant and sese.023 to T2S: TxIdDtls\CorpActnEvtId
	New instruction status	n/a		n/a	sese.024 n/a
	Transformation settlement confirmation	n/a		n/a	sese.025 n/a
Processing code INFO	Underlying instruction cancellation initiated by the CSD	n/a		n/a	sese.027 n/a
	Underlying instruction cancelled				sese.024 n/a
	New instruction creation	n/a		n/a	sese.032 to CSD Participant and sese.023 to T2S: Lnkgs\PrcgPos\Cd\INFO
	New instruction status	n/a		n/a	sese.024 n/a

Information	Message trigger	15022 custody messages		20022 custody messages	ISO 20022 settlement messages
	Transformation settlement confirmation	n/		n/a	sese.025 n/a
Market infrastructure transaction identification (T2S reference) as in the underlying settlement instruction	Underlying instruction cancellation				sese.027 n/a sese.024 TxId\MktInfrstrctrTxId
	New instruction creation	n/a		n/a	sese.032 to CSD Participant n/a **and sese.023 to T2S:** Lnkgs\Ref\MktInfrstrctrTxId
	New instruction status	n/a		n/a	sese.024 n/a
	Transformation settlement confirmation	n/a		n/a	sese.025 n/a
Account servicer transaction identification as in the underlying settlement instruction	Underlying instruction cancellation	n/a		n/a	sese.027 TxId\AcctOwnrTxId\SctiesSttlmTxId\TxId sese.024 TxId\AcctOwnrTxId
	New instruction creation	n/a		n/a	**sese.032 to CSD Participant**

Information	Message trigger	15022 custody messages		20022 custody messages	ISO 20022 settlement messages
					Lnkgs\Ref\SctiesSttl mTxId + Ref\RefOwnr\AnyBIC \ sese.023 to T2S: n/a
	New instruction status	n/a		n/a	sese.024 n/a
	Transformation settlement confirmation	n/a		n/a	sese.025 n/a
TRAN settlement condition code	Underlying instruction cancellation	n/a		n/a	sese.027 n/a sese.024 n/a
	New instruction creation	n/a		n/a	sese.032 to CSD Participant and sese.023 to T2S: SttlmParams\SttlmTx Cond\TRAN
	New instruction status	n/a		n/a	sese.024 TxDtls\SttlmParam\S ttlmTxCond\TRAN
	Transformation settlement confirmation	n/a		n/a	sese.025 SttlmParams\SttlmTx Cond\TRAN

ANNEX 2 Market claim reporting

Information	Message trigger	15022 custody messages	20022 custody messages	ISO 20022 settlement messages
Corporate action event reference (CORP reference) of the underlying security	Claim detection	MT 564 :20C::CORP//	seev.035 CorpActnMvmntPrlimryAdvc \CorpActnGnlInf\CorpActnEvtId	n/a
	Claim generation	n/a	n/a	sese.032 to CSD Participant and sese.023 to T2S: TxIdDtls\CorpActnEvtId
	Claim status	n/a	n/a	sese.024 n/a
	Claim settlement confirmation	MT 566 :20C::CORP//	seev.036 CorpActnMvmntConf\CorpActnGnlInf\CorpActnEvtId	sese.025 n/a
Processing code INFO	Claim detection	n/a	n/a	n/a
	Claim generation	n/a	n/a	sese.032 to CSD Participant and sese.023 to T2S: Lnkgs\PrcgPos\Cd\INFO
	Claim status	n/a	n/a	sese.024 n/a
	Claim settlement confirmation	n/	n/a	sese.025 n/a

Information	Message trigger	15022 custody messages	20022 custody messages	ISO 20022 settlement messages
Market infrastructure transaction identification (T2S reference) as in the underlying settlement instruction	Claim detection	n/a	n/a	n/a
	Claim generation	n/a	n/a	sese.032 to CSD Participant n/a **and sese.023 to T2S:** Lnkgs\Ref\MktInfrstrctrTxId
	Claim status	n/a	n/a	sese.024 n/a
	Claim settlement confirmation	n/a	n/a	sese.025 n/a
Account servicer transaction identification as in the underlying settlement instruction	Claim detection	MT 564 :20C::RELA//	seev.035 CorpActnMvmntPrl imryAdvc\InstrId\Id	n/a
	Claim generation	n/a	n/a	**sese.032 to CSD Participant:** Lnkgs\Ref\SctiesSttlmTxId + Ref\RefOwnr\AnyBIC\ sese.023 to T2S n/a
	Claim status	n/a	n/a	sese.024 n/a
	Claim settlement confirmation	MT 566 20C::RELA//	seev.036 CorpActnMvmntC onf\InstrId\Id	sese.025 n/a

Information	Message trigger	15022 custody messages	20022 custody messages	ISO 20022 settlement messages
CLAI ISO transaction type	Claim detection	MT 564 :22F: :ADDB//CLAI	seev.035 CorpActnMvmntPrl imryAdvc\CorpActnGnlI nf\AddtlBizPrcInd\CLAI	n/a
	Claim generation	n/a	n/a	sese.032 to CSD Participant and sese.023 to T2S: SttlmParams\SctiesTxT p\Cd\CLAI
	Claim status	n/a	n/a	sese.024 SttlmParams\SctiesTxT p\Cd\CLAI
	Claim settlement confirmation	MT 566 :22F: :ADDB//CLAI	seev.036 CorpActnMvmntPrl imryAdvc\CorpActnGnlI nf\AddtlBizPrcInd\CLAI	sese.025 SttlmParams\SctiesTxT p\Cd\CLAI
Claimed cash amount	Claim detection	MT564 :16R: CASHMOVE :19B: :MKTC//	seev.035 CorpActnMvmntPrl imryAdvc\CshMvmntDtl s\AmtDtls\MktClmAmt\	n/a
	Claim generation	n/a	n/a	sese.032 to CSD Participant and sese.023 to T2S: SttlmAmt\Amt
	Claim status	n/a	n/a	sese.024 TxDtls\SttlmAmt \Amt
	Claim settlement confirmation	MT566 :16R: CASHMOVE :19B: :MKTC//	seev.036 CorpActnConfDtls\ CshMvmntDtls\MktClm Amt\	sese.025 SttldAmt\Amt

Information	Message trigger	15022 custody messages	20022 custody messages	ISO 20022 settlement messages
Claimed securities quantity / amount	Claim detection	MT564 :16R: SECMOVE :36B::ENTL//	seev.035 CorpActnMvmntPrl imryAdvc\EntitIdQty\Qty	n/a
	Claim generation	n/a	n/a	sese.032 to CSD Participant and sese.023 to T2S: QtyAndAcctDtls\Sttlm Qty\Qty
	Claim status	n/a	n/a	sese.024 TxDtls\SttlmQty\Qty
	Claim settlement confirmation	MT566 :16R: SECMOVE :36B::PSTA//	seev.036 CorpActnConfDtls\ SctiesMvmntDtls \PstngQty \ Qty	sese.025 QtyAndAcctDtls\Sttld Qty\Qty

ANNEX 3 Treaty rates

Recipient	Dividends (%)	Interest (%)
Non-treaty	0/7	0
Treaty:		
Albania	10	5
Armenia	15	10
Austria	15	10
Azerbaijan	10	10
Bahrain	0	0
Belarus	10	10
Belgium	15	10
Bulgaria	5	0/5[20]
Canada	15	10
China, People's Republic of	10	10
Croatia	15	10
Cyprus	0	0
Czech Republic	15	10
Denmark	15	10
Finland	15	10
France	15	0/10[21]

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[20] Not taxable in Estonia if interest is paid: a) to the Government of a Contracting State or to a local authority therein, or to the Central Bank of a Contracting State;

- on a loan of whatever kind granted, insured or guaranteed by the Government of a Contracting State, or a local authority therein, or the Central Bank of a Contracting State;
- in connection with the sale on credit of any industrial, commercial or scientific equipment;
- on any loan of whatever kind granted by a bank

[21] Not taxable in Estonia, if the recipient is

- that person is one of the Contracting States, its Central Bank or one of its local subdivisions, or

102

Georgia	0	0
Germany	15	10
Greece	15	10
Hungary	15	10
Iceland	15	10
India	10	10
Ireland, Republic of	15	10
Isle of Man	0	0
Israel	5	5
Italy	15	10
Jersey	0	0
Kazakhstan	15	10
Korea, Republic of	0	10
Latvia	15	10
Lithuania	15	10
Luxembourg	10	0
Macedonia	5	5
Malta	15	10
Mexico	0	4.9/10[22]

- the interest is paid for debt-claims or loans guaranteed or insured by a Contracting State, its Central Bank, or one of its local subdivisions, or, in the case of France, by the Compagnie française d'assurance du commerce extérieur (COFACE - French Foreign Trade Insurance Company), or, in the case of Estonia, by the State Export Credit Fund of Estonia, or by any entity established in either Contracting State after the date of signing of this Convention within the scope of public foreign trade financing or insurance and which is subject to a mutual agreement of the competent authorities, or
- this person is an enterprise of this State and such interest is paid in conjunction with the sale for credit by that enterprise of industrial, commercial, or scientific merchandise or equipment, to another enterprise, unless such sale or debt pertains to associated enterprises.

[22]

- 4.9% on the gross amount of the interest paid to banks and pension funds or pension schemes;

Moldova	10	10
Netherlands	15	0/10[23]
Norway	15	10
Poland	15	10
Portugal	10	10
Romania	10	10
Serbia	10	10
Singapore	10	10
Slovakia	10	10
Slovenia	15	10

- 10% on the gross amount of the interest paid in any other case.

Not taxable in Estonia, if:

- the interest is paid to a Contracting State, a political subdivision or a local authority thereof, or the Central Bank of a Contracting State;
- the interest is paid by any of the entities mentioned in subparagraph a);
- the interest is paid in respect of a loan granted, guaranteed or insured by Banco Nacional de Comercio Exterior, S.N.C., Nacional Financiera, S.N.C. or Banco Nacional de Obras y Servicios Publicos, S.N.C, or by any other institution, as may be agreed from time to time between the competent authorities of the Contracting States; or
- the interest is paid in respect of a loan granted, guaranteed or insured by Rural Development Foundation, Estonian Credit and Export Guarantee Agency and Enterprise Estonia Foundation, or by any other institution, as may be agreed from time to time between the competent authorities of the Contracting States.

[23] Not taxable in Estonia, if paid to:

- the State of the Netherlands, a political subdivision or a local authority thereof;
- the Nederlandsche Bank (Central Bank);
- a financial institution owned or controlled by the Government of the Netherlands, including political subdivisions and local authorities thereof;

Spain	15	0/10[24]
Sweden	15	10
Switzerland	10	0
Thailand	10	10
Turkey	10	10
Turkmenistan	10	10
Ukraine	15	10
United Arab Emirates	0	0
United Kingdom	15	0/10
United States	15	10
Uzbekistan	10	5
Vietnam	10	10

Individuals who would be eligible for a reduced dividend withholding tax rate under an applicable treaty should present a Certificate of Residence and reside in Bahrain, Bulgaria, Cyprus, Georgia, Isle of Man, Macedonia (FYR), Mexico or the United Arab Emirates.

Last reviewed 1 August 2018.

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[24] Not taxable in Estonia, if paid to the Government of Spain, including political subdivisions and local authorities thereof, the Central Bank or any financial institution wholly owned by that Government, or interest paid in respect of a loan guaranteed by that Government, subdivision or authority or a public institution acting within the framework of the promotion of the export and which is agreed upon by the mutual agreement of the competent authorities of the Contracting States, shall be exempt from tax in Estonia; b) interest arising in Estonia shall be exempt from tax if the beneficial owner of the interest is an enterprise of the Spain, and the interest is paid with respect to an indebtedness arising as a consequence of the sale on credit by an enterprise of that other State of any merchandise or industrial, commercial or scientific equipment to an enterprise of Estonia, except where the sale or indebtedness is between related persons.