



Functioning Rules

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Chapter 1 General organisation and role of ID2S

- Art. 1 ID2S is a Central Securities Depository (CSD) authorised under (i) Regulation (EU) n° 909/2014 of the European Parliament and of the Council of 23 July 2014 on the improvement of securities settlement in the European Union and the central securities depositories, and (ii) Article L.441-1 of the French Monetary and Financial Code.
- ID2S is a public limited company (Société Anonyme) with its registered office 95, rue Saint Lazare, 75009 Paris, registered with the Paris Trade and Companies Register under number 528 817 307.
- Art. 2 These “Functioning Rules” (hereafter “The Rules”) have been approved by AMF pursuant to Article 560-2 of its General Rulebook. The amendments to these Functioning Rules must be authorised by the AMF. ID2S notifies its Members when submitting an authorisation to modify these rules to the AMF.
- Art. 3 The present Rules, the Operating Manual, the Circulars and Notices of ID2S are published by ID2S and accessible on ID2S website. The Circulars and Notices are also sent to members via electronic mail.
- Art. 4 The contractual relationship between ID2S and its Members is governed by the General Terms & Conditions as well as the related Circulars and Notices.
- Art. 5 The ID2S Functioning Rules framework as detailed in Art 3 includes the participation of ID2S Participants in the User Committee.

Section A - Functions and functioning of ID2S

- Art. 6 ID2S provides services for eligible financial instruments. Initially these include selected money market instruments commencing with NEU CP (Negotiable EUROpean Commercial Paper or Titres négociables à court terme). No other types of financial instrument are currently admitted to ID2S operations.
- Art. 7 ID2S will only accept these operations as NEU CP fulfilling the following conditions:
- i. Be denominated in EUR;
 - ii. Be eligible in ID2S in its capacity as issuer CSD (and namely the execution of its notary function) or issued by another CSD with which ID2S has an investor CSD link;
 - iii. The issuing and paying agent (IPA) designated by the issuer, is an ID2S Participant;
 - iv. NEU CP are eligible for EUR settlement in T2S following the T2S User Guidelines;
 - v. In accordance with Art. L.211-3 of the Monetary and Financial Code, they are issued in a dematerialised form in the issuance account in the ID2S books.

Art. 8 The function of ID2S consists of:

- i. The initial registration of securities in a book-entry system (Notary Service), that is the registration in an issuance account of all NEU CP comprising each issue admitted to the operations in ID2S;
- ii. The centralised maintenance of securities accounts of NEU CP, i.e. the opening of the securities accounts of NEU CP to the legal entities likely to participate in a system of settlement and delivery of financial instruments, in application of the Art. L. 330-1 (II) of the Monetary and Financial Code (Central Maintenance Service);
- iii. The settlement as operated through a securities settlement system as set out in section A item n°3 of the Annex of Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 (Settlement Service).

Art. 9 Participants may be asked to disclose underlying holders of NEU CP as a result of disclosure requirements that apply to securities as per Art. L.228-2 of the French Commercial Code (Code de commerce).

Art. 10 In accordance with Art. L.213-2 of the Monetary and Financial Code, the Financial Securities admitted to the ID2S transactions may not be issued in registered form. Consequently, no list of nominative references will be established.

Art. 11 ID2S does not create or delegate its right to create representative certificates.

Art. 12 As at the date of publication of the Rules, ID2S is not a Participant of another CSD. ID2S will allow admission of another CSD to open securities accounts in its books under the conditions set out in Chapter II - Section D - below.

Art. 13 ID2S may outsource certain operations under the conditions of Art. 30 of the EU Regulation n° 909/2014 of the European Parliament and of the Council of 23 July 2014, by remaining fully responsible for the fulfilment of all its obligations and without affecting the relationship of ID2S with its Members.

Section B - The ID2S Securities Settlement System

Art. 14 The ID2S Securities Settlement System (ID2S RSSS) is managed by ID2S within the meaning of Article L.330-1 of the Monetary and Financial Code and notified as such to the Minister of the Economy and by the latter to the European Securities and Markets Authority (ESMA).

The ID2S RSSS is located in France and is governed by French law.

Art. 15 ID2S outsources the settlement of its operations to the Eurosystem, the operator of the TARGET2-Securities (T2S) technical platform.

- Art. 16 Any cash payment related to securities transactions and transfers from NEU CP admitted to ID2S is made in a Dedicated Cash Account (DCA) held by a Participant with a participating central bank at T2S, in accordance with Art. 28 below. Each securities account must have assigned at least one default Dedicated Cash Account (DCA) in T2S. Each DCA must have assigned a Payments Module (PM) account in TARGET2 (T2). ID2S does not provide a cash account.
- Art. 17 The ID2S business days, which are the days on which the ID2S RSSS operates, are specified in an ID2S Circular as published at least once a year for the upcoming calendar year.

Chapter 2 Member access to ID2S and access offered to another market infrastructure

Section A - Membership categories

- Art. 18 ID2S Members are:
- i. NEU CP issuers admitted to ID2S who have not appointed an issuing and paying agent;
 - ii. Participants listed in Paragraph b - who maintain securities accounts in ID2S books and who participate in the ID2S securities settlement system (RSSS);
 - iii. Financial Market Infrastructures under the conditions of Chapter II - Section D - below.
- Art. 19 In these Rules, the term “Account Holder” refers to any Participant holding securities accounts in the books of ID2S.
- Art. 20 ID2S informs the AMF and the Banque de France of any new admission of a Participant.
- The list of ID2S Participants is published on the ID2S website.

Paragraph a - Issuers

- Art. 21 Issuers are authorised to issue NEU CP issuers authorised pursuant to Article L.213-3 of the Monetary and Financial Code and whose programme has been approved by the Banque de France.
- Any issuer issuing NEU CP can either be its own issuing and paying agent, or designate a third party issuing and paying agent.

Paragraph b - The Participants

- Art. 22 Only the legal persons listed in Article L.330-1 (II) of the French Monetary and Financial Code may be Participants of ID2S.

Paragraph c - Financial Market Infrastructures

Art. 23 Financial Market Infrastructures are authorised to become Members of ID2S under the conditions of these Rules in accordance with Chapter II - Section D - below.

Section B - Participation to ID2S as an issuer or as an issuing and paying agent on behalf of an issuer

Art. 24 The issuer or, as the case may be, the issuing and paying agent appointed by an issuer wishing to issue NEU CP, must comply with the conditions of issuance of the NEU CP, in particular those listed in Art. 21 above.

ID2S reserves the right to require any document evidencing that the issuer is authorised to issue NEU CP.

Art. 25 When an issuer acting as its own issuing and paying agent requests to become a Member of ID2S as an issuer, ID2S processes this request in a non-discriminatory manner and responds to the applicant within one (1) month, in accordance with Article 33.2 of Regulation (EU) n° 909/2014 of the European Parliament and of the Council of 23 July 2014.

In case of refusal, ID2S notifies its decision in writing by providing a comprehensive risk analysis.

In accordance with Article 49 of Regulation (EU) n° 909/2014 of the European Parliament and of the Council of 23 July 2014, the issuer may lodge an appeal against ID2S' refusal decision with the AMF.

Section C - Membership to ID2S as a Participant

Paragraph a - The accession procedure

Art. 26 In accordance with Article 33 of Regulation (EU) n° 909/2014 of the European Parliament and of the Council of 23 July 2014, ID2S guarantees equitable and open access for all legal persons wishing to become Participants, while pursuing the objectives of financial stability and smooth functioning of the markets.

Art. 27 A person who wishes to join ID2S in order to participate in the ID2S RSSS and to open one or more securities accounts of NEU CP must:

- i. Create a membership file containing all the administrative documents as detailed in the Operating Manual;
- ii. Demonstrate belonging to one of the categories of participants listed in Article L.330-1 (II) of the French Monetary and Financial Code;

- iii. To have the necessary and sufficient technical and human resources;
- iv. Be subject to the regulations against money laundering and terrorist financing (see Art. 32);
- v. Have access to standardised messaging protocols, as provided in the Operations Manual, and have successfully passed the ID2S Systems Functionality Testing as part of the membership application;
- vi. Provide ID2S with the information on the identification of underlying clients when these are responsible of an important part of the transactions executed within ID2S, or when these transactions are, in respect of their volumes and size, significant in terms of the risk management capacities of the Participant.

Art. 28 The person wishing to join ID2S must have direct or indirect access to a cash account maintained by a central bank, which is connected to T2S as a payment bank, to allow the settlement of cash in cash accounts maintained by a central bank, in accordance with Article 40 of Regulation (EU) n° 909/2014 of the European Parliament and of the Council of 23 July 2014.

The Participant wishing to settle its operations in its DCA must obtain the status of payment bank, sign the contractual documentation and carry out the necessary formalities with the central bank of his choice connected to T2S.

The granting of payment bank status and the management of DCAs is the sole responsibility of the central bank chosen by the Participant.

ID2S reserves the right to require from the requesting Participant a certificate from the central bank of its choice stating that this cash account is used for the settlement of transactions on NEU CP issued or delivered in the ID2S books.

When the Participant has several settlement banks, the Participant informs ID2S by providing the names and contact details of each settlement bank.

Art. 29 Where the applicant is not domiciled in a Financial Action Task Force (FATF) country, ID2S reserves the right to refuse such a Participant's membership.

Art. 30 The Participant, who wishes to participate, must fulfil the technical and operational tests imposed by ID2S. These tests are conducted to allow ID2S to determine if the requester is able to communicate with the ID2S systems.

ID2S informs the Participant who wishes to join ID2S of the procedures for conducting tests and recording results.

In the event of a significant change in ID2S services or systems, Participants may be required to undergo new technical and operational tests to ensure their ability to communicate with the modified ID2S systems.

- Art. 31 ID2S has in place internal procedures to combat money laundering and the financing of terrorism.
- Art. 32 The applicant for membership must be subject to legislation on combating money laundering and the financing of terrorism, such as that resulting from Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purpose of money laundering or terrorist financing or equivalent.
- Art. 33 The membership application will be deemed to be filed on the day the file is complete and all the tests conclusive, in accordance with the provisions of the operating manual.
- Art. 34 ID2S will have one (1) month to accept or reject the membership application. The acceptance is subject to a comprehensive risk assessment, AML/CFT checks and operational tests.

Paragraph b - Refusal of membership

- Art. 35 In the case of refusal of membership, ID2S gives written reasons for its decision, based on a comprehensive risk assessment.
- Art. 36 Risks that motivate a refusal to apply for membership include financial, operational and legal risks. The risk categories are explained in the Operating Manual, according to the provisions of Articles 43, 44 and 45 of the Regulation (EU) n° 909/2014 of the European Parliament and of the Council of 23 July 2014.
- Art. 37 In case of refusal, the applicant Participant has the right to make an appeal to ID2S under the conditions of the Operating Manual and has the possibility to lodge an appeal with the Autorité des Marchés Financiers.

Section D - Access to ID2S from another market infrastructure

Paragraph a - Access from a trading platform

- Art. 38 Any trading platform that requests access to ID2S must meet the following admission criteria:
- i. To be established in a Member State of the European Union;
 - ii. To have the necessary authorisations for the exercise of its activities;
 - iii. To have systems to ensure communication with ID2S to enable the settlement and delivery of NEU CP issued and traded on the trading platform in near real-time;
 - iv. To successfully perform tests with its members, negotiating Participants, and with ID2S.

Paragraph b - Access from a Central Securities Depository

- Art. 39 Any CSD established in a Member State of the European Union may request access to ID2S by means of a standard link within the meaning of Article 50 of Regulation (EU) n° 909/2014 of the European Parliament and of the Council of 23 July 2014. In this case, the procedure provided for in Section C - Membership in ID2S as a Participant applies.
- Art. 40 The CSD requesting a customised link to ID2S must comply with Articles 51 and 52 of Regulation (EU) n° 909/2014 of the European Parliament and of the Council of 23 July 2014 and:
- i. Bear the cost of any system change necessary for ensuring the integrity of the issuance between two or more CSDs;
 - ii. Support the costs of adapting ID2S' IT systems.
- Art. 41 The CSD who wishes to obtain access to ID2S must make a written request by providing a preliminary analysis of the risks and the functioning of the market following the granting of access.
- Art. 42 ID2S responds to the request for access within three (3) months from the day of submission of the complete file.
- Art. 43 ID2S may refuse the request for access in writing by justifying the refusal by an exhaustive analysis of the risks or the harm done to the smooth functioning of the market.
- Art. 44 Notwithstanding Art. 41, any CSD established in a State other than a Member State of the European Union (third country) may request access to ID2S provided that it:
- i. Demonstrates the absence of conflicting legal systems between, on the one hand, French and European law and on the other hand, the law applicable to the Central Securities Depository of the third country;
 - ii. Demonstrates that all Functioning Rules, the Operating Manual, Circulars and ID2S Notices, whose tariff conditions are applicable to the depositary of the third country and enforceable against it;
 - iii. Be subject in the third country whose right is applicable to a regulation at least equivalent to the European and French regulations, particularly as regards the protection of client assets, accounting standards, risk management and the obligations of custodian account segregation and the protection of client assets.

Paragraph c - Access from a Central Counterparty

- Art. 45 Any Central Counterparty (CCP) that requests access to ID2S must meet the following admission criteria:

- i. To be established in a Member State of the European Union;
 - ii. To have the necessary authorisations for the exercise of its activities;
 - iii. Have systems to ensure communication with ID2S to enable the settlement and delivery of NEU CP issued and traded on a trading platform;
 - iv. Successfully perform tests with its members, clearing members, and with ID2S;
 - v. Support, as appropriate, the adaptation costs of ID2S computer systems;
- Art. 46 The CCP seeking access to ID2S must make a written request by providing a prior analysis of the risks and operations of the CCP following the granting of access.
- Art. 47 ID2S responds to the request for access within three (3) months from the day of submission of the complete file.
- Art. 48 ID2S may refuse the request for access in writing by justifying the refusal by an exhaustive analysis of the risks or the harm done to the smooth functioning of the market.

Chapter 3 Suspension, cancellation and termination of Members

Section A - Suspension and Cancellation

- Art. 49 Admission requirements as a Member of ID2S must be fulfilled for the duration of the membership. When a condition is no longer fulfilled, the Member must immediately inform ID2S and as soon as possible to regularise their situation.
- Art. 50 A Member may be suspended and membership may be terminated in the following situations:
- i. In the case of an issuer also acting as issuing and paying agent for its own account: when it no longer issues NEU CP admitted to ID2S operations;
 - ii. At the request of the AMF or, as the case may be, the competent authority;
 - iii. Upon ID2S' decision:
 - a. When the elements that motivated the admission decision are no longer met;
 - b. When the Member does not fulfil their obligations to ID2S or commits an act that contravenes these Functioning Rules, the Operating Manual or an ID2S Notice;
 - c. When the Member loses its technical and operational ability to communicate with ID2S;
 - d. A procedure provided for in Book 6 of the French Commercial Code or equivalent procedure of a legal system other than French law is open against the Member, where appropriate upon the ACPR notification (insolvency);

- e. In the case of an account holder within the meaning of Art. 20: when it has no securities account for NEU CP and has not given instructions to ID2S for 6 months (Dormant Account).

Art. 51 When the Member's situation poses risks, including financial, operational or legal risks as listed in the Operating Manual, ID2S reserves the right to:

- i. To suspend the Member;
- ii. To liquidate the open positions of the Member when it is a Participant, if this is applicable and possible according to the applicable regulation, and according to the rules set out in the ID2S Participant Default Rules and Procedure;
- iii. To inform the trading platform of the Participant's suspension; and
- iv. To terminate membership immediately.

Art. 52 The suspension or termination provided to the relevant Participant for in Art. 50 takes effect 5 days after notification from ID2S.

The suspension or termination of Art. 51 takes effect immediately upon notification from ID2S to the relevant Participant.

Art. 53 ID2S informs the AMF of any material breach by a Member of these Functioning Rules, the Operating Manual or ID2S Notices.

ID2S informs the AMF, the Banque de France, the ESMA, any other competent authority and where appropriate: the trading platforms, the CSDs having a link with ID2S and the CCPs, the Eurosystem as responsible of the management of T2S, of its decision to suspend or cancel a Participant.

Art. 54 In line with the Framework Agreement of T2S, ID2S has the right to send specific instructions in case of default according to Art.50 or Art. 51, namely:

- Hold and release the settlement instructions until the effective settlement or cancellation, even after the intended settlement date as per Art. 87;
- Cancel the settlement instructions unilaterally, even before occurrence of the matching process, as per Art. 96 and following;
- Cancel the settlement instructions bilaterally i.e. on instruction of both parties of the transaction, even when the instructions are matched;
- Hold the securities and/or cash for a specific reason, upon instruction mentioning that specific reason.

Art. 55 Moreover, in case of a default as defined in Art. 50 or Art. 51, ID2S has the right to:

- Instruct T2S to cancel the settlement instruction if the instruction is not matched at the end of the day;

- Refuse any new instruction from the defaulting Participant; and
- Suspend the Participant from the RSSS.

Section B - Termination upon member initiative

Art. 56 A Member may terminate their ID2S membership by a registered letter with acknowledgment of receipt sent at least 15 working days before the desired cancellation date.

Art. 57 The termination on the Member's initiative takes effect after:

- i. Payment of all amounts due between ID2S and the Member;
- ii. The closing of all current operations of the Member.

Moreover, the securities account or the issuance account of the Participant must show a zero balance.

Chapter 4 The issuance account and the maintenance of securities accounts of NEU CP

Section A - The issuing account

Paragraph a - Eligibility of NEU CP to the issuance account

Art. 58 ID2S opens an issuance account for each new issue of NEU CP on the basis of information provided to ID2S by the issuer or its issuing and paying agent.

Art. 59 The entire issue of NEU CP is deposited in ID2S' books.

By exception, the separation of the same issue between several central securities depositories is possible only under the conditions set out in the Operating Manual.

Art. 60 ID2S may refuse the admission of NEU CP that would (i) subject ID2S to legal, fiscal or regulatory constraints inconsistent with its central securities depository functions, its existing capabilities or the services it provides or ii) subject ID2S Participants to legal, fiscal or regulatory constraints that are inconsistent with their status and activities.

Art. 61 The issuer is solely responsible for complying with its legal and regulatory obligations, including if it acts as an issuing and paying agent.

In no case ID2S shall be responsible for any breach law by the issuer, inter alia, resulting from the agreement between the issuer and the issuing and paying agent.

- Art. 62 ID2S reserves the right to request from the issuer, or, as the case may be, from the issuing and paying agent who represents him, the supporting documents enabling to verify the accuracy of the information provided to participate in application of Art.58 and those attesting compliance with legal and regulatory obligations, including a copy of the approval of the issuance program by the Banque de France and/or the contract between the issuer and his issuing and paying agent.

Paragraph b - Cancellation of the NEU CP from the issuance account

- Art. 63 NEU CP can be cancelled from the issuance account at the request of the issuer. NEU CP are automatically cancelled once they come to maturity and have been reimbursed. In any case, the cancellation is executed at T2S through the credit of the issuance account within ID2S.
- Art. 64 The issuer can request the cancellation of the NEU CP from the issuance account. Based upon the instruction [received] from the issuer or its paying agent, ID2S determines the day and hour when the cancellation will be effective.
- Art. 65 If the issuer or the paying agent requests the cancellation on the basis of Art.64, the Participant must provide the necessary instructions in order to transfer the cancelled NEU CP from the issuance account in favour of another CSD. If the Participant does not provide such instruction, ID2S will be in the position to take the necessary measures to the cost and risk of the Participant.
- Art. 66 At Maturity, the issuance account will be credited of the redeemed NEU CP and the securities account where the NEU CP is held will be debited.
- Art. 67 The issuance account will be closed at the discretion of ID2S when it has a zero balance, according to the conditions set in the Operating Manual.

Section B - Securities accounts of NEU CP

Paragraph a - Operating of securities accounts

- Art. 68 As NEU CP is by law bearer securities, the owners of the NEU CP have them registered with a custodian who is an ID2S Participant.
- Art. 69 ID2S opens for its Participants upon request securities accounts for holding NEU CP to which the NEU CP are credited and whose functioning is detailed in the Operating Manual.
- Art. 70 The Participant is required to provide ID2S with accurate instructions regarding debits and credits in the account so as to protect the rights of investors on the NEU CP.

- Art. 71 The opening of segregated accounts and omnibus accounts is specified in the Operating Manual.
- Art. 72 ID2S constantly checks that the amount of issued NEU CP and debited to the issuing account in its books is equal to the sum of the NEU CPs recorded in the securities accounts of its Participants.
- Art. 73 ID2S reserves the right to request any proof or certification from its account holders to prove that they are in the relationship with their own clients to reconcile the positions recorded in securities accounts of NEU CP.
- Art. 74 ID2S operates on the basis of the principle of double-entry accounting. As a result, each debit from a NEU CP securities account is credited to another NEU CP securities account.
- Art. 75 ID2S reports daily to the AMF:
- i. Balances of the accounts referred to in article 560-1 of the AMF General Rulebook;
 - ii. NEU CP delivery and cash payment transactions;
 - iii. Settlement defaults in NEU CP or cash.
- Art. 76 The securities accounts of NEU CP maintained for the Participants can be debited:
- i. At the request of the Participant who gives a debit order of their account or withdrawal;
 - ii. Automatically in case of, partial or complete redemption or cancellation the issue of NEU CP;
 - iii. Automatically at the end of the NEU CP program.
- The securities accounts of NEU CP maintained for the Participants may be credited at the request of the account holder or on the instruction of the trading platform in case of acquisition of NEU CP on the primary or secondary market.
- Art. 77 ID2S communicates daily to each Participant the statement of transactions on its securities accounts. This statement indicates the previous balance, the credit and debit movements recorded, and the new balance resulting thereof.
- ID2S provides account statements at regular intervals specified in the Operating Manual.
- Art. 78 ID2S provides its Participants with all account statements, statement of transactions and statement of holdings as detailed in Chapter VII Reports in the Operating Manual.

Paragraph b - Rights attached to NEU CP

- a) The conditions allowing ID2S to take the necessary steps to allow the exercise of the rights attached to the NEU CP.
- Art. 79 ID2S allows the exercise of rights attached to NEU CP issued in the account issue maintained by ID2S.
- Art. 80 The rights attached to the NEU CP are:
- i. Mandatory cash distributions;
 - ii. Mandatory reorganisations, i.e. mandatory corporate actions impacting the very structure of NEU CP.
- Art. 81 ID2S does not provide any service of sale or purchase of rights in relation to NEU CPs. By enrolling in ID2S, the account holder expressly authorises ID2S to process the mandatory cash payments related to NEU CPs.
- Art. 82 ID2S will issue to T2S the necessary instructions for the settlement of the rights attached to the NEU CPs.
- Art. 83 The Participant issuing and paying agents will be the calculation agents of the coupons paid with floating rate, the rate being EONIA or such other rate as ID2S can indicate in a notice.
- b) The arrangements made by ID2S to enable the exercise of the rights attached to the NEU CP.
- Art. 84 Mandatory distributions are only payments of euro coupons to which the account holder is entitled to the extent that NEU CPs on which the issuer pays coupons are credited to the account holder's securities account.
- In the event that a coupon is negative, the cash account holder's account may be debited.
- Issuers or issuing and paying agents authorise ID2S to make mandatory distributions. Nevertheless, before payment in accordance with Art. 82 above, ID2S will validate the payment with the issuer or the issuing and paying agent within a time limit that ID2S will determine.
- Art. 85 Compulsory reorganisations are the redemptions of the NEU CP at the end of the program or the full or partial early redemption of NEU CP. Mandatory reorganisations do not have the option.
- The account holder is entitled to the proceeds of the mandatory reorganisation in so far as it has credited NEU CPs credited to their securities account.

Issuers and, where applicable, their issuing and paying agents authorise ID2S to make mandatory cash payments. Nevertheless, before payment in accordance with Art. 82 above, ID2S will validate the payment with the issuer or the issuing and paying agent within a time limit that ID2S will determine.

Art. 86 Both mandatory distributions and mandatory reorganisations are settled by a cash payment.

Issuers or, where applicable, issuing and paying agents, authorise ID2S to make cash payments. Nevertheless, before payment in accordance with Art. 82 above, ID2S will validate the payment with the issuer or its issuing and paying agent within a time limit that ID2S will determine.

Cash payments are made from the central bank cash account in the name of or on behalf of the issuer to the central bank cash accounts of the account holders or held on behalf of account holders who are entitled to coupon payments for NEU CP held at ID2S.

All payments are made in Euro.

Chapter 5 The settlement and measures to remedy the settlement defaults

Section A - Matching, purpose and settlement in the ID2S securities settlement system

Art. 87 When NEU CP is traded on a trading platform, the Intended Settlement Date is indicated in the buy and sell order of the trading platform participants.

When the NEU CP is traded over the counter, the seller and the buyer inform their ID2S Participant of the intended settlement date through their instruction to ID2S.

Art. 88 For secondary market transactions executed on a trading venue, the Intended Settlement Date within the meaning of Article 5 of Regulation (EU) n° 909/2014 of the European Parliament and of the Council of 23 July 2014 and of Art. 87 above occur no later than 2 days after the negotiation.

For other transactions, the Intended Settlement Date occurs at the latest 1 month after the negotiation.

Art. 89 Any settlement is "Delivery Versus Payment" (DVP), unless the parties expressly instruct a delivery of NEU CP without cash.

Art. 90 ID2S outsource the settlement of NEU CP to the Eurosystem, as operator of the T2S technical platform.

- Art. 91 In accordance with Art. 16 and Art. 28, settlement of transactions settled by ID2S must be made in cash account held by a central bank participating in T2S.

ID2S does not provide any banking services and does not hold internal cash accounts.

- Art. 92 The provisions of Paragraph a to Paragraph d - below only apply to the instructions for securities; the cash instructions being considered as entered into the system, matched, irrevocable and settled according to the rules of the central bank concerned.

Paragraph a - The introduction of instructions in the ID2S securities settlement system

- Art. 93 The instructions are introduced into the ID2S securities settlement system by the Participants.

- Art. 94 Only specific instructions relating to certain securities transactions are introduced by ID2S, in accordance with the provisions of Art. 79 and following.

- Art. 95 When the ID2S Participant is a Directly Connected Participant (DCP) to T2S, the Participant sends the settlement instructions in T2S directly.

When the ID2S participant is an Indirectly Connected Participant (ICP), ID2S sends the Participant's settlement instructions in T2S.

In all cases, a securities instruction is considered to be entered into the ID2S securities settlement system when it successfully passes the business validation process of T2S.

Paragraph b - The irrevocability of the instructions

- Art. 96 A transaction matches where the Participants agree on the terms of the transaction and agree to deliver the NEU CP or to make the payments relating to the transaction.

- Art. 97 The criteria for comparing the instructions for ascertaining Participants' agreement on the terms of the operation are set out in the Operating Manual. Instructions match when the cash difference between the instructions of the purchasing Member and the selling Member are inferior to the maximum allowed.

- Art. 98 As long as the instructions are not matched, each Participant can cancel them individually. From the moment the instructions are matched and until the final settlement has occurred, only bilateral cancellation can take place.

- Art. 99 With the exception of certain transactions, instructions are matched in T2S.

Art. 100 Instructions sent unmatched in T2S become irrevocable when T2S sends to ID2S securities settlement system message with matched status. The instructions sent already matched into T2S become irrevocable when they successfully pass the "business validation" control of T2S.

Art. 101 T2S recycles unmatched instructions for a specified time in a circular, unless ID2S cancels the instructions before the end of this period.

Paragraph c - Settlement Finality

Art. 102 In accordance with the provisions of Art. 87 and following, the settlement must occur on the Intended Settlement Date.

Art. 103 For securities against payment instructions, T2S:

- i. Holds a sufficient balance of NEU CPs;
- ii. Checks the presence of a sufficient cash balance or as an alternative, of sufficient global liquidity, as defined by the relevant central bank;
- iii. Generates the movements of NEU CP to be posted in the Participant's NEU CP accounts in its books and the cash movements to be posted to the central bank cash account;
- iv. Updates NEU CP's securities account positions and cash positions in the dedicated cash account.

Art. 104 When the operations provided for in Art. 103 have been realised, the settlement becomes final.

Art. 105 ID2S then updates the Participants' NEU CP securities accounts.

Section B - Delays and settlement defaults

Art. 106 ID2S will modify the provisions of this section (Section B) - Delays and settlement defaults when the Delegated Regulation (Commission Delegated Regulation (EU) 2018/1229 of 25 May 2018 with regard to regulatory technical standards on settlement discipline (SDR)) referred to in art. 9 of the Regulation (EU) n° 909/2014 of the European Parliament and of the Council of 23 July 2014 on the improvement of securities settlement in the European Union and the central securities depositories will enter into force.

In particular, the provisions on Monitoring Settlement Fails as detailed in Section 1, Cash Penalties as detailed in Section 2, and Mandatory Buy-ins as detailed in Section 3 will be incorporated into this section.

Art. 107 In the event of late settlement, ID2S Participants must send, by the end of the day of the agreed settlement date, the necessary instructions for the cancellation of the settlement instruction, in accordance with the Operating Manual.

In the event that one of the parties does not send a cancellation instruction due to a delay in the settlement, the instruction is reintroduced in T2S every next day, generating penalties that are payable under the conditions detailed in the Operating Manual.

- Art. 108 Under the conditions set out in the Operating Manual, ID2S monitors settlement and delivery defaults and takes the necessary measures to reduce the number of settlement and delivery defects.

The User Committee and the other market infrastructures are consulted on the reduction of defaults.

ID2S informs the AMF of the good discipline of delivery regulations under the conditions specified in the Operating Manual.

- Art. 109 ID2S establishes a tracking system to monitor and report settlement fails, and provides regular reports to the AMF regarding the number and details of settlement defects. ID2S also informs the AMF of the measures taken to reduce delivery default. The reports will be made public anonymously on the ID2S website on an annual basis.

- Art. 110 ID2S and trading platforms may, after consultation with the AMF, suspend any Participant who repeatedly fails to deliver the financial instruments on the agreed settlement date. ID2S and trading platforms may publish the identity of such Participant after giving such Participant the opportunity to comment and provided that the Competent Authorities have been duly informed.

- Art. 111 In addition to consultation prior to a suspension, ID2S informs the AMF immediately of any suspension of a participant.