

Introduction of EU Record Date and further Market Standards in Austria in November 2015

FREQUENTLY ASKED QUESTIONS

1) What is the EU Record Date?

The Record Date as defined in the EU Market Standards for Corporate Actions Processing (MSCA, revised version 2012) is a Key Date within a Corporate Actions Event.

Definition: Date on which settled positions are determined in the books of the Issuer (I)CSD at close of business to determine the entitlement to the proceeds of a Corporate Action.

2) What kind of further Market Standards will be introduced?

For Mandatory Reorganisations (e.g. Split) it is a requirement as per MSCA that the security is allocated under a new ISIN after the processing of the event.

3) Who developed the MSCA?

The MSCA were developed by the Corporate Actions Joint Working Group (CAJWG). The CAJWG is a group of experts, assigned by the European Commission, to provide a solution to dismantle the Giovannini Barrier 3 (i.e. Barriers to a harmonized processing of Corporate Actions in a cross border environment), that comprises the main relevant participants, i.e. issuers, market infrastructures and intermediaries.

4) Who endorsed the MSCA?

The MSCA were endorsed by the involved associations: European Issuers, European Central Securities Depositories Association (ECSDA), European Association of Clearing Houses (EACH), Federation of European Securities Exchanges (FESE), European Banking Federation (EBF), European Association of Cooperative Banks (EACB), European Savings Banks Group (ESBG), European Securities Services Forum (ESSF/SIFMA).

5) Are there any expert groups in the Market for the implementation of the MSCA?

Each European Market is responsible for the implementation of the MSCA. The Corporate Action National Implementation Group (CANIG), a work group consisting of experts from different market participants (e.g. CSD.Austria, banks), who work out recommendations for the implementation of the MSCA for the Austrian financial market.

6) Where can I find the MSCA?

The CSD.Austria provides a platform on its website where you can find the MSCA.

Link: <http://www.oekb.at/de/osn/DownloadCenter/kapitalmarkt/csd.austria/canig/CAJWG-Market-Standards-for-Corporate-Actions-2012.pdf>

7) Is the Introduction of the Record Date a legal requirement?

There is no law, Directive or Regulation for the introduction of the Record Date. The Broad Stakeholder Group (BSG*) recommends the implementation of the MSCA on European level.

*For Details to the BSG we refer to following document from the EBF.

Link: <http://www.ebf-fbe.eu/uploads/European%20Industry%20Standards%20-%20Governance%20structure.pdf>

8) For which security types does the Record Date apply?

The Record Date applies to all securities used for direct investments (equities, fixed income instruments) deposited and settled in Book Entry form with an (I)CSD in Europe; investment funds listed and traded on a regulated trading venue should be processed, where possible, in accordance with the applicable standards.

9) Is the Record Date a requirement for other EU initiatives?

Yes, the Record Date is a requirement for the processing of the Transaction Management* in Target 2 Securities (T2S), the new settlement platform of CSD's in Europe. The CSD.Austria will migrate to T2S in the third migration wave in September 2016.

*standardized processing of Market Claims for Distributions, Transformations for mandatory or voluntary Reorganisations and Buyer Protection in T2S.

10) For what type of Corporate Actions does the Record Date apply?

The EU Record Date applies to:

- Cash Distributions (e.g. cash dividend, coupon payment)
- Securities Distributions (e.g. rights issue, bonus issue)
- Mandatory Reorganisations (e.g. stock split, merger)

11) Does the Record Date have an impact on the detection of entitlements for a Corporate Action?

No, for Distributions the detection of the entitlements is still with Ex-Date and Trade Date. The CSD determines the entitlements from the actual settled positions in its books on Record Date end of day.

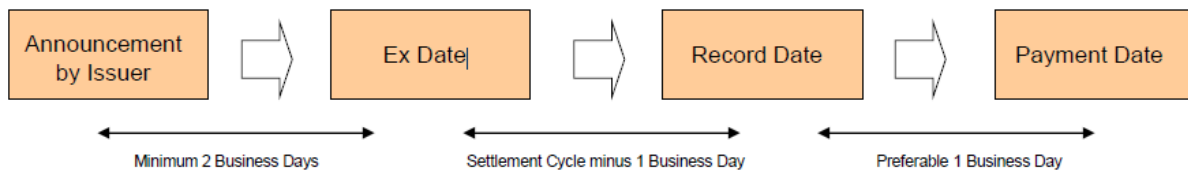
12) Is there a deadline or effective date for the introduction of the Record Date?

The Record Date will be introduced on 16.11.2015 in the Austrian financial market.

13) What Key Dates apply to Cash Dividends?

The Key Dates are Ex-Date, Record Date and Payment Date.

- Record Date: Ex-Date plus 1 Business Day [i.e. Ex-Date plus Settlement Cycle (T+2) minus 1 Business Day]
- Payment Date: Record Date plus minimum 1 Business Day



14) What Key Dates apply to Coupon Payments?

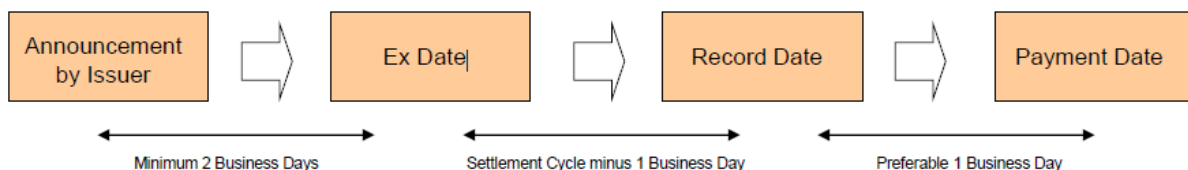
The Key Dates are Record Date and Payment Date.

- Record Date: Payment Date minus 1 Business Day

15) What Key Dates apply to Securities Distributions?

The Key Dates are Ex-Date, Record Date and Payment Date.

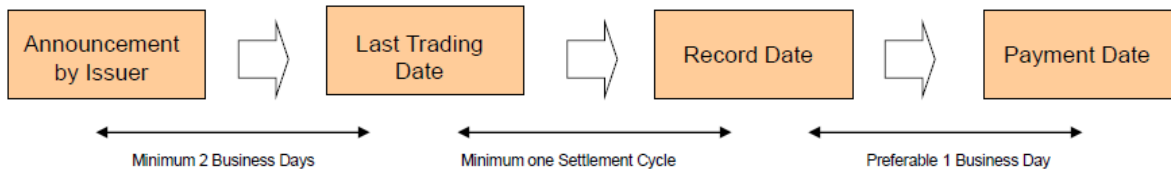
- Record Date: Ex-Date plus 1 Business Day [i.e. Ex-Date plus Settlement Cycle (T+2) minus 1 Business Day]
- Payment Date: Record Date plus minimum 1 Business Day



16) What Key Dates apply to Mandatory Reorganisations?

The Key Dates are Last Trading Date, Record Date and Payment Date.

- Record Date: Last Trading Date plus 2 Business Day [i.e. Last Trading Date plus Settlement Cycle (T+2)]
- Payment Date: Record Date plus minimum 1 Business Day



17) What is the exact definition of the Ex-Date?

The Ex-Date is defined as the date from which the underlying security is traded without the benefit / right attached to it. The announcement of the Distribution (cash or securities) by the issuer or the issuer agent should be minimum 2 Business Days before Ex-Date.

18) What is the exact definition of the Last Trading Date?

The Last Trading Date is the last date to trade the underlying security in the old ISIN for Mandatory Reorganisations (e.g. Split, Reverse Split, Merger, Pari Passu, Spin Off).

19) What happens if the announcement of the event is without Record Date?

In case of an announcement of a corporate event by the issuer or issuer agent with Ex-Date and Payment Date only (e.g. investment funds cash dividend with Ex-Date and Payment Date the same day), the processing of the event will be made according to the current Market Practice (i.e. Ex-Date rules).

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EXAMPLES

Comparison before and after Introduction of EU Record Date

In addition to the FAQ we prepared, for further understanding of the changes, examples based on the CANIG document.

Link: <http://www.oekb.at/de/osn/DownloadCenter/kapitalmarkt/csd.austria/canig/Beispiele-Record-Date.pdf>

Based on a practical case we want to demonstrate you the impact of the Record Date, as defined in the European Market Standards for Corporate Actions Processing (MSCA, revised version 2012), for entitlements of

- I. Cash Distribution (Cash Dividend)
- II. Securities Distribution (Rights Issue)
- III. Mandatory Reorganisation (Share Split)
- IV. Cash Distribution (Coupon Payment)

Practical Case:

- OTC Trade (Purchase/Sale)
- Trade Date: 12.01.2016
- Amount: 500 shares with ISIN AT0000100000 and Value Date 14.01.2016 (Settlement = T+2)
- Settlement: Delivery vs Payment (DVP) via CSD.Austria, duly settled with T+2

For our examples ((I, II, III) we have specified 13.01.2016 as Ex-Date. As the trade was made prior to Ex-Date (i.e. Trade Date before Ex-Date), the buyer of the shares is entitled to receive the dividend/rights or participate at the Mandatory Reorganisation (Share Split).

The examples are covering only a part of potential cases. Their function is to show the exact impact of the introduction of the Record Date to the processing of transactions. For a better understanding we compare the current situation with the future one. Should there be any unintentional variations to the MSCA in the examples, these are irrelevant. The provisions of the MSCA apply thoroughly.

For completeness there is also an example for a Coupon Payment (IV), even that there is no change with the introduction of the Record Date for this Cash Distribution.

I. Impact on Cash Distributions (example: Cash Dividend)

Before introduction of Record Date (up to/including 15.11.2015):

Event data:

ISIN: AT0000100000
Ex-Date: 13.01.2016
Payment Date: 14.01.2016

CSD: The CSD determines the entitlements, for settled positions on security accounts, on 12.01.2016 (end of day) and processes the payment of the Cash Dividend on 14.01.2016 on the CSD-participants cash accounts. The OTC Trade settles on 14.01.2016 in the books of the CSD and is not included in the payment of the Cash Dividend. The Cash Dividend for the OTC Trade has to be claimed by the CSD.

Custodian: The Custodian processes the payment of the Cash Dividend after the receipt of the payment-confirmation by the CSD (14.01.2016). The compensation (claim) of the Cash Dividend has to be made by the Custodian in respect of the possible risk of a failed reclaim of the Cash Dividend from the seller, who is not entitled for the paid Dividend.

After Introduction of Record Date (16.11.2015):

Event data:

ISIN: AT0000100000
Ex-Date: 13.01.2016
Record Date: 14.01.2016
Payment Date: 15.01.2016

CSD: The CSD determines the entitlements, for settled positions on security accounts, on 14.01.2016 (close of business) and processes the payment of the Cash Dividend on 15.01.2016 on the CSD-participants cash accounts. The OTC Trade settles on 14.01.2016 in the books of the CSD and is included in the payment of the Cash Dividend.

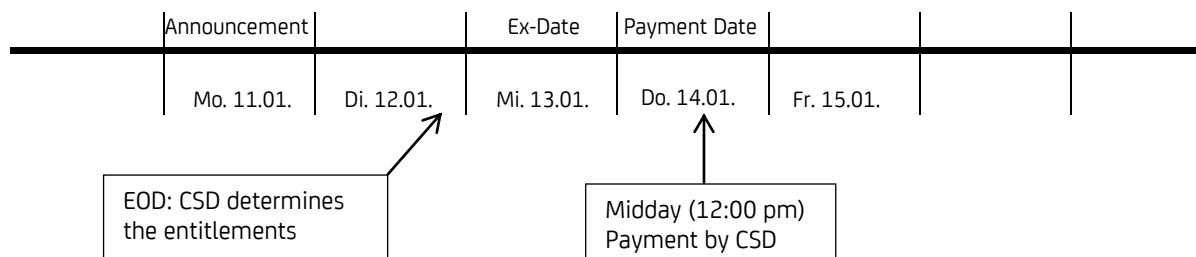
Custodian: The Custodian processes the payment of the Cash Dividend after the receipt of the payment confirmation by the CSD (15.01.2016). There is no compensation of the Cash Dividend for the OTC Trade required.

Impact on Cash Distributions (example: Cash Dividend)

The entitlement accrues on Ex-Date minus 1 Business Day (end of day)

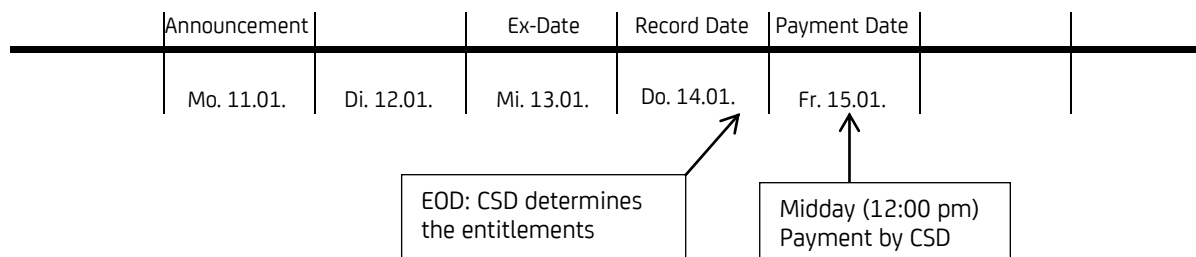
Ex-Date: The shares are traded without the benefit/right of dividend (i.e. ex-dividend)

Before introduction of Record Date



The chronological sequence between Ex-Date and Payment Date is not regulated. Trades as of Ex-Date minus 1 Business Day are not included in the Ex-Date-position (12th end of day) and are subject to a claim or compensation by the CSD.

After introduction of Record Date



The chronological sequence between Ex-Date, Record Date and Payment Date is regulated. Trades as of Ex-Date minus 1 Business Day are settled on Record Date (end of day) and are not subject to a claim or compensation.

II. Impact on Securities Distributions (example: Rights Issue)

Before introduction of Record Date (up to/including 15.11.2015):

Event data:

ISIN: AT0000100000
Ex-Date: 13.01.2016

CSD: The CSD determines the entitlements, for settled positions on security accounts, on 12.01.2016 (end of day) and processes the distribution of the Rights Issue on 13.01.2016 on the CSD-participants securities accounts. The OTC Trade settles on 14.01.2016 in the books of the CSD and is therefore not included in the distribution. The CSD does not regulate the distribution for this trade.

Custodian: The Custodian processes the distribution of the Rights Issue after the receipt of the confirmation by the CSD (13.01.2016). The regulation of the distribution has to be made by the Custodian in respect of the possible risk of a failed reclaim of the distribution from the seller, who is not entitled of the receipt of the Rights.

After Introduction of Record Date (16.11.2015):

Event data:

ISIN: AT0000100000
Ex-Date: 13.01.2016
Record Date: 14.01.2016
Payment Date: 15.01.2016

CSD: The CSD determines the entitlements, for settled positions on security accounts, on 14.01.2016 (end of day) and processes the distribution of the Rights Issue on 15.01.2016 on the CSD-participants securities accounts. The OTC Trade settles on 14.01.2016 in the books of the CSD and is included in the distribution of the Rights.

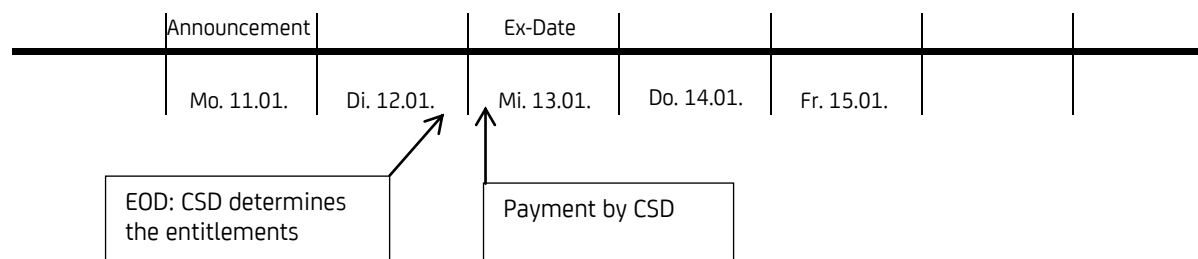
Custodian: The Custodian processes the distribution of the Rights Issue after the receipt of the confirmation by the CSD (15.01.2016). There is no compensation of the Rights distribution for the OTC Trade required.

Impact on Securities Distributions (example: Rights Issue)

The entitlement accrues on Ex-Date minus 1 Business Day (end of day)

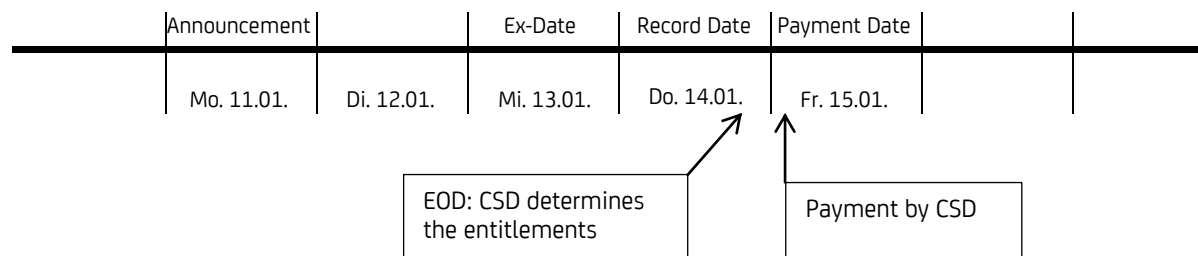
Ex-Date: The shares are traded without the benefit of Rights

Before introduction of Record Date



Trades with settlement T+2 and a Trade Date equal to Ex-Date minus 1 or minus 2 Business Days are not settled on the day of the entitlement determination. The distribution has to be regulated between seller and buyer. The CSD does not regulate the distribution for OTC Trades.

After introduction of Record Date



Trades with settlement T+2 and a Trade Date that equals Ex-Date minus 1 or minus 2 Business Days not settled on Record Date. Therefore a separate regulation of these trades is not required.

III. Impact on Mandatory Reorganisations (example: Share Split)

Before introduction of Record Date (up to/including 15.11.2015):

Event data:

ISIN: AT0000100000
Ex-Date: 13.01.2016
Ratio: 1:3

CSD: The CSD determines the entitlements, for settled positions on security accounts, on 12.01.2016 (end of day) and processes the Share Split on 13.01.2016 on the CSD-participants securities accounts. The OTC Trade settles on 14.01.2016 in the books of the CSD and is therefore not included in the confirmation of the Share Split. The CSD does not regulate this trade for this event.

Custodian: The Custodian processes the Share Split after the receipt of the confirmation by the CSD (13.01.2016). The regulation of the Share Split has to be made by the Custodian in respect of the possible risk of a failed reclaim from the seller, who is not entitled to take part in this event.

After Introduction of Record Date (16.11.2015):

Event data:

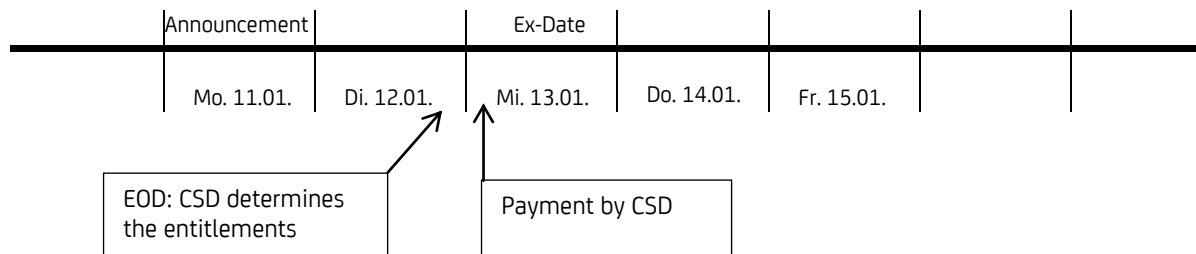
ISIN:	AT0000100000	Ratio:	1:3
Last Trading Date:	12.01.2016	New ISIN:	AT0000900000
Record Date:	14.01.2016	First Trading Date:	13.01.2016
Payment Date:	15.01.2016		

CSD: The CSD determines the entitlements in the underlying security (ISIN AT0000100000), for settled positions on security accounts, on 14.01.2016 (end of day) and processes the Share Split into the new security (ISIN AT0000900000) in respect of the ratio 1:3 on 15.01.2016 on the CSD-participants securities accounts. The OTC Trade settles on 14.01.2016 in the books of the CSD and is therefore included in the confirmation of the Share Split (i.e. credit of the new ISIN).

Custodian: The Custodian processes the Share Split after the receipt of the confirmation by the CSD (15.01.2016). There is no compensation of the event for the OTC Trade required.

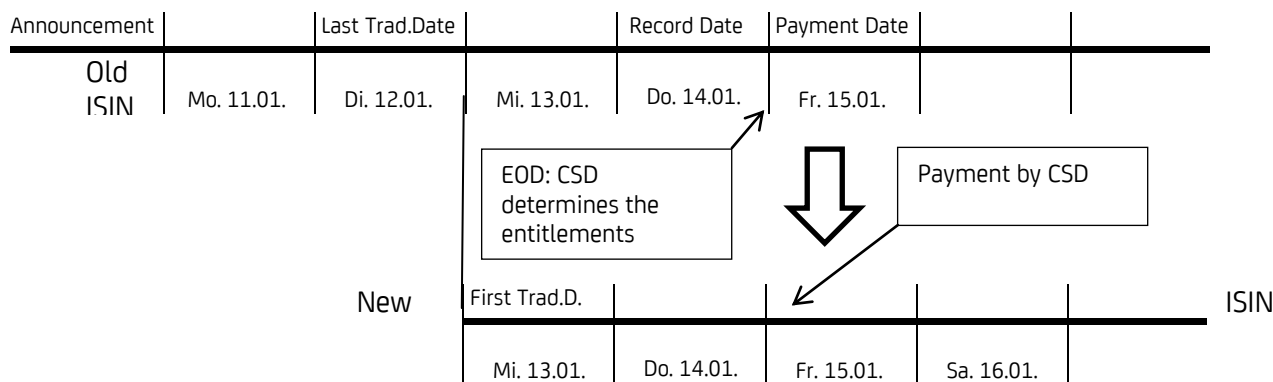
Impact on Mandatory Reorganisations (example: Share Split)

Before introduction of Record Date



Trades with settlement T+2 and a Trade Date that equals Ex-Date minus 1 or minus 2 Business Days are not settled on the day of the entitlement determination. The Share Split has to be regulated between seller and buyer. The CSD does not regulate the event for OTC Trades.

After introduction of Record Date



Trades with settlement T+2 with Trade Date on Last Trading Date settled on Record Date are not subject to a regulation of the Share Split. The security has a new ISIN after processing of the Share Split.

IV. Impact on Cash Distributions (example: Coupon Payment)

The Ex-Date is not applicable for Coupon Payments.

The Entitlement for a Coupon Payment accrues on Payment Date minus 1 Business Day, whereas the Value Date of the settled Trade is crucial and not the Trade Date. The compensation of the entitled coupon till Payment Date is processed via accrued interests on basis of the Value Date of the purchase or sale of the bond (e.g. fixed or floating interest rate bond).

The Record Date has no impact on the Coupon Payment.

Before introduction of Record Date (up to/including 15.11.2015):

Event data:

ISIN: AT0000100000
Payment Date: 14.01.2016

CSD: The CSD determines the entitlements, for settled positions on security accounts, on 13.01.2016 (end of day) and processes the Coupon Payment on 14.01.2016 on the CSD-participants cash accounts. No regulation of the Coupon Payment is required.

Custodian: The Custodian processes the payment of the Coupon Payment after the receipt of the payment-confirmation by the CSD (14.01.2016). No regulation of the Coupon Payment is required

After Introduction of Record Date (16.11.2015):

Event data:

ISIN: AT0000100000
Record Date: 13.01.2016
Payment Date: 14.01.2016

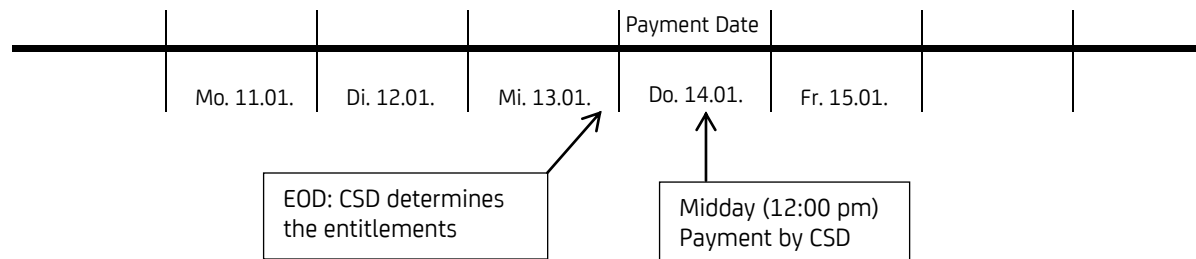
CSD: The CSD determines the entitlements, for settled positions on security accounts, on 13.01.2016 (end of day) and processes the Coupon Payment on 14.01.2016 on the CSD-participants cash accounts. No regulation of the Coupon Payment is required

Custodian: The Custodian processes the payment of the Coupon Payment after the receipt of the payment-confirmation by the CSD (14.01.2016). No regulation of the Coupon Payment is required.

Impact on Cash Distributions (example: Coupon Payment)

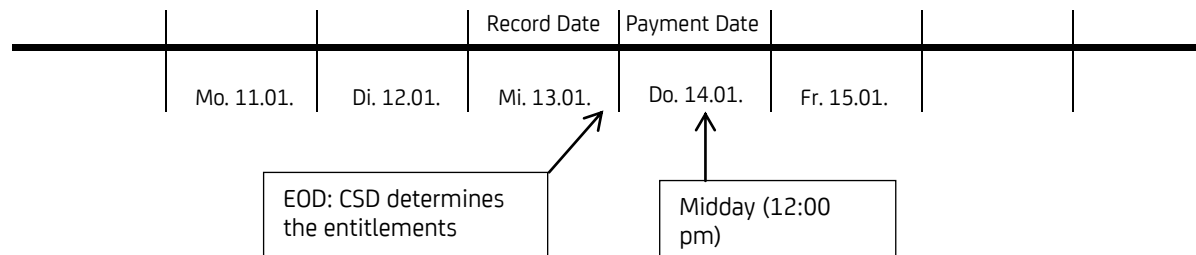
The entitlement accrues on Payment Date minus 1 Business Day

Before introduction of Record Date



No regulation of the Coupon Payment from the CSD required.

After introduction of Record Date



No regulation of the Coupon Payment from the CSD required.
 No impact on processing of Coupon Payment after introduction of Record Date.