

ID2S Operating Manual

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Version 2.0

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Chapter I - Introduction

Section A - Legal documentation

- Art. 1 This is the operating manual of ID2S (the Operating Manual), a CSD as defined under Regulation (EU) n° 909/2014 of the European Parliament and of the Council of 23 July 2014, established in France and authorised and supervised by the Autorité des Marchés Financiers (AMF) and Banque de France (BDF).
- Art. 2 This Operating Manual, as amended or supplemented from time to time, governs the rights and obligations of ID2S and its Members in connection with the provisions of ID2S services covering: the operation of ID2S' securities settlement system; ID2S issuance services related to NEU CP; the central maintenance service of NEU CP; and ancillary non-banking services that ID2S may offer to Members .
- Art. 3 This Operating Manual supplements the General Terms and Conditions, and the Functioning Rules of ID2S.
- Art. 4 Circulars and Notices, as published by ID2S from time to time, supplement this Operating Manual.

Section B - Definitions

- Art. 5 The following terms have the meaning ascribed to them in this article:
- i. **Account Holder** means a Participant or a CSDs for which ID2S has opened one or more Securities Accounts;
 - ii. **Authorised User** means a physical person who will access ID2S and act on behalf of a Member;
 - iii. **Business Day** means a day where T2S is open for operations;
 - iv. **Circulars and Notices** mean ID2S provisions that supplement this Operating Manual from time to time;
 - v. **CCP** means a central counterparty;
 - vi. **Creation** and **to create** means the placement and the distribution of a NEU CP issuance, which includes the opening of an Issuance Account, the debit of that Issuance Account and the exchange of NEU CP against cash, as well as the opening of a Distribution Account, the credit of that Distribution Account, and the subsequent distribution of Investor Custodian accounts ;
 - vii. **Customer** means a Participant's or FMI's customer, so not a direct participant of ID2S;
 - viii. **CSD** means a Central Securities Depository as defined under Regulation (EU) n° 909/2014 of the European Parliament and of the Council of 23 July 2014 or as defined

by national law outside the EU, excluding ID2S for the purpose of the Legal Documentation;

- ix. **Dedicated Cash Account** or DCA means the cash account opened in a TARGET2 component system in the name of an Account holder (Participant or CSD) in the name of a Payment Bank appointed by the Participant in the books of a national central bank operating as Eurosystem ancillary system in T2S;
- x. **Directly Connected Party (DCP) is a T2S user, that has been authorised by its** contracting CSD or central bank to access T2S directly when it needs to use T2S services, i.e. without the contracting CSD or central bank acting as a technical interface (which would in this case be termed an "indirectly connected party"). See also "Directly connected DCA holder" for cash only DCP;
- xi. **Dormant Account** means an Issuance Account or a Securities Account that has a zero balance and in relation to which the Account Holder has not provided any instructions for more than 182 calendar days;
- xii. **Financial Markets Infrastructure** or **FMI** means a CSD (except ID2S), a CCP or a Trading Venue;
- xiii. **Financial Risk Event** has the meaning assigned to it in Art. 9;
- xiv. **Holding** and to hold means the fact for a Member of have securities credited to Securities Accounts in its name in the books of its service provider, custodian or CSD. That Member holds the securities either for its own account or on behalf of the account of others;
- xv. **ID2S Business Day** is a day when ID2S is open for business.
- xvi. **Indirectly Connected Party (ICP)** is a CSD participant or payment bank which uses the technical interface of its contracting CSD or central bank to access T2S Services;
- xvii. **Intended Settlement Date** has the meaning assigned to it in Art. 98;
- xviii. **Issuance Account** means the account in the books of ID2S which records the issuance of NEU CP;
- xix. **Issuer** means the legal person who issues NEU CP;
- xx. **Issuing and Paying Agent**, or IPA means a legal person authorised to act as an “agent domiciliataire” under French laws and regulations and appointed by an Issuer for the purpose of issuing NEU CP in ID2S; provided it is authorised to act as an “agent domiciliataire”, an Issuer can appoint itself as IPA;
- xxi. **Legal Documentation** means the entirety of the ID2S Functioning Rules, this Operational Manual, the Terms and Conditions, and the Circulars and Notices from time to time;
- xxii. **Maintaining** and **to maintain** means the activity whereby a CSD, including ID2S, or a custodian provides its Account Holders with Securities Accounts to which the Member's or a third party's securities are credited;
- xxiii. **Member** means any and either of (i) a Participant or (ii) a FMI;
- xxiv. **NEU CP** means titres de créance négociable à court terme as defined in Article D 213-1, I of the French Monetary and Financial Code;
- xxv. **Operational Risk Event** has the meaning assigned to in Art. 11;

- xxvi. **Participant** means any legal person that participates to the securities settlement system operated by ID2S (excluding FMIs) and in whose name ID2S has opened one or more Securities Accounts, including an Issuer acting as its own IPA;
- xxvii. **Payment Bank** means a legal person appointed by a Participant that, for the purpose of the services provided by ID2S, holds a cash account in the books of a central bank in which the relevant Participant's transactions are settled;
- xxviii. **Person**: For the purpose of the ID2S legal documentation "Person" is a legal entity engaging business relationship with ID2S or any trading venue that may be Member of ID2S.
- xxix. **Power of Attorney** means the power of attorney provided by persons conducting trading activity on trading venues connected to ID2S, in whatever form, and enabling such trading venue to instruct ID2S on the Customer's behalf to settle the transactions in the settlement system operated by ID2S;
- xxx. **Receipt of Application** has the meaning assigned to it in Art. 25 and 34.
- xxxi. **Securities Account** means an account opened in the name of an Account Holder and to which NEU CP held by the Account Holder for its own account or for the account of Customers may be credited;
- xxxii. **Trading Venue** means a trading venue as defined in point (24) of Article 4(1) of Directive 2014/65/EU;
- xxxiii. **In writing** refers to any communication between parties in written form, including post, mail, email including unencrypted and uncertified email, international open communication procedures and standards and messaging through ID2S or a Trading Venue's proprietary messaging format.

Art. 6 Terms in Art. 5 that are given in singular may be used in plural throughout this document and vice versa.

Section C - Risk considerations

Art. 7 ID2S may conduct regular risk assessments and audits on its Members, including FMIs and on NEU CP that are issued and maintained in ID2S. Risk assessments are conducted on a continuing basis and a general risk review is conducted every 3 months.

Paragraph a - Financial risks

Art. 8 The financial risks include: liquidity risk, counterparty risk, market risk and business risk.

Art. 9 A Financial Risk Event, in relation to a Member, is any event that increases the financial risk of ID2S or other Members or investors in relation to the Member or in relation to the NEU CP that the Issuer issued.

A Financial Risk Event includes but is not limited to any action (corporate or otherwise), legal proceedings, or other procedure with the view of the winding up, dissolution, administration, legal redress or reorganisation of the Member; the appointment of a liquidator or administrator or similar officer under the laws of a country other than France, in view of the

winding up, dissolution, administration, legal redress or reorganisation of the Member; the enforcement of any security in relation to the Member and that enforcement proceeding is not interrupted after 20 business days; the expropriation, attachment, sequestration, distress of execution over or affecting any material asset of a party and that proceeding is not interrupted after 20 business days; a credit downgrading in relation to the Member; a central bank freezing or closing the cash account in its books on which the cash leg of the Member's transactions settle; The ECB closing or freezing the access to T2S; an article published in internationally recognised press (newspaper or magazine) in relation to a likely credit event affecting the Member, its debtors or creditors.

Paragraph b - Non-financial risks

Art. 10 The non-financial risks include operational risk, information technology (IT) risk, legal risk, non-conformity risk, residual risk and settlement risk.

Art. 11 An Operational Risk Event in relation to a Member is any event that increases the non-financial risks of ID2S or other Members or investors in relation to the Member or in relation to the NEU CP that the Issuer has issued.

An Operational Risk Event includes but is not limited to a breakdown of the Member's IT systems for a more than a day or repetitive breakdowns in a few days; the unavailability or inaccessibility of the Member's messaging systems or impossibility for the Member to access ID2S' messaging system; rumours spread by way of press in relation to the Members inability to perform their obligations within ID2S.

Chapter II - Members

Section A - Categories of Members

Art. 12 An applicant may apply for one or more Member statuses. Conditions for admission depend on the status the Member applies for. When applying for admission to ID2S, the applicant shall indicate to ID2S what status(es) it is applying for and submit the relevant application file(s).

Art. 13 Each Issuer shall appoint an IPA, which shall be a Participant. Issuers that belong to the categories of institutions authorised to act as an IPA may act as their own IPA.

Art. 14 ID2S will publish on its internet website a directory of its Members, containing the Member's name, contact details and category of each Member.

Section B - Admission of Members

Paragraph a - Common provisions

Art. 15 The Chief Executive Officer of ID2S shall take the ultimate decision to accept or refuse a request to become a Member of ID2S.

Art. 16 ID2S and the applicant Member will proceed with operational and technical tests relative to the correct interaction between the applicant's IT systems and ID2S' IT systems, if the applicant Member applies for the status of FMI or Participant.

Those tests need to be conclusive for the applicant to become eligible to admission to ID2S.

Paragraph b - Requirements for admission of a Participant

Art. 17 Any applicant Participant shall submit:

- i. Its articles of association, partnership contract or another equivalent document;
- ii. its Kbis extract or equivalent official documentation established under the laws of another country than France, including proof of the power to represent the applicant Participant for each signatory;
- iii. the 3 last annual reports including audited financial statements;
- iv. the latest intermediary report;
- v. the amount, composition and distribution of the applicant's capital;
- vi. the composition of its corporate bodies;
- vii. the list of its senior management;
- viii. a description of its access to a cash account in the books of a central bank;
- ix. where the applicant Participant is not domiciled or constituted under the laws of France: an external legal opinion evidencing that the entirety of the Legal Documentation is enforceable in the laws of the country governing the applicant Participant;
- x. the Directly Connected Party Binding Declaration if the applicant is not yet connected to T2S but intends to act as a Directly Connected Party to T2S;
- xi. and any other document required under a relevant Circular, or as per the Participant onboarding KYC pack.

Art. 18 The applicant Participant shall dispose of the financial means, the human resources and technical and operational capacities to safely and efficiently participate to ID2S.

Human resources, technical requirements and operational capacities will be subject to tests, as referred to in Art. 16.

Art. 19 The applicant Participant domiciled in a country other than France shall deliver a legal opinion and evidence that it is duly authorised under the laws of the country where it is domiciled to provide custody service.

Art. 20 The applicant Participant shall provide ID2S with evidence that:

- i. it is, in relation to T2S, an ICP or DCP, as provided for in Art. 17(x) and
- ii. that it holds a cash account in the books of a central bank for the purpose of settling the cash leg of the transactions in NEU CP, or that it has appointed a Payment Bank for that purpose.

Art. 21 For the avoidance of doubt, only NEU CP Euro denominated trades can settle in Euro in the books of ID2S.

Art. 22 Where the Participant is a DCP, it will be solely responsible for the compatibility of its IT systems with T2S.

Art. 23 ID2S' request to proceed with operational and technical tests as per Art. 16 shall take into account any test which the applicant Participant may already have passed at the request of the Eurosystem, managing the technical platform T2S.

Art. 24 ID2S and the Participant shall regularly submit their IT systems to stress tests.

Art. 25 The request to become a Participant of ID2S shall be deemed deposited on the day all conditions of this Section B - Admission of Members are fulfilled. On that day, ID2S will deliver a Receipt of Application to the applicant Participant.

Art. 26 ID2S will inform the applicant Participant (not FMI) of acceptance or refusal to participate to ID2S within 1 calendar month following the date indicated on the Receipt of Application referred to in Art. 25 above.

Art. 27 Where the application is accepted, the Participant and ID2S will enter into the General Terms & Conditions. The entirety of the Legal Documentation becomes applicable on the day specified in the General Terms & Conditions.

Paragraph c - Requirements for admission of an Issuer acting at its own Issuer and
Paying Agent

Art. 28 The applicant Issuer shall primarily deliver evidence that it belongs to one of the categories listed in art. D.213-8 of the French monetary and financial Code and that the Banque de France has approved its NEU CP issuance program.

Art. 29 In addition, where the applicant Issuer is an Issuer domiciled in a member State of the European Union other than France, the applicant Issuer shall deliver evidence that it is duly authorised under the laws of the country where it is constituted or domiciled, as applicable under international private law, to issue NEU CP.

Art. 30 The applicant Issuer acting as, its own IPA shall deposit with ID2S a copy of the documents required under article D.213-9 of the Monetary and Financial Code:

- i. A presentation of the issuance program;
- ii. A presentation of the Issuer's legal and financial situation;

- iii. A copy of the documents the issuer's shareholders received in view of the two last general shareholders meetings, including the annual accounts and the rapport from the directors.

Art. 31 Furthermore, an Issuer that is its own IPA shall also apply with the requirements for admission as a Participant as stated in paragraph "b". In such case, the admission of the Issuer shall take effect only after its admission as a Participant.

Paragraph d - Access of Financial Market Infrastructures

Art. 32 ID2S will provide access to its securities settlement system to any FMI under the conditions of the Functioning Rules and the Operating Manual.

Art. 33 A FMI that requires access to ID2S shall comply with the provisions of Chapter 2, Section D of the Functioning Rules and with Art. 17, Art. 18, Art. 19 and Art. 20 of this Operating Manual.

Art. 34 In conformity with art. 69 of Commission delegated regulation (EU) 2017/392 of 11 November 2016, the applicant FMI shall disclose to ID2S any critical service provider(s) on which the applicant FMI relies.

The applicant FMI guarantees that the governance arrangements and management processes do not affect the smooth provision of services by ID2S, including the risk-management arrangements and the non-discriminatory access conditions.

Art. 35 The applicant FMI shall file its request to access ID2S securities settlement system in writing. Upon the filing of a complete file and successfully passing IT and operational tests, ID2S will issue a Receipt of Application.

Art. 36 ID2S will inform the applicant FMI of acceptance or refusal to participate to ID2S within three (3) calendar months following the date indicated on the Receipt of Application referred to in Art. 34. FMI CSDs will be subject to standard participant rules.

Art. 37 Where the request for access is accepted, the applicant FMI and ID2S shall enter into a specific open access contract. The link between the applicant FMI and ID2S will enter into force on the day agreed upon in that specific open access contract.

Section C - Refusal of admission of Members and appeal

Art. 38 In the case where ID2S refuses the admission of a Participant, or the access of a FMI, ID2S will inform the applicant Member thereof in writing, providing a comprehensive risk assessment. ID2S may only refuse a Member for risk reasons, in accordance with articles 88 to 90 of the Commission delegated Regulation (EU) of 11 November 2016.

ID2S may refuse access from an FMI, including another CSD, after analysing all sources of potential risk for the ID2S and its Members and manners to mitigate those risks, for risk

reasons or because the link would pose a threat on the smooth and orderly functioning of the market.

Risk reasons include the reasons provided in Chapter I - Section C - as well as, inter alia, business risk, legal risk and residual risk.

- Art. 39 The applicant Member may appeal ID2S' decision to refuse its admission or access before ID2S. Any appeal shall be formulated in writing and be motivated. ID2S' board of directors is competent for examining the applicant Member's appeal.
- Art. 40 The decision to refuse or admit an applicant Member or the request of additional information shall be taken within ten (10) business days after the appeal was introduced with ID2S.
- Art. 41 The applicant Member may bring the appeal directly before the AMF, under the conditions provided for in Regulation (EU) n° 909/2014 of the European Parliament and of the Council of 23 July 2014 and in the Commission delegated Regulation (EU) 2017/392 of 11 November 2016.

Section D - Continuous validity of conditions to participate to ID2S

- Art. 42 The conditions for admission to ID2S shall be fulfilled continuously as of the day that the Member has been accepted. The Member shall inform ID2S of any change in its situation as reflected in the application file to enable it to comply with its obligations pursuant to the applicable CSD regulation.

Where the change in the Member status constitutes a Financial Risk Event or an Operational Risk Event, ID2S may inform the Trading Venue thereof in order for the Trading Venue to cease accepting orders or transactions from that Member.

Section E - Power of attorney from trading parties – general provisions

- Art. 43 Trading venues connected to ID2S shall have collected the relevant Power of Attorney from participants of the trading venues connected to ID2S, and on behalf of which ID2S receives a termsheet or trade file that will enable the settlement of the related transactions within T2S/ID2S, to allow them to instruct ID2S on behalf of the relevant persons.
- Art. 44 Upon receipt by ID2S of a termsheet or trade file from a Trading Venue connected to ID2S, ID2S shall without delay generate settlement instructions and transmit those settlement instructions to the relevant Account Holders.
- Art. 45 Upon receipt of the settlement instructions from ID2S, acting on behalf of the parties to the transaction, the relevant Participants or CSDs shall generate and send their own settlement instructions to T2S directly (if they act as DCP) or to ID2S (if they act as ICP) within a delay and under the conditions specified in a Notice.

Art. 46 Settlement instructions referred to in Art. 43 shall be generated by ID2S on the sole basis of transaction details transmitted by the relevant Trading Venue and static data information transmitted from time to time to ID2S by the parties to the transaction.

Art. 47 ID2S shall not be liable for any errors in the settlement instructions generated by ID2S due to errors in the transaction details transmitted by the relevant Trading Venue and static data information transmitted by the parties to the transaction.

Chapter III - Accounts

Section A - Issuance Accounts

Art. 48 ID2S shall open in its books one Issuance Account per NEU CP issuance. Issuance Accounts that become Dormant Accounts are closed in accordance with the provisions of Art. 522 and they may not serve for subsequent issuances of NEU CP.

Where the Issuer uses the services of a third party IPA, the Issuance Account shall be opened in the name of the IPA.

At the moment of Creation, ID2S debits from the Issuance Account the number of NEU CP making up the issuance or the part of the issuance deposited with ID2S, based upon information communicated by or on behalf of the Issuer to ID2S.

Art. 49 For each NEU CP issuance, ID2S will proceed with the attribution of an ISIN code.

Art. 50 The Issuance Account is permanently in a debit position. NEU CP will be credited to the Issuance Account as and when redeemed or cancelled.

Art. 51 ID2S may block the Issuance Account with immediate effect in the following cases:

- i. Upon instruction from the issuer or IPA;
- ii. When the conditions for issuing NEU CP in ID2S are no longer fulfilled and the Issuer or its IPA has not remedied that situation within five (5) business days;
- iii. When a Financial Risk Event or an Operational Risk Event occur in relation to the Issuer or the Issuing and Paying Agent.

Art. 52 In addition, ID2S may, at its sole discretion, close any Dormant Account.

Art. 53 ID2S will reconcile the aggregate of the securities credited to the Securities Accounts that the Custodians or CSDs hold in the books of ID2S against the Issuance Account.

When the Issuance Account presents a flat position, ID2S will ascertain that no relevant NEU CP are credited to any Securities Accounts.

Section B - Securities Accounts

Paragraph a - Opening of Securities Accounts and segregation

- Art. 54 ID2S shall not open any Securities Accounts to which ID2S own NEU CP would be credited.
- Art. 55 ID2S does not open or maintain cash accounts for its Account Holders.
- Art. 56 Upon admission of an Account Holder, ID2S shall open at least one Securities Account for the Account Holder and inform the Account Holder when transactions can be performed using this Securities Account.
- Art. 57 ID2S shall clearly segregate Securities Accounts of a given Account Holder from Securities Accounts of other Account Holders.
- Art. 58 Each Participant or CSD may request ID2S to open additional Securities Accounts.
- Art. 59 Where the Participant or CSD acts on its own behalf and on behalf of Customers, such Participant or CSD shall segregate balances of NEU CP held by the Participant for its own account from balances of NEU CP held by the Participant or CSD Customers.
- Art. 60 A Participant or CSD may request ID2S to open Securities Accounts for individual Customers. In that case, the Participant or CSD shall provide ID2S with the relevant information related to the Customer, as further detailed in an ID2S Circular. The Participant or CSD Customer does not enter in a contractual or regulatory relation with ID2S.
- Art. 61 ID2S shall promptly open additional Securities Accounts and inform the Participant or CSD when transactions can be performed using the new Securities Accounts.
- Art. 62 Upon admission of a Participant that intends to act as an IPA, or upon admission of an Issuer that acts as its own IPA, ID2S shall open one specific Securities Account to support the distribution of NEU CP issuance processed by the Participant.
- Art. 63 As per Art. 534, ID2S will reconcile the debit position in the Issuance Account against the aggregate of positions of NEU CP credited to the duly segregated Securities Accounts.
- Art. 64 ID2S shall provide Account Holders on a daily basis, or upon request at any time during operating hours, with the following information specified for each Securities Account and for each securities issuance:
- i. the aggregated balance of a Securities Account at the beginning of the respective business day;
 - ii. the individual transfers of securities in or from a Securities Account during the respective business day;
 - iii. the aggregated balance of a Securities Account at the end of the respective business day.

Art. 65 ID2S shall require its Account Holders to reconcile their records with the information received from that CSD on a daily basis.

Paragraph b - Credits and Debits to Securities Accounts

Art. 66 A Securities Account shall only be debited in the following cases:

- i. Where the Account Holder instructs ID2S to debit that Securities Account;
- ii. Where the debit results from a corporate action instructed by ID2S pursuant the provisions of Chapter IV, Section B of the Functioning Rules.

Art. 67 A Securities Account shall be credited where NEU CP are transferred to that Account Holder or its Customers.

Art. 68 A Securities Account shall never present a debit position.

ID2S does not have a securities lending program in place in order to avoid either a settlement fail or a debit position.

Art. 69 A Securities Account may be closed if it is flat and only upon an instruction from the Account Holder to ID2S.

Chapter IV - NEU CP

Art. 70 ID2S shall only admit NEU CP to its operations if the following conditions are met:

- i. they are denominated in euros;
- ii. they are issued in ID2S.
- iii. the Issuing and Paying Agent appointed by the Issuer is a Participant;
- iv. they are eligible for settlement via T2S according to the T2S user guidelines;
- v. in accordance with Article L. 211-3 of the French Monetary and Financial Code, they are only represented by the book-entry registered by ID2S in the Issuance Account;

Art. 71 NEU CP shall only be issued in ID2S upon request of an investment firm offering placement services for the purpose of the primary issuance.

Upon receipt of this request, and based on the information included in the request, ID2S shall Create the NEU CP. Settlement then takes place pursuant to the provisions of Chapter V - Settlement.

Art. 72 ID2S may refuse the Creation of a NEU CP issuance in its books where the Issuer or the IPA is or is likely to soon become subject to a Financial Risk Event or an Operational Risk Event or the Issuer or the IPA does not comply with its legal and regulatory obligations in relation to the issuance of NEU CP, including but not limited to the approval of the issuance program by the Banque de France (if the Issuer issues NEU CP in France).

Art. 73 NEU CP may be withdrawn from ID2S at the request of the Issuer or the IPA.

Art. 74 ID2S may withdraw NEU CP from its operations in the following cases:

- i. The conditions for admission of NEU CP to the operations of ID2S are no longer complied with, including where the IPA is no longer a Member of ID2S and the Issuer has not appointed another IPA;
- ii. When the issuance of NEU CP in the books of ID2S raises important risks to ID2S.

Art. 75 In any case, where the NEU CP are credited to the Issuance Account, ID2S shall debit the same amount of NEU CP from the Securities Accounts.

Chapter V - Settlement

Section A - Settlement instructions

Paragraph a - Validation of instructions

a) General

Art. 76 ID2S has entered into the T2S Framework Agreement with the Eurosystem, according to which ID2S outsources its settlement activity to T2S.

Art. 77 Where the Account Holder acts as an ICP, it shall send its instructions to ID2S. Where the Account Holder acts as a DCP, it shall send its instructions directly to T2S.

Art. 78 Except in relation to corporate actions as per the provisions of the Functioning Rules, ID2S shall only transfer NEU CP from a Securities Account or transfer cash from the Dedicated Cash Account linked thereto upon receipt of the relevant valid instruction from the Account Holder.

Art. 79 The Account Holder shall send instructions to ID2S using one of the communication means approved by ID2S pursuant to Chapter VIII - Communication between ID2S and Members.

Art. 80 ID2S may however in exceptional circumstances but then in its sole discretion, also accept instructions given by electronic mail or any other communication means.

b) Validation of instructions

Art. 81 Instructions sent by an Account Holder to ID2S shall be validated by ID2S before being further processed.

Art. 82 ID2S shall formally validate instructions sent by an Account Holder if and only if these instructions meet the requirements in terms of format, content and authentication set out in a Circular.

- Art. 83 ID2S may ignore all data or information included in the instruction outside the validated fields, including any narrative data or other communication stating the instruction's dependency on matters other than satisfaction of the conditions for processing instructions described in this Operating Manual.
- Art. 84 ID2S may treat as authentic for all purposes any instruction received from an Account Holder or appearing to ID2S to be from an Account Holder, that has passed the authentication procedures.
- Art. 85 Instructions sent by electronic mail or any other communication means in the circumstances referred to in Art. 80 shall contain the signature and the name of the Account Holder's authorised signatories.
- Art. 86 ID2S shall notify the Account Holder, by such means it deems appropriate, of any refusal to validate instructions which do not comply with requirements laid down pursuant to Art. 82. If the Account Holder is a DCP, it may, depending on its reporting subscriptions and reporting options, receive such notification from T2S directly.

c) Cut off times

- Art. 87 The Account Holder shall comply with all applicable cut off times set by ID2S in a Circular and, where appropriate, by T2S. Such cut off times may vary depending on the type of instruction, communication means used, and time of processing required for the instruction.
- Art. 88 ID2S shall reject instructions that are received by ID2S after the applicable cut off time for the business cycle during which such instruction has to be processed.

Paragraph b - Processing of instructions

a) General

- Art. 89 ID2S may adjust the rules for the processing of instructions (including the time of processing) in exceptional or contingency situations, as required by circumstances, through a written notice.
- Art. 90 Where the Account Holder holds insufficient NEU CP or cash available in the relevant accounts, the settlement instruction will fail.
- Art. 91 Instructions which have not been settled because of insufficient available NEU CP shall remain in the backlog of unexecuted instructions for a period specified in a Circular and shall automatically be re-submitted during such period for processing.

b) Transmission of instructions to T2S

Art. 92 Upon receipt of a valid instruction from an Account Holder, ID2S shall, where necessary, transform the instruction so that it meets the requirements in terms of format, content and authentication set by T2S and transmit that instruction to T2S for processing within T2S.

c) Processing

Art. 93 ID2S will process Instructions at the times set out in a Circular.

Art. 94 Matching and settlement of instructions shall follow requirements laid down in Chapter V - Section B - Matching and settlement.

Paragraph c - Blocking and handling of instructions upon a Financial Risk Event or an Operational Risk Event

a) Blocking of new instructions

Art. 95 Upon the occurrence of a Financial Risk Event or an Operational Risk Event, ID2S will block new instructions from the Member by:

- i. blocking the communication means available to the Member, and/or
- ii. withdrawing the Member technical privileges, and/or
- iii. any other measure that ID2S would consider relevant.

Art. 96 Notwithstanding the above, ID2S may accept new instructions after the occurrence of a Financial Risk Event or an Operational Risk Event if submitted on behalf of the affected Member by the officially appointed receiver, administrator, trustee or similar person. These instructions will be further processed in accordance with ID2S' usual processing rules, i.e. the processing rules that would have applied had the Financial Risk Event or Operational Risk Event not occurred.

b) Handling of existing instructions

Art. 97 Instructions that qualify as securities transfer orders and that were entered into ID2S prior to the Financial Risk Event or Operational Risk Event will only be further processed in accordance with the usual processing rules of ID2S if, at the time of blocking, these instructions were irrevocable and otherwise removed from ID2S. The instructions that embed a cash transfer order may be further processed in accordance with the rules of the relevant central bank.

Section B - Matching and settlement

Art. 98 The Intended Settlement Date for the Creation of NEU CP, and secondary market trading taking place outside a Trading Venue, is between trade date and thirty (30) calendar days

after trade date. The maximum Intended Settlement Date for the Creation of NEU CP may be adjusted in a Circular.

The intended Settlement Date for secondary trading taking place on a Trading Venue may be same day as trade date, the following day or the 2nd day after trade date.

Art. 99 Members shall settle the transactions on Intended Settlement Date.

Art. 100 Except for certain settlement instructions related to corporate actions, settlement instructions are matched in T2S. ID2S sends to its participants instructions in an “unmatched” status, for matching in T2S.

Unmatched settlement instructions are recycled pursuant to the T2S functioning rules, as communicated to the Members from time to time.

Art. 101 Instructions match when cash difference between the instructions of the purchasing Member and the selling Member are inferior to the maximum allowed differences.

Art. 102 Settlement can only take place on ID2S business days, which are specified in a Circular.

Section C - Settlement fails and penalties

Art. 103 A settlement is considered a failed settlement when, within the cut off times of T2S, the relevant central bank and the relevant Participant or CSD 's internal cut off times, the settlement has not occurred on Intended Settlement Date.

Art. 104 Where a settlement fails, ID2S informs the relevant Members thereof and each of the selling and purchasing Participant or CSD agree to instruct ID2S to cancel the settlement instruction.

Art. 105 That cancellation of the settlement instruction as per Art. 104 shall contain the exact references of the initial trade, where relevant, and of the initial settlement instruction.

Art. 106 Failure to send a cancellation instruction will result in the recycling of the instruction in T2S, in a tentative buy-in and subsequent manual cancellation.

Art. 107 The defaulting Member, counterparty to the settlement, is liable to the non-defaulting counterparty under civil and commercial remedies. In addition, the defaulting Member will be subject to deterrent cash penalty as detailed in a Circular relative to penalties.

Art. 108 The Member who refuses to send the cancellation instruction as per Art. 104 will be subject to penalties as detailed in a Circular relative to penalties in addition to the financial consequences of the actions set forth in Art. 106.

Art. 109 Where the settlement instruction related to the Creation of securities fails to settle, then ID2S may declare a Financial Risk Event in relation to the defaulting Member.

Art. 110 Where ID2S deems it necessary, the reduction of settlement fails will be included in the agenda of the User Committee for analyses of the causes of the settlement fails and possible remedies to reduce settlement fails. Where relevant, the Trading Venues and investments firms referred to in Art. 71 will be invited to participate to the meeting.

Chapter VI - Corporate actions

Art. 111 The rules on corporate actions are provided in the Functioning Rules.

Chapter VII - Reports

Art. 112 ID2S shall provide each Member with reports on i) balances of the accounts opened in the name of the Member, ii) instructions and movements related to those accounts and iii) other services provided by ID2S to the Member.

Art. 113 Members shall have the necessary arrangements in place with their professional Customers (as referred to in Annex II to Directive 2014/65/EU) to ensure the prompt communication of the allocation of NEU CP to a transaction, confirmation of that allocation and confirmation of the acceptance or rejection of the terms of the transaction in good time before the Intended Settlement Date.

Art. 114 T2S may directly send reports to a Member if the Member is a DCP.

Art. 115 ID2S shall deliver reports by the means of communication, at the frequency and at the times determined by the relevant Circulars.

Art. 116 Reports from ID2S shall be deemed received:

- i. if made available by U2A (User to Application mode), upon upload of the report in the ID2S GUI;
- ii. if made available by A2A (Application to Application mode), upon sending of the relevant message to the Member.

Art. 117 ID2S shall provide reports related to balances, instructions and movements related to Member's accounts on a real-time basis in the ID2S GUI.

Chapter VIII - Communication between ID2S and Members

Art. 118 Members shall communicate with ID2S either in U2A or in A2A mode.

Art. 119 Members communicating with ID2S in U2A mode shall use ID2S Graphical User Interface (GUI). The Member is solely responsible for allocating and maintaining access and authorisations for its Authorised Users.

- Art. 120 Participants and CSDs communicating with ID2S in A2A mode shall send messages to ID2S using ISO 20022 or ISO 15022 standards.
- Art. 121 Trading Venues and CCPs communicating with ID2S in A2A mode shall send messages to ID2S using the format agreed with ID2S from time to time.
- Art. 122 Members shall enter into and keep in force a contract with at least one of the network services provider(s) appointed by ID2S or, as the case may be, by T2S.
- Art. 123 As part of its obligation to have appropriate technological and operational capacity, each Member shall have in place an adequate contingency plan for its communications with ID2S or, as the case may be, with T2S.
- Art. 124 ID2S may suspend, phase out or terminate any eligible communication means available to Members. In particular, ID2S may suspend any communication means from time to time in order to carry out maintenance to the extent it considers appropriate. ID2S shall use all reasonable efforts to notify Members in advance of any routine maintenance it plans to carry out.
- Art. 125 Members are solely responsible for selecting the computer software and equipment relating to its use of any communication means among those accepted by ID2S and for the use thereof. Members shall be solely responsible, for obtaining any necessary licenses or consents from third parties and for compliance with the same.