



*Post-trade made easy*

# CREST Glossary

September 2020



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## Section 1: System terminology in the CREST Manual

For the purposes of the CREST Manual, the definitions set out below apply. In addition, definitions relating to the Central Counterparty Service are set out in the Central Counterparty Service Manual and definitions relating to the CREST International Settlement Links Service are set out in the CREST International Manual, each of which forms part of the CREST Manual, and such definitions apply accordingly (and form part of this Glossary).

The Act	The Financial Services and Markets Act 2000.
Adjustment Payment	Any US Dollar Payment made and received under any Adjustment Procedure operated by EUI for any SFAP settlement day or any PMAP settlement day.
Adjustment Procedure	A procedure that operates in connection with the US dollar payments mechanism, as described in Chapter 6, section 4A of the CREST Reference Manual, which is initiated and completed by EUI under the Settlement File Account Procedure or, as the case may be, the Payments Memorandum Account Procedure when any NSS settlement participant for a USD Settlement Bank first indicates to EUI in respect of the relevant settlement day that it is unwilling as Settler to pay (if the balance is negative) or receive (if the balance is positive) for the account of a USD Settlement Bank the amount standing at the end of that settlement day to the debit or (as the case may be) credit of the USD Settlement Bank's Payments Memorandum Account.
Adjustment Repayment	Such amount of an Adjustment Repayment Obligation owed by a Borrower Settlement Bank to a Lender Settlement Bank that those USD Settlement Banks have confirmed and agreed, in accordance with the procedure described in Chapter 6, section 4A of the CREST Reference Manual, is to be repaid by the Borrower Settlement Bank to the Lender Settlement Bank by its deduction (after its

conversion into sterling) as part of the determination of:

(a) the Borrower Settlement Bank's SFAP Distribution Entitlement Amount for the relevant SFAP settlement day and its corresponding addition (after its conversion into sterling) as part of the determination of the Lender Settlement Bank's SFAP Distribution Entitlement Amount for the relevant SFAP settlement day; or

(b) the Borrower Settlement Bank's PMAP Distribution Entitlement Amount for the relevant PMAP settlement day and its corresponding addition (after its conversion into sterling) as part of the determination of the Lender Settlement Bank's PMAP Distribution Entitlement Amount for the relevant PMAP settlement day.

#### Ancillary system

A system managed by an entity that is subject to supervision and/or oversight by a competent authority and complies with the oversight requirements for the location of infrastructures offering services in euro, as amended from time to time and published on the website of the European Central Bank, in which payments and/or financial instruments are exchanged and/or cleared or recorded with (a) the monetary obligations settled in TARGET2 and/or (b) funds held in TARGET2 in accordance with the Guideline and a bilateral arrangement between that ancillary system and an Ancillary System Central Bank.

#### Ancillary System Banking Arrangements

The contractual or other arrangements into or in which an RTGS settlement bank in TARGET2 is required to enter or participate, and which it must maintain or continue, in order to:

- submit payment orders and receive payments via its (or its agent's) PM Account; and
- enable or facilitate the operation of settlement procedure 6 (dedicated

liquidity and cross-system settlement) for the CREST system (as an ancillary system using an interfaced model) as described in Annex IV to the Guideline.

Ancillary System Central Bank or ASCB	The ECB or a national central bank of a Member State whose currency is the euro with which an ancillary system has a bilateral arrangement for the settlement of ancillary system payment instructions in euro through TARGET2.
Ancillary System Interface or ASI	The technical device allowing the CREST system (as an ancillary system) to use a range of special, predefined services for the submission and settlement of ancillary system payment instructions in euro through TARGET2.
Announcement agent	A participant of the type CREST Registrar or member (receiving agent), normally identified in the relevant securities data, which makes meeting announcements in the CREST system in relation to securities in connection with the CREST Voting Service.
Applicable Data Protection Law	The GDPR or any equivalent legislation of any other applicable jurisdiction and all other applicable laws and regulations in any relevant jurisdiction that may apply to the processing of personal data and privacy in connection with the CREST system and the CREST services.
Appropriate Regulator	The Bank of England, the Financial Conduct Authority or the Prudential Regulation Authority.
Associate	<p>In relation to a person, any other person at any time:</p> <p>(a) who exercises, or is able to exercise or is entitled to acquire, direct or indirect control over the affairs of the first person;</p>

(b) whose affairs are or are capable of being controlled directly or indirectly by the first person;

(c) whose affairs are or are capable of being controlled directly or indirectly by the same person who exercises, or is able to exercise or is entitled to acquire, direct or indirect control over the affairs of the first person.

#### Authentication

The security process by which messages are identified as having come from a particular gateway computer or, where the relevant CREST Regulations permit, the computer of a depository, clearing house or exchange and as not having been interfered with during transmission across the relevant network.

#### Auto-collateralisation arrangements

The systems, procedures and related arrangements described in Chapter 7, section 8 of the CREST Reference Manual which operate as part of the Sterling DvP Service and facilitate or enable the delivery of securities and/or the making of payments by means of the CREST system in respect of auto-collateralising repurchase transactions. The auto-collateralisation arrangements comprise the client auto-collateralisation arrangements and the SB auto-collateralisation arrangements.

#### Auto-collateralising repurchase transaction

A repurchase transaction entered into between the Bank of England and an RTGS settlement bank and/or the related (if any) repurchase transaction between that RTGS settlement bank and the member for whom it acts as such, in either case on the terms and subject to the conditions of the RTGS CREST Master Auto-Collateralising Repurchase Agreement.

#### Bank of England repo membership

Any or all of the CREST memberships maintained by the Bank of England as part of the SB auto-collateralisation arrangements;

and the 'Bank of England repo member' shall be interpreted accordingly.

Bank of England Sterling Bill

A security, which (in uncertificated form) is an eligible debt security issued by The Governor and Company of the Bank of England, and is more particularly described in Chapter 7, section 11 of the CREST Reference Manual.

Bank's systems

The systems and associated equipment and services operated or provided by the Bank of England as part of the Sterling DvP Service to send electronic messages to the EUI-Bank link network and to receive electronic messages from the EUI-Bank link network as referred to in Chapter 6, section 4 of the CREST Reference Manual and as more particularly described in the RTGS Reference Manual.

Borrower Settlement Bank

A USD settlement bank that owes a repayment obligation to another USD settlement bank (as the Lender Settlement Bank) in respect of any Adjustment Payment made by a member (for whom the Lender Settlement Bank is acting as settlement bank) to a member (for whom the Borrower Settlement Bank is acting as settlement bank).

Business day

For any matter relating solely to settlement in euro, a 'business day' is a day on which (a) the EUI systems are operational and (b) the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open.

For any matter relating solely to settlement in US dollars, a 'business day' is a day on which (a) the EUI US Dollar systems are operational; and (b) the NSS is operational.

For all other purposes, a 'business day' is a day on which the EUI systems are operational other than a Saturday, Sunday, Christmas Day, Good Friday or a day which is a bank holiday in England or on which banking



transactions in England are suspended under section 2 of the Banking and Financial Dealings Act 1971.

Calculation time	The time of the payments deadline for US dollars specified in the Daily Timetable.
Cap	Either or both of the CMA cap and the repo cap.
Cash memorandum account (or CMA)	An account maintained by EUI in the name of a member which, by the making of cash postings to that account, records the cumulative (net) balance at any time in the course of a settlement day of CREST payments made to or by that member in the relevant designated currency.
'CCP' participant	A member which is a clearing house and which has the functionality described in the CREST Manual as being made available to participants of type 'CCP'. References to 'CCP' participants include sponsored 'CCP' participants where the context requires; and reference to 'CCP' participants interacting with the CREST system (or, where applicable, the CM system) directly include where they do so by means of the services provided to them by a relevant CREST sponsor (or, where applicable, a clearing sponsor).
'CCP' participant transaction	A transaction involving a particular 'CCP' participant which is entered into the CREST system as a central sponsor transaction attributable to the 'CCP' participant concerned (and includes any centrally-generated transaction attributable or addressed to the 'CCP' participant concerned which relates to any transaction so entered into the CREST system, including any related CLA or INT transaction).
CCSS	The CREST Courier and Sorting Service as described in Chapter 3 of the CREST Reference Manual.

Central bank repo limit

The functionality described in Chapter 7, section 8 of the CREST Reference Manual which is designed to facilitate or enable the Bank of England to limit the aggregate central bank repo value of securities that are transferred to the Bank of England repo membership under the SB auto-collateralisation arrangements by:

- (a) an individual RTGS settlement bank (the 'central bank individual repo limit'); or
- (b) the RTGS settlement banks for pounds sterling collectively (the 'central bank global repo limit')

and, depending on the context, includes any limit that applies as a result of the operation of such functionality.

Central bank repo value

In relation to securities used under the SB auto-collateralisation arrangements, the value of such securities after application of the margin set by the Bank of England in accordance with the valuation procedures described in Chapter 7, section 8 of the CREST Reference Manual.

Centrally-generated transactions

A term used to encompass all transaction types which are created by the CREST system (usually in consequence of earlier transactions input by users) rather than directly input by users.

Central sponsor services

The systems, services and procedures described or referred to in:

- Chapter 4, section 4, section 4A, section 4B and section 4C of the CREST Reference Manual (and Chapter 9, section 2 of the CREST Central Counterparty Service Manual); and
- Chapter 13, section 6 of the CREST Reference Manual,

as being operated or provided by a particular CREST central sponsor.

Central sponsor transaction

A transaction which is initiated or implemented by a properly authenticated dematerialised instruction attributable to a CREST central sponsor and which, at the election of a participant made in accordance with the procedures described in Chapter 4, section 4 of the CREST Reference Manual (and Chapter 9, section 2 of the CREST Central Counterparty Service Manual and Chapter 13, section 5 of the CREST Reference Manual), may or may not in addition be attributable to that participant without the user of that participant (other than the participant's CREST central sponsor) sending a dematerialised instruction by means of its gateway computer.

Client auto-collateralisation arrangements

The auto-collateralisation arrangements described as such in Chapter 7, section 8 of the CREST Reference Manual that facilitate or enable a client-member to deliver securities to or receive securities from their RTGS settlement bank's settlement bank repo membership (and to receive or make the associated payments).

Client-member

A member participating in the client auto-collateralisation arrangements.

CMA cap

The functionality described in Chapter 6, section 3 of the CREST Reference Manual which is designed to facilitate or enable a settlement bank to limit the amount of unsecured credit (determined by reference to the unsecured limit) and, if applicable, secured credit (determined by reference to the secured limit) that the settlement bank is willing to extend to a member for the purpose of making CREST payments and, depending on the context, includes any limit that applies as a result of the operation of such functionality.

Contingency procedures period	Any period during which the stand-by (contingency) procedures for the Euro DvP Service described in Chapter 10, section 1 of the CREST Reference Manual are operated by EUI.
Credit	Either or both of unsecured credit and secured credit.
CREST Applications Host	The system that is operated to receive, manage and control the processing of messages by the CREST system.
CREST CCP Agreement	An agreement between a clearing house and EUI relating to the clearing house's admission as a 'CCP' participant and the provision by EUI of certain CREST services to the clearing house in its capacity as a 'CCP' participant.
CREST central sponsor	A user permitted by EUI to act on behalf of participants different from itself in relation to: <ul style="list-style-type: none"><li>(a) certain trades executed on the trading system, or cleared through the clearing service, for which that CREST sponsor is designated by EUI, in accordance with the CREST Manual, as a CREST central sponsor;</li><li>(b) orders placed through an order routing system, for which that CREST sponsor is designated by EUI, in accordance with the CREST Manual, as a CREST central sponsor; or</li><li>(c) certain operations of a collateral management service (provided by a person other than EUI) for which that CREST sponsor is designated by EUI, in accordance with the CREST Manual, as a CREST central sponsor, and who provides central sponsor services.</li></ul>
CREST Clearing Support Arrangements	Those functions and facilities described as such in Chapter 4, sections 4, 4A and 4B of the CREST Reference Manual that EUI makes

available in support of clearing or related services provided by another person, and which operate outside the CREST central counterparty service.

CREST Collateral Support Arrangements	Those functions and facilities described as such in Chapter 4, sections 4 and 4C of the CREST Reference Manual that EUI provides or otherwise makes available in support of collateral management or other services provided by another person.
CREST Dematerialisation Form	The CREST Dematerialisation Request Form(s) made pursuant to UK Regulation 33(2)(a)(i) and specified in CCSS Operations Manual.
CREST Euro RTGS Framework and Payment Agreement	<p>The framework and payment agreement entered into between EUI and the RTGS settlement banks for the time being for euro, which:</p> <ul style="list-style-type: none"> <li>(a) sets out the contractual framework underpinning the RTGS payments mechanism for euro; and</li> <li>(b) contains the terms and conditions governing the relationship between each RTGS settlement bank for euro with each other RTGS settlement bank for euro and EUI in connection with the participation of such RTGS settlement banks in the RTGS payments mechanism for euro.</li> </ul>
CREST IPA	See 'issuing and paying agent'.
CREST LM system	Either or both of the RTGS Liquidity Management System and the US Dollar LMS.
CREST Manual	<p>The CREST Manual consists of:</p> <ul style="list-style-type: none"> <li>• CREST Reference Manual;</li> <li>• CREST International Manual;</li> <li>• CREST Central Counterparty Service Manual;</li> </ul>

- CREST Rules;
- CCSS Operations Manual; and
- CREST Glossary of Terms (this document, of which the Glossaries to the CREST International Manual and the CREST Central Counterparty Service Manual also form part).

CREST MBG	A group of accounts collectively known as the 'Sterling CREST Minimum Balance Group' which is maintained by each RTGS settlement bank for sterling with the Bank of England in connection with the Sterling DvP Service.
CREST payment	A payment in a designated currency which is made by one member to another member by means of the CREST system in accordance with CREST Rule 17.
CREST Registrar	A participant type which carries on the functions of a registrar and/or an announcement agent. The CREST Registrar may be itself an issuer or a person acting on behalf of the issuer. In the latter case, the user in respect of the CREST Registrar's Participant ID concerned is a sponsoring system participant for each issuer for which the CREST Registrar acts.
CREST Regulations	The Guernsey Regulations, the Irish Regulations, the Isle of Man Regulations, the Jersey Regulations and/or the UK Regulations as the context may require.
CREST relevant system	Each relevant system established pursuant to the applicable CREST Regulations, and comprising the CREST system, the Network Providers' Communications Hosts, the networks, and the authentication mechanism maintained within the user's gateway computer(s).
CREST Requirements	All requirements of EUI for the time being applicable to an issuer, limited user, user, participant, CM user or CM participant including, without limiting the generality of the

foregoing, all the obligations, conditions and operating procedures for the time being applicable to that issuer, limited user, user, participant, CM user or CM participant under or by virtue of:

- the relevant agreement entered into by that issuer, limited user, user, participant, CM user or CM participant;
- the CREST Rules;
- the CREST Manual; and
- any directions for the time being in force given by or for EUI in accordance with the CREST Manual.

CREST Rules	<p>(a) Rules within the meaning of the relevant CREST Regulations and/or the Financial Services and Markets Act 2000 made by EUI;</p> <p>(b) rules made by EUI as operator of a designated system under or pursuant to Directive 98/26/EC on settlement finality in payment and securities settlement systems (and/or the respective national laws which implement that Directive); and</p> <p>(c) rules made by EUI as operator of a recognised payment system under or pursuant to Part 5 of the Banking Act 2009.</p>
CREST security	A Guernsey security, Irish security, Isle of Man security, Jersey security or UK security.
CREST services	The services provided by EUI which are referred to in the CREST Manual but which do not form part of the CREST system.
CREST Settlement Notification	A notification sent or to be sent by EUI to the Bank of England and/or the Ancillary System Interface which contains the information in

relation to payments made by an RTGS settlement bank in an RTGS currency by means of the CREST system, as more particularly described in Chapter 6, section 4 and (in relation to a disconnection period) Chapter 10, section 1 of the CREST Reference Manual.

CREST Settlement Processor

The system that is operated to:

- receive and process for settlement transactions transmitted to it by the CREST Applications Host; and
- transmit postings data to the Local Record.

CREST system

The CREST system consists of:

- the systems and procedures relating to the CREST Applications Hosts at physically remote locations;
- the leased line communications between the CREST Applications Hosts and the System Controller's room;
- the leased line communications between the CREST Applications Host and the CREST Settlement Processors;
- the leased line communications between the CREST Applications Host and the Local Record;
- the leased line communications between the CREST Settlement Processors and the Local Record;
- the CREST Settlement Processors at physically remote locations;
- the Local Record;
- the CCSS; and



- the System Controller's room.

CREST US Dollars Inter-Bank  
Settlement Agreement

The agreement entitled the 'CREST US Dollars Inter-Bank Settlement Agreement' entered into between EUI and each of the USD settlement banks for the time being, which contains the terms and conditions governing the relationship between those USD settlement banks and EUI as a result of their admission to settlement bank status under the US dollar payments mechanism.

CREST Voting Service

The service described in Chapter 7, section 9 of the CREST Reference Manual which in summary enables issuers to notify holders of securities that a meeting is to take place, enables members to complete and submit electronic proxy appointments (including voting instructions) to an issuer and enables issuers to notify holders of securities of the results of such meetings.

Critical Economic Function or CEF

Functions or services whose disruption could have an adverse material impact on financial stability, including:

- (a) Notary services (i.e. the initial recording of securities in a book-entry system), including:
- System control adjustments (ADJ)
  - MMI issuance and adjustment
  - Gilt stripping and reconstitution (STR, RCN)
  - 'bad delivery' reversal functions (BDR, BWR) in respect of all the above
  - Registrar adjustments (REG including NEG REG)
  - core messaging and reporting related to all of the above

(b) Central maintenance service (providing and maintaining securities accounts at the top tier level), including:

- the various messages that set up, amend or delete Users, participants and member accounts
- messages that provide the data as reports

(c) Settlement service (operating a securities settlement system), including:

- standard sterling settlement (being DEL and OAT) of issuer CSD securities (domestically held, i.e. excluding UTF, RES, CDIs) and FoP
- core messaging and reporting related to the above

(d) Collateral services, including:

- cleared and bilateral Delivery-by-Value transactions (both overnight and term)
- self-collateralising repo (SCRs)

#### Critical Service Provider or CSP

(a) In relation to a settlement bank, any settlement bank with 10% or more of overall concentration of CREST activity in any one of the following metrics for two consecutive six month periods;

- value of transactions activity between settlement banks ('cross-bank')
- value of transactional activity within settlement banks ('intra-bank')
- value of auto-collateralising repurchase activity undertaken by each settlement bank

(b) In relation to a registrar, any registrar that acts as CREST Registrar in respect of any

one of the following for two consecutive six month periods;

- 5 or more FTSE100 (or Irish equivalent) security issues
- 10 or more FTSE250 (or Irish equivalent) security issues
- 1 or more UK gilt issues

(c) Any Network Provider;

(d) In relation to a central sponsor, any central sponsor that provides clearing for the CREST Delivery By Value (DBV) service;

(e) Any provider of clean prices, accrued interest or dirty prices for British Government Stock or discount prices for Eligible debt securities representing Treasury Bills.

Cross-CCP memberships

The separate CREST memberships maintained by x-clear to enable or facilitate the settlement of central counterparty transactions between it and LCH.Clearnet as a 'CCP' participant, in the manner described in the CREST Manual, and which are maintained by x-clear pursuant to the CCP services provided by it as part of (i) the central counterparty service for LSE trades, and (ii) the central counterparty service for SWX Europe trades respectively; and references to **cross-CCP member** or **relevant cross-CCP member** shall be interpreted accordingly.

CSD participant

A member which is a central securities depository or securities settlement system (or its nominee) and which has securities and, in some cases, cash functionality in the CREST system.

CSD Regulation (or CSDR)

Regulation (EU) No 909/2014 of the European Parliament and of the Council on improving securities settlement in the European Union

and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No.236/2012.

Distribution Compliance Period (or DCP)	The 'distribution compliance period', being the period within which offers and/or sales of Restricted Securities are restricted.
Dedicated Liquidity Cycle Period	The period beginning at the time at which a 'start-of-cycle' message is sent by EUI to the Ancillary System Interface and ending at the time at which an 'end-of-cycle' message is sent by or on behalf of EUI to TARGET2 or is otherwise treated as having been sent by or on behalf of EUI to TARGET2, in each case in the manner contemplated by Annex IV to the Guideline or otherwise in accordance with the contingency procedures for the Euro RTGS Procedures as described in Chapter 10, section 1 of the CREST Reference Manual.
Delivery Settlement Event	The meaning given to that term in Part A of CREST Rule 14.
Deposit set	The physical documents (eg share certificates, allotment letters, transfer forms, dematerialisation forms etc) which are delivered via the CCSS to the registrar in order to deposit a security into the CREST system.
Designated currency	A currency which, as the currency of payment, is capable of being paid by a member by means of the CREST system. Currently sterling, U.S. dollars and euro are designated currencies.
Direct input services	The systems, services and procedures described in Chapter 4, section 4 (and Chapter 9, section 3 of the CREST Central Counterparty Service Manual and Chapter 13, section 5 of the CREST Reference Manual) as being operated or provided by EUI:

- to enable or facilitate the creation of a central sponsor transaction; and
- to verify whether a particular transaction may properly be created as a central sponsor transaction attributable to a particular participant and/or may properly be processed as part of the netting procedures.

**Disconnection period**

Any period during which the stand-by (contingency) procedures for the Sterling DvP Service, or a constituent service, described in Chapter 10, section 1 of the CREST Reference Manual are operated by EUI.

**Distribution Entitlement Amount**

In connection with the US dollar payments mechanism and in relation to a USD settlement bank in respect of a settlement day, the sterling amount to be distributed to that USD settlement bank as determined by EUI in accordance with the Trust Deed and as evidenced by the Trust Entitlement Record as entered up by EUI after the end of that settlement day as described in Chapter 6, Section 4A of the CREST Reference Manual.

**Draw-Down Procedures**

The procedures operating as part of:

- (a) the Sterling DvP Service that are described in Chapter 6, section 4 and Chapter 10, section 1 of the CREST Reference Manual, under which an RTGS settlement bank may withdraw liquidity otherwise available to it for CREST settlement (the ***Sterling Draw-Down Procedures***); or
- (b) the US dollar payments mechanism that are described in Chapter 6, section 4A of the CREST Reference Manual, under which a USD settlement bank may withdraw sterling funds from the EUI Trust Account for credit to its Relevant Settlement Account during a settlement

day (the ***US Dollar Draw-Down Procedures***).

DvP Service	<p>The several services, functions and facilities described or referred to in Chapter 6, section 4 of the CREST Reference Manual which in combination facilitate or otherwise relate to the making of an RTGS payment by one member to another member, and which comprise:</p> <ul style="list-style-type: none"><li>(a) the 'Sterling DvP Service' (under arrangements put in place between the Bank of England and EUI); and</li><li>(b) the 'Euro DvP Service' (under arrangements put in place between the ECB and EUI).</li></ul>
ECB	<p>The European Central Bank.</p>
ECB Guarantee	<p>The irrevocable and unconditional guarantee given by the ECB for the benefit of EUI in accordance with the Euro DvP Services Agreement, which is intended to give contractual effect to and replicate the substance of the obligations of the ECB (as an Ancillary System Central Bank) provided for or otherwise contemplated by Article 31(3) and the related provisions of the ECB TARGET2 T&amp;Cs.</p>
ECB's systems	<p>The systems, facilities and arrangements operated or used by the ECB under the rules, guidelines, regulations and operational procedures of TARGET2 to support CREST settlement in euro in accordance with Annex IV to the Guideline and the Euro DvP Arrangements.</p>
ECB TARGET2 Conditions	<p>The Decision of the European Central Bank of 24 July 2007 concerning the terms and conditions of TARGET2-ECB (ECB/2007/7) as the same has been or may from time to time be amended, varied, supplemented or replaced.</p>

Electronic data capture (or EDC)	<p>For stock deposit transactions, the preparation of the details of the deposit in the CREST system by the person to whose stock account the securities are to be credited. The electronic data capture, or EDC, consists of:</p> <ul style="list-style-type: none"><li>• a set of stock deposit details;</li><li>• a set of investor details; and</li><li>• details of the deposited certificates.</li></ul>
Eligible debt security (or EDS)	<p>The meaning given in the UK Regulations.</p>
End date	<p>In relation to a security, the last day on which that security is enabled permanently for settlement in the CREST system.</p>
Escrow agent	<p>The member to whom a member gives sole control over securities which it has transferred to an escrow balance.</p>
EUI or Euroclear UK & Ireland	<p>Euroclear UK &amp; Ireland Limited (formerly known as CRESTCo Limited) incorporated in England and Wales under number 2878738 and whose registered office is at 33 Cannon Street, London EC4M 5SB.</p>
EUI-Bank link network	<p>The network and associated equipment and services used by EUI under the Sterling DvP Service to receive electronic messages from the Bank's systems and to send electronic messages to the Bank's systems, as described in Chapter 6, section 4 of the CREST Reference Manual.</p>
EUI systems	<p>Any or all of the CREST system, the CREST LM system and the CM system.</p>
EUI Trust Account	<p>In connection with the US dollar payments mechanism, the separate designated sterling account opened and maintained in the name of EUI (or its nominee) at the Bank of England to:</p>

- (a) receive and hold pre-funding payments from the USD settlement banks;
- (b) facilitate top-up and drawdown payments by any USD settlement bank; and
- (c) pay Distribution Entitlement Amounts to a USD settlement bank's Relevant Settlement Account,

in each case on and subject to the terms of the Trust Deed and in the manner described in Chapter 6, section 4A of the CREST Reference Manual.

EUI US Dollar systems

The systems comprising:

- (a) the CREST system (in so far as its functionality enables or facilitates the execution of instructions to pay an amount in US dollars and/or the settlement of CREST payments in US dollars);and
- (b) the US Dollar LMS.

Euro

The lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty on European Union.

Euro DvP Service

See 'DvP Service'.

Euro DvP Services Agreement

The agreement entered into between EUI and the ECB which, among other things, constitutes the bilateral arrangements which are required by the Guideline to be put in place between EUI (as operator or manager of an ancillary system) and the ECB (as an Ancillary System Central Bank and as operator of TARGET2-ECB).

Euro Payment Finality Procedures

The provisions of, and the procedures contemplated by, clauses 3.2 to 3.6



(inclusive) of the CREST Euro RTGS Framework and Payment Agreement governing:

- (a) the initiation of a multilateral netting account by EUI to determine the net amount due to or from each RTGS settlement bank for euro in respect a Dedicated Liquidity Cycle Period;
- (b) the initiation and completion of the appropriation procedures described in Chapter 10, section 1 of the CREST Reference Manual to exclude certain claims from the multilateral netting account referred to in paragraph (a), where required in the circumstances described in clause 3.2 of the CREST Euro RTGS Framework and Payment Agreement;
- (c) the completion of the multilateral netting account referred to in paragraph (a) (after, where required, the initiation and completion of the appropriation procedures referred to in paragraph (b));
- (d) the timing of, and the procedure for, the full and final discharge of the claims of each RTGS settlement bank for euro arising during the Dedicated Liquidity Cycle Period which are included in the multilateral netting account completed by EUI as contemplated by paragraph (c); and
- (e) the procedures under which the claim of each RTGS settlement bank for euro arising during the Dedicated Liquidity Cycle Period, but which is not included in a multilateral netting account completed by EUI, is to be fully and finally discharged.

Euro RTGS Procedures	The procedures established pursuant to or otherwise contemplated by the CREST Requirements which support or are otherwise connected with the settlement of settlement bank payment obligations in euro through TARGET2, comprising: <ul style="list-style-type: none"><li data-bbox="762 470 1324 593">(a) the giving and performance by the ECB of the ECB Guarantee in accordance with its terms; and</li><li data-bbox="762 593 1324 638">(b) the Euro Payment Finality Procedures.</li></ul>
Eurosystem Central Bank	The European Central Bank or a national central bank of a Member State which has adopted the euro.
FCA	The UK Financial Conduct Authority, or its successor.
Federal Reserve Banks	Any or all of the Federal Reserve Bank of New York and the other regional Federal Reserve Banks that together form part of the Federal Reserve System.
Federal Reserve System	The United States central bank comprised of: <ul style="list-style-type: none"><li data-bbox="762 1265 1189 1310">(a) the Federal Reserve Banks;</li><li data-bbox="762 1344 1316 1433">(b) the Board of Governors of the Federal Reserve System; and</li><li data-bbox="762 1467 1300 1512">(c) the Federal Open Market Committee.</li></ul>
Gateway computer	The terminal provided by the network provider to the user which contains the authentication hardware and by which all messages are transmitted by the user to the CREST system.
GDPR	Regulation 2016/679 of the European Parliament and of the Council on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, as amended or re-enacted from time to time.

Graphical User Interface (GUI)	The interactive software which EUI supplies to all users to enable them to communicate with the CREST system, and which also may be used by a CM user to communicate with the CM system. The software is described as the 'CREST Software' when it is used to communicate with the CREST system; and is described as the 'CREST CM Software' when it is used to communicate with the CM system; and is described as the CREST LMS Software when it is used to communicate with the US Dollar LMS.
Guernsey Regulations	The Uncertificated Securities (Guernsey) Regulations 2009 (Guernsey S.I. 48 of 2009) and such other regulations having force within Guernsey as are applicable to EUI and/or the CREST relevant system and are from time to time in force.
Guernsey security	A security admitted to the CREST system pursuant to the Guernsey Regulations.
Guideline	The Guideline of the European Central Bank of 5 December 2012 (ECB/2012/27) on a Trans-European Automated Real-time Gross settlement Express Transfer system (recast) as the same has been or may from time to time be amended, varied, supplemented or replaced.
Headroom	At any time during or in connection with a settlement day, the amount of credit available to a member for the purposes of CREST settlement as determined in accordance with Chapter 6, section 3 of the CREST Reference Manual.
Intended Settlement Date	The date on which the settlement of non-settling transactions is intended.
Inter-Bank Settlement Event	The meaning given to that term in CREST Rule 17.
Investment Funds Service	Those functions and facilities described in Chapter 13 of the CREST Reference Manual

that EUI makes available in support of the settlement of the certain investment fund transactions, and which operate outside the scope of the UK Regulations.

IPA issuance message

An issuer-instruction attributable to an issuing agent and the issuer of uncertificated units of an eligible debt security, which forms part of the procedures by which security details and corporate actions details relating to the eligible debt security are entered into the CREST system and units of the eligible debt security are credited to the issuing agent's stock account prior to their delivery to the stock accounts of the persons who are to be the first holders of the security.

Irish Regulations

The Irish Companies Act, 1990 (Uncertificated Securities) Regulations 1996 (SI No 68 of 1996), as amended by the Irish Companies Act, 1990 (Uncertificated Securities) (Amendment) Regulations 2005 (SI No 693), and such other regulations made under s239 of the Companies Act 1990 having force within Ireland as are applicable to EUI and/or the CREST relevant system and are from time to time in force.

Irish security

A security admitted to the CREST system pursuant to the Irish Regulations.

Isle of Man Regulations

The Isle of Man Companies Act 1992 Uncertificated Securities Regulations 2005 (No 754 of 2005) and such other regulations made under s28 of the Companies Act 1992 having force within the Isle of Man as are applicable to EUI and/or the CREST relevant system and are from time to time in force.

Isle of Man security

A security admitted to the CREST system pursuant to the Isle of Man Regulations.

Issuer's agent

A member (receiving agent), normally identified in the relevant meeting announcement data, which receives dematerialised instructions containing proxy

appointments (including voting instructions) and/or makes results announcements in the CREST system in relation to securities in connection with the CREST Voting Service.

Issuing agent	A member, normally identified in the relevant securities data, which has been appointed by an issuer to perform in the CREST system the functions of an issuing agent in relation to eligible debt securities of the issuer. The issuing agent may itself be an issuer or a person acting on behalf of the issuer. In the latter case, the user in respect of the IPA's Participant ID concerned is a sponsoring system participant for each issuer for which the issuing agent acts as such.
Issuing and paying agent (or CREST IPA)	A person who performs the functions of either or both of an issuing agent and a paying agent.
Jersey Regulations	The Companies (Jersey) Law 1991 Companies (Uncertificated Securities) (Jersey) Order 1999 (No 9462) and such other regulations having force within Jersey as are applicable to EUI and/or the CREST relevant system and are from time to time in force.
Jersey security	A security admitted to the CREST system pursuant to the Jersey Regulations.
Key Participant or KP	Any member, or members sharing a Legal Entity Identifier or Unique National Identifier, that for two consecutive six month periods:  a) inputs 1% or more of the overall volume of DEL transactions in the CREST system; or  b) inputs 1% or more of the overall value of DEL, SLO and TDO transactions in the CREST system.
Key Service Provider or KSP	In relation to a settlement bank, any settlement bank that does not fulfil the criteria

to be identified as a Critical Service Provider for two consecutive six month periods.

In relation to a registrar, any registrar that does not fulfil the criteria to be identified as a Critical Service Provider for two consecutive six month periods.

In relation to a central sponsor, any central sponsor that does not fulfil the criteria to be identified as a Critical Service Provider.

Legal Entity Identifier or LEI

A twenty digit alpha-numeric code, complying with the ISO 17442 standard, enabling clear and unique identification of legal entities participating in financial transactions.

Lender Settlement Bank

A USD settlement bank to whom a repayment obligation is owed by another USD settlement bank (as the Borrower Settlement Bank) in respect of any Adjustment Payment made by a member (for whom the Lender Settlement Bank is acting as settlement bank) to a member (for whom the Borrower Settlement Bank is acting as settlement bank).

Liquidity earmarked amount

In respect of each RTGS settlement bank, in relation to the Sterling DvP Service the balance standing to its credit under its bilateral account relationship with the Bank of England and which is irrevocably appropriated for the purposes of CREST settlement and in relation to the Euro DvP Service the balance (if any) standing to the credit of its PM Sub-Account at the beginning of a Dedicated Liquidity Cycle Period and as notified to EUI through the Ancillary System Interface as the dedicated liquidity for CREST settlement, in each case in accordance with the arrangements referred to in Chapter 6, section 6 of the CREST Reference Manual.

Liquidity Earmark Notification

A notification sent or to be sent by the Bank of England and/or through the Ancillary System Interface to EUI which specifies for each RTGS settlement bank its liquidity earmarked

amount in the relevant RTGS currency, as more particularly described in Chapter 6, section 4 of the CREST Reference Manual.

#### Liquidity Management Services

The systems and services more particularly described in Chapter 6, sections 4 and 4A of the CREST Reference Manual as being provided by EUI to:

- (a) an RTGS settlement bank to facilitate or enable that RTGS settlement bank's management of liquidity in connection with the DvP Service;
- (b) a USD settlement bank to facilitate or enable that USD settlement bank's management of liquidity in connection with the US dollar payments mechanism.

#### Liquidity Memorandum Account

An account maintained by EUI in the name of an RTGS settlement bank for each RTGS currency, which records:

- (a) the payments made by or to that RTGS settlement bank in sterling during a settlement cycle or disconnection period; and
- (b) a running balance for the net amount of the payment which is to be made by or to that RTGS settlement bank in euro at the end of a Dedicated Liquidity Cycle Period,

and which controls the amount of liquidity in the relevant RTGS currency used by that RTGS settlement bank for the purposes of CREST settlement, as more particularly described in Chapter 6, section 4 and (in relation to a disconnection period) Chapter 10, section 1 of the CREST Reference Manual.

#### Liquidity Use Functionality

In connection with the US dollar payments mechanism, the functionality that operates in the US Dollar LMS which is designed to prevent settlement of a CREST payment in US

dollars if the resulting balance on the paying USD settlement bank's Payments Memorandum Account (expressed as an absolute value) would exceed that USD settlement bank's Liquidity Use Limit as at that time.

Liquidity Use Limit

In connection with the US dollar payments mechanism and at any time in relation to a USD settlement bank, the lower as at that time of:

- (a) its Pre-Funded USD Amount; and
- (b) such amount as has been most recently notified by the NSS settlement participant acting as Settler for that USD settlement bank as the NSS settlement participant limit in accordance with Chapter 6, section 4A of the CREST Reference Manual.

Local Record

The meaning given to that term in Part C of CREST Rule 14.

Member

A participant (including a receiving agent, a takeover receiving agent, the cross-CCP member and an issuing and paying agent) which has securities and cash functionality in the CREST system. References to members include sponsored members where the context requires and references to members interacting with the system directly include where they do so by means of a sponsor. The term 'member', when used in the CREST Manual is taken to include product providers, CSD participants and 'CCP' participants except where the context otherwise requires.

Member account

All securities in the CREST system are held in member accounts. When registering holdings of securities, a registrar or, where required by the applicable CREST Regulations, the Operator registers the participant's name with the Member Account Identifier as a form of designation. One member account for each



participant can have a blank account identifier, so that the register entry consists only of the participant's name. This is the 'undesignated account'.

Message	Any instruction, enquiry or other form of electronic communication which is sent between a gateway computer (including a CM Gateway or LMS Gateway) and the CREST system (or the CM system or US Dollar LMS).
Netting procedures	The systems, services and procedures described in Chapter 4, section 4 of the CREST Reference Manual as being operated or provided by EUI in order to enable or facilitate, at the election of a participant made in accordance with such procedures, the termination of certain gross transactions attributable to that participant and their replacement upon taking a settlement netting account by a single net transaction.
Network provider	An organisation accredited by EUI to provide network communication services to users or CM users.
Network Providers' Communications Host	The means by which the network providers receive and authenticate messages for onward transmission to and from the CREST Applications Host.
NSS	The multilateral settlement service known as the 'NSS' owned and operated by the Federal Reserve Banks, and which is used as part of the Settlement File Account Procedure to complete the settlement of settlement bank payment obligations in US dollars between the US dollar settlement banks.
NSS CREST services	The CREST services described in Chapter 6, section 4A of the CREST Reference Manual as being provided by EUI to or for an NSS settlement participant to enable or facilitate the performance of its functions as a Settler in relation to one or more USD settlement banks.

NSS Operating Circular	Operating Circular No. 12 (effective 30 June 2016) and its Appendices issued by the Federal Reserve Banks which sets out the terms under which the Federal Reserve Banks provide settlement services to Settlers in the NSS.
NSS settlement agent	A person who is authorised to act on behalf of Settlers in the NSS in accordance with the NSS Operating Circular.
NSS settlement participant	A person whom EUI has admitted to participation as an NSS settlement participant and, accordingly, to whom EUI agrees to provide NSS CREST services.
NSS settlement participant limit	Any limit notified as such by an NSS settlement participant acting as a Settler for a USD settlement bank and operating as part of the Liquidity Use Limit for the USD settlement bank.
Participant	A person who has a business relationship with EUI and who communicates with the CREST system via the gateway computer of a user (who may or may not be the same legal entity). The participant types are described in Chapter 2, section 2 of the CREST Reference Manual.
Participant ID	The identification code used in the system for a particular participant.
Paying agent	A member, normally identified in the relevant securities data, which has been appointed by an issuer to perform in the CREST system the functions of a paying agent in relation to eligible debt securities of the issuer. The paying agent may itself be an issuer or a person acting on behalf of the issuer. In the latter case, the user in respect of the IPA's Participant ID concerned is a sponsoring system participant for each issuer for which the paying agent acts as such.

Payments Memorandum Account	<p>In connection with the US dollar payments mechanism, a multilateral running-account maintained in the US Dollar LMS in the name of a USD settlement bank which records the cumulative (net) balance, at any time in the course of a settlement day and (if applicable) upon completion of any Adjustment Procedure for that settlement day, of CREST payments in US dollars made by or to members for whom that USD settlement bank is acting as a settlement bank.</p>
Payment Settlement Event	<p>The meaning given to that term in CREST Rule 17.</p>
Payments Memorandum Account Procedure	<p>In connection with the US dollar payments mechanism and in respect of any PMAP settlement day, the procedure described in Chapter 6, section 4A of the CREST Reference Manual under which (upon EUI's determination that it will not be possible to operate a Settlement File Account Procedure for that settlement day):</p> <ul style="list-style-type: none"><li>• (if applicable) EUI has initiated and completed an Adjustment Procedure in respect of that settlement day;</li><li>• EUI calculates the PMAP Net Amount that is payable by or to each USD settlement bank in respect of that settlement day;</li><li>• EUI determines the PMAP Distribution Entitlement Amount for each USD settlement bank and enters it up in the Trust Entitlement Record;</li><li>• EUI pays the relevant PMAP Distribution Entitlement Amount to each USD settlement bank by procuring its debit from the EUI Trust Account and its credit to the USD settlement bank's Relevant Settlement Account or, if a USD settlement bank's PMAP Distribution Entitlement Amount is</li></ul>

zero, EUI confirms to the USD settlement bank that no payment will be made to it in respect of its PMAP Distribution Entitlement Amount for that settlement day;

- (if applicable) EUI initiates and completes the appropriation procedures described in Chapter 10, section 1 of the CREST Reference Manual to identify which Inter-Bank Payment Obligations arising during that settlement day and (if applicable) under any Adjustment Procedure operated for that settlement day are to be accounted for as Excluded IBPOs in the calculation of the PMAP Net Amount for a USD Settlement Bank;
- (if applicable) EUI notifies the relevant USD settlement banks as to the value of any Excluded IBPO which is due from a USD Settlement Bank and the identity of the relevant USD Settlement Banks to and from whom that Excluded IBPO is due; and;
- (if applicable) the Excluded IBPOs are settled as between the relevant USD Settlement Banks.

Payments Module

A Single Shared Platform module in which payments of TARGET2 participants are settled on PM Accounts.

Place of trade MIC

A transaction information field that carries the market identification code (Segment MIC) of the venue on which a trade is executed.

PM Account

An account held by a TARGET2 participant in TARGET2 in the Payments Module with a Eurosystem CB which is necessary for such TARGET2 participant to:

- submit payment orders and receive payments via TARGET2; and

- settle such payments with such Eurosystem CB.

PMAP Distribution Entitlement Amount	In connection with the US dollar payments mechanism and in relation to a USD settlement bank in respect of a PMAP settlement day, the Distribution Entitlement Amount payable to that USD settlement bank as determined by EUI in accordance with Part VII of the Trust Deed.
PMAP Net Amount	In connection with the US dollar payments mechanism and in relation to a USD settlement bank, the amount that is calculated by EUI in accordance with the CREST US Dollars Inter-Bank Settlement Agreement as being either due to or from that USD settlement bank in respect of CREST payments in US dollars made by or to that USD settlement bank for the account of members in connection with a PMAP settlement day and which is to be settled by way of net settlement under the Payments Memorandum Account Procedure.
PMAP settlement day	In connection with the US dollar payments mechanism, any settlement day in respect of which EUI operates the Payments Memorandum Account Procedure to complete settlement of the settlement bank payment obligations in US dollars that have arisen between USD settlement banks in connection with that settlement day.
PM Sub-Account	A sub-account held by or for an RTGS settlement bank for euro in TARGET2 and in which the balance is dedicated for CREST settlement by or for the account of that RTGS settlement bank during a Dedicated Liquidity Cycle Period in accordance with the rules, regulations, guidelines and procedures of TARGET2 relating to settlement procedure 6 (dedicated liquidity and cross-system settlement) for ancillary systems (using an

interfaced model) described in Annex IV to the Guideline.

(Pounds) sterling

The lawful currency of the United Kingdom.

Pre-Distribution Entitlement Amount

In connection with the US dollar payments mechanism and in relation to a USD settlement bank at any time during a settlement day, the sterling amount of that USD settlement bank's entitlement in relation to the Trust Fund as determined in accordance with Part V of the Trust Deed and as evidenced by the Trust Entitlement Record entered up by EUI as at that time.

Pre-Funded USD Amount

In connection with the US dollar payments mechanism and at any time in relation to a USD settlement bank, the US dollar equivalent of the USD settlement bank's Pre-Distribution Entitlement Amount as at that time as calculated in the US Dollar LMS in accordance with the procedures described in Chapter 6, section 4A of the CREST Reference Manual.

Principal

Used to indicate one of the main two parties exchanging securities and/or cash in a transaction - as distinct from any third-party recipients of cash. A 'principal', in this sense, need not be dealing in a principal capacity however; he could have arranged the bargain as agent and, in regulatory terms, be settling as an agent.

Processing Federal Reserve Bank

The Federal Reserve Bank of New York which, under contract with EUI, is responsible for accepting and processing Settlement Files submitted by EUI as an NSS settlement agent in accordance with the NSS Operating Circular.

Product provider

A participant type which is available to the manager of a unit trust or to the authorised corporate director of an open-ended investment company or their appointed transfer agents. In the latter case, the user in respect of the product provider is a sponsoring

	<p>system participant for each manager or the authorised corporate director of an open ended investment company for which it is the appointed transfer agent. To the extent the product provider is acting on behalf of the unit trust or OEIC, the user in respect of the product provider is a sponsoring system participant for such unit trust or open-ended investment company.</p>
Prudential Regulation Authority	<p>The UK Prudential Regulation Authority, or its successor.</p>
Receiving agent	<p>A participant of the type member which acts as receiving agent for corporate actions relating to securities of the issuer which are executed in the CREST system (normally identified in the relevant corporate actions data), as announcement agent and/or as issuer's agent. The receiving agent may be itself an issuer or a person acting on behalf of the issuer. In the latter case, the user in respect of the particular membership is a sponsoring system participant for each issuer for which the receiving agent acts as such. (Note: references to 'receiving agent' do not include a reference to takeover receiving agent, see below. However, admission as a CREST Receiving Agent embraces admission as both a receiving agent and a takeover receiving agent.)</p>
Recognised CSD	<p>Any central securities depository which is recognised as such under the Act.</p>
Recognised clearing house	<p>Any clearing house which is recognised as such under the Act.</p>
Registrar	<p>A CREST Registrar which retrieves and where relevant responds to RURs and which, where required by the applicable CREST Regulations, maintains the registers of uncertificated securities.</p>
Relevant Central Bank	<p>Either or both of the Bank of England and the ECB.</p>

Relevant CREST sponsor	A CREST sponsor (other than a CREST central sponsor) that is permitted by EUI to act for a 'CCP' participant or such other system-member participating in the CREST central counterparty service or the CREST Clearing Support Arrangements, but is not permitted to act in such capacity for any other person.
Relevant Settlement Account	<p>In connection with the US dollar payments mechanism and in relation to each USD settlement bank, a sterling settlement account maintained by the USD settlement bank with the Bank of England for the purpose of:</p> <ul style="list-style-type: none"><li>(a) making pre-funding payments to the EUI Trust Account;</li><li>(b) facilitating top-up and draw-down payments; and</li><li>(c) receiving Distribution Entitlement Amounts from the EUI Trust Account,</li></ul> <p>in each case on and subject to the terms of the Trust Deed and in the manner described in Chapter 6, section 4A of the CREST Reference Manual.</p>
Repo cap	The functionality described in Chapter 6, Section 7 and Chapter 7, section 8 of the CREST Reference Manual which is designed to facilitate or enable an RTGS settlement bank to limit the aggregate settlement bank margined value of securities that are transferred by a client-member to the settlement bank's settlement bank repo membership under the client auto-collateralisation arrangements and, depending on the context, includes any limit that applies as a result of the operation of such functionality.
RepoClear membership	The CREST membership maintained by LCH.Clearnet to enable or facilitate the settlement of RepoClear trades and to make



or receive related CREST payments; and references to "RepoClear member" shall be interpreted accordingly.

RepoClear Service	The meaning given to that term in Chapter 4, section 4B of the CREST Reference Manual.
RepoClear trades	The meaning given to that term in Chapter 4, section 4B of the CREST Reference Manual.
Reporting participant	A CREST member or other person who is admitted by EUI and who participated in the EUI transaction reporting service that terminated with effect from 03 January 2018.
Residuals service	The system for the receipt, transport and making available for collection of certificates etc. relating to securities which are not participating securities.
Restricted Funds	An investment fund restricted to certain types of holder.
Restricted Securities	<p>Securities subject to transfer restrictions under the federal laws of the United States of America. In relation to the CREST system references to Restricted Securities mean:</p> <ul style="list-style-type: none"><li>• Reg S Cat 3 securities: equities offered and sold pursuant to and therefore subject to restrictions under Category 3 of Regulation S of the Securities Act; and/or</li><li>• Reg S Cat 3/Rule 144A securities: equities offered and sold pursuant to and therefore subject to restrictions under Category 3 of Regulation S and, if applicable in connection with any eligible resales, Rule 144A of the Securities Act.</li></ul>
RTGS	In relation to the Bank of England and the Sterling DvP Service, accounting arrangements established and operated by the Bank of England for the settlement in real

	time of sterling payments across settlement accounts maintained in the RTGS Processor.
RTGS CREST Master Auto-Collateralising Repurchase Agreement	The sale and repurchase agreement between a member and his RTGS settlement bank and/or between an RTGS settlement bank and the Bank of England in relation to auto-collateralising repurchase transactions, as contemplated by the auto-collateralisation arrangements.
RTGS currency	A designated currency which is settled in the CREST system by means of the RTGS payments mechanism. Currently pounds sterling and euro are RTGS currencies.
RTGS Liquidity Management System	<p>The computer system (and related databases, systems and procedures) described in Chapter 6, Section 4 and Chapter 10, Section 1 of the CREST Reference Manual, comprising:</p> <ul style="list-style-type: none"> <li>• the Liquidity Memorandum Accounts;</li> <li>• the databases available for liquidity and liquidity projection enquiries by an RTGS settlement bank;</li> <li>• the liquidity adjustment procedures which operate during a disconnection period;</li> <li>• the appropriation procedures for the resolution of an operational error in the Euro DvP Service;</li> <li>• the procedures that comprise and/or relate to the operation of the central bank repo limits; and</li> <li>• the associated equipment, systems and procedures operated by EUI.</li> </ul>
RTGS payment	A CREST payment in an RTGS currency.
RTGS payments mechanism	The payments mechanism which forms part of the DvP Service described in Chapter 6 of the

	<p>CREST Reference Manual, under which the inter-settlement bank payment obligations which arise in accordance with CREST Rule 17 are settled by way of real-time gross settlement.</p>
RTGS Reference Manual	<p>The Reference Manual for RTGS published by the Bank of England, as amended from time to time.</p>
RTGS settlement bank	<p>In relation to a member and in respect of either or both RTGS currencies, a settlement bank which makes and/or receives payments in an RTGS currency for the account of that member by means of the CREST system.</p>
SAT file	<p>A file compiled by a SAT Sending Participant in relation to gross trades executed by SAT Settlement Participants (or their principals) who use the SAT Sending Participant to create SAT instructions on their behalf under the Stamp Duty Assessment Service.</p>
SAT instruction or SAT	<p>An instruction created for a SAT Sending Participant acting on behalf of a SAT Settlement Participant, which relates to a gross trade put forward in a SAT file for assessment to, and (where so assessed) initiates a process for the collection of, stamp duty reserve tax or stamp duty under the Stamp Duty Assessment Service.</p>
SAT Sending Participant	<p>A user whose User ID is flagged as being that of a SAT Sending Participant under and for the purposes of the Stamp Duty Assessment Service.</p>
SAT Settlement Participant	<p>A member who has elected to use a SAT Sending Participant or SAT Sending Participants to create SAT instructions on its behalf under the Stamp Duty Assessment Service.</p>
SB auto-collateralisation arrangements	<p>The auto-collateralisation arrangements described as such in Chapter 7, Section 8 of the CREST Reference Manual that facilitate or</p>

enable an RTGS settlement bank to deliver securities to or receive securities from the Bank of England repo membership (and to receive or make the associated payments).

SEC

The US Securities and Exchange Commission.

Secured credit

The secured credit extended by a settlement bank to a member for the purpose of making CREST payments and that is capable of being controlled by the settlement bank through the operation of the CMA cap by reference to the secured limit.

Secured credit limit

In respect of a CMA cap at any time during a settlement day, the secured credit limit is the lower of A and B; where:

A is the secured limit; and

B is the sum of:

- (i) the settlement bank margined value of securities held in any stock account linked to the cap and opted into the secured credit arrangements; and
- (ii) the aggregate settlement bank margined value of securities which have been transferred by that time on that settlement day from any stock account opted into the secured credit arrangements by the member in whose name the relevant cash memorandum account(s) is/are held under outstanding auto-collateralising repurchase transactions.

Secured limit

A secured limit in respect of a CMA cap is the monetary limit last input as such by the relevant settlement bank to the CREST system.

Security

A share or any other type of security (within the meaning given in the CREST Regulations) which, where the context requires, has been

	admitted to the CREST system and has been enabled.
Securities Act	The US Securities Act of 1933, as amended.
Settlement bank	In relation to a member and in respect of any designated currency, a bank which makes and/or receives payments for the account of that member by means of the CREST system, being a bank which has entered into an agreement with EUI to act as settlement bank in respect of that member and continues so to act.
Settlement bank linked membership	A membership linked to an RTGS settlement bank under the SB auto-collateralisation arrangements which facilitates or enables the settlement of auto-collateralising repurchase transactions between that RTGS settlement bank and the Bank of England; and 'settlement bank linked member' shall be interpreted accordingly. An RTGS settlement bank may have one or more settlement bank linked members.
Settlement bank margined value	In relation to securities used under the secured credit or client auto-collateralisation arrangements, the value of such securities after application of the margin set by the relevant settlement bank in accordance with the valuation procedures described in Chapter 6, section 3 of the CREST Reference Manual.
Settlement bank payment obligation	An obligation of a settlement bank to make a payment to another settlement bank or to a CREST member, which arises upon the occurrence of a Payment Settlement Event in accordance with CREST Rule 17.
Settlement bank repo membership	The membership maintained by an RTGS settlement bank which facilitates or enables the settlement of:  (a) auto-collateralising repurchase transactions between that RTGS settlement bank and its client-members

under the client auto-collateralisation arrangements; and

- (b) auto-collateralising repurchase transactions between that RTGS settlement bank and the Bank of England under the SB auto-collateralisation arrangements;

and 'settlement bank repo member' shall be interpreted accordingly.

Settlement day

In relation to a designated currency, the periods of a business day during which CREST payments in that designated currency may be made (as determined in accordance with the Daily Timetable).

Settlement File

The instructions submitted by EUI as an NSS settlement agent (and as part of the CREST services) in connection with a settlement day in accordance with Chapter 6, section 4A of the CREST Reference Manual.

Settlement File Account Procedure

In connection with the US dollar payments mechanism and in respect of any SFAP settlement day, the procedure described in Chapter 6, section 4A of the CREST Reference Manual under which:

- (a) (if applicable) EUI initiates and completes an Adjustment Procedure in respect of that settlement day;
- (b) EUI completes the SFAP Netting Account for that settlement day;
- (c) EUI prepares a Settlement File that specifies for each NSS settlement participant the balance payable by or to it as Settler for a USD settlement bank in respect of that settlement day, such balance corresponding to the SFAP Net Amount payable by or to that USD settlement bank in accordance with the

related completed SFAP Netting Account;

- (d) EUI as an NSS settlement agent sends that Settlement File to the Processing Federal Reserve Bank and the balances on that Settlement File are settled through the NSS;
- (e) (if applicable) any Adjustment Repayments to be made that settlement day are agreed and confirmed by the relevant Lender Settlement Bank(s) and Borrower Settlement Bank(s);
- (f) EUI determines each USD settlement bank's SFAP Distribution Entitlement Amount in respect of that settlement day and enters it up in the Trust Entitlement Record; and
- (g) EUI pays the relevant SFAP Distribution Entitlement Amount to each USD settlement bank by procuring its debit from the EUI Trust Account and its credit to the USD settlement bank's Relevant Settlement Account or, if a USD settlement bank's SFAP Distribution Entitlement Amount is zero, EUI confirms to the USD settlement bank that no payment will be made to it in respect of its SFAP Distribution Entitlement Amount for that settlement day.

#### Settler

In connection with the US dollar payments mechanism and in relation to a USD settlement bank, a person who:

- (a) maintains an account with a Federal Reserve Bank;
- (b) is permitted by that Federal Reserve Bank to settle through the NSS the balance(s) specified in a Settlement File as payable by or to the Settler; and

- (c) agrees to settle through the NSS the multilateral net amount that is due to or from that USD settlement bank in respect of CREST payments denominated in US dollars made and received for the account of members in connection with a settlement day (as represented by the relevant balance specified in the related Settlement File);

and a **Settler** includes a USD settlement bank when performing the functions of a Settler in relation to itself.

SFAP Distribution Entitlement Amount

In connection with the US dollar payments mechanism and in relation to a USD settlement bank in respect of an SFAP settlement day, the Distribution Entitlement Amount payable to that USD settlement bank as determined by EUI in accordance with Part VI of the Trust Deed.

SFAP Net Amount

In connection with the US dollar payments mechanism and in relation to a USD settlement bank, the amount that is calculated by EUI in accordance with the CREST US Dollars Inter-Bank Settlement Agreement as being either due to or from that USD settlement bank in respect of CREST payments in US dollars made by or to that USD settlement bank for the account of members in connection with an SFAP settlement day and which is to be settled by way of net settlement under the Settlement File Account Procedure.

SFAP Netting Account

In connection with the US dollar payments mechanism and in respect of any SFAP settlement day, the multilateral netting account which is initiated and completed by EUI under the Settlement File Account Procedure and under which EUI determines the SFAP Net Amount that is either due to or from each USD settlement bank in connection with that settlement day.



SFAP settlement day	In connection with the US dollar payments mechanism, any settlement day in respect of which EUI operates the Settlement File Account Procedure to complete settlement of the settlement bank payment obligations in US dollars that have arisen between USD settlement banks in connection with that settlement day.
Shareholder Disclosure Request	A valid request to disclose shareholder identity initiated by an Issuer pursuant to SRDII that conforms to the requirements set out in Table 1 of the Annex to Implementing Regulation (EU) 2018/1212
Sponsor	A user other than a VSP which operates on behalf of one or more participants different from itself (and includes, unless the context otherwise requires, a CREST central sponsor).
Sponsored 'CCP' participant	A 'CCP' participant which uses the services of a relevant CREST sponsor (and, where applicable, a clearing sponsor).
Sponsored member	A member which employs the services of a sponsor (other than a CREST central sponsor).
SRDII	Directive 2007/36/EC of the European Parliament and the Council of 11 July 2007 on the exercise of certain rights of shareholders in listed companies, as amended by Directive (EU) 2017/828 of 17 May 2017
Sponsored member's net settlement limit	A limit set by a sponsored member on the net value of transfers which may be made out of its sponsored membership in any one business day.
Stamp Duty Assessment Service or SDAS	Those functions and facilities described in Chapter 8, section 10 of the CREST Reference Manual that EUI makes available for the assessment and collection of stamp duty reserve tax or stamp duty due on trades, and which operate outside the scope of applicable CREST Regulations.

Sterling DvP Service	See 'DvP Service'.
System	See 'CREST system'.
System Controller	The manager of the EUI systems.
System-transfer	The book-entry transfer effected by the debiting and crediting of stock accounts.
Takeover receiving agent	A participant of the type member which has been appointed by an offeror in a takeover offer (or similar transaction) to acquire CREST securities.
TARGET2	The Trans-European Automated Real-time Gross settlement Express Transfer system, which provides RTGS for payments in euro with settlement in central bank money, and is established and functions on the basis of a single technical platform infrastructure known as the 'Single Shared Platform'.
TARGET2-ECB	The TARGET2 component system of the ECB.
Top-Up Procedures	The procedures operating as part of:  (a) the DvP Service that are described in Chapter 6, Section 4 and Chapter 10, Section 1 of the CREST Reference Manual, under which an RTGS settlement bank may top-up liquidity available to it for CREST settlement (the <b>DvP Service Top-Up Procedures</b> ); or  (b) the US dollar payments mechanism that are described in Chapter 6, Section 4A of the CREST Reference Manual, under which a USD settlement bank may pay sterling funds from its Relevant Settlement Account for credit to the EUI Trust Account during a settlement day (the <b>US Dollar Top-Up Procedures</b> ).
Treaty on European Union	The Treaty of Rome of 25 March 1957, amended by the Single European Act 1986, the Maastricht Treaty (which was signed in

Maastricht on 7 February 1992 and came into force on 1 November 1993), the Treaty of Amsterdam (signed in Amsterdam on 2 October 1997), the Treaty of Nice (signed in Nice on 26 February 2001) and the Treaty of Lisbon (signed in Lisbon on 13 December 2007), and as otherwise amended from time to time.

#### Trust Deed

In connection with the US dollar payments mechanism, the deed poll constituting the trust arrangements in respect of the EUI Trust Account, the principal terms of which are set out in Chapter 6, Section 4A of the CREST Reference Manual.

#### Trust Entitlement Record

In connection with the US dollar payments mechanism, the record maintained by EUI in the US Dollar LMS to evidence each USD settlement bank's:

- (a) Pre-Distribution Entitlement Amount at any time during or in respect of a settlement day; and
- (b) Distribution Entitlement Amount in respect of a settlement day.

#### Trust Fund

In connection with the US dollar payments mechanism, the aggregate sterling credit balance held at any time in respect of a settlement day in the EUI Trust Account.

#### T2 link network

The network and associated services used by EUI under the DvP Service to receive Liquidity Earmark Notifications (and other electronic messages) from TARGET2 and to send to TARGET2 CREST Settlement Notifications (and other electronic messages) as described in the CREST Manual, and which form part of the relevant Liquidity Management Services.

#### UK Regulations

The Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended, and such other regulations made or treated as made under s785 of the Companies Act 2006 as are

applicable to EUI and/or the CREST relevant system and are from time to time in force.

UK security

A security admitted to the CREST system pursuant to the UK Regulations.

Uninitiated transaction

A transaction which is entered into the CREST system and which either: (a) is so entered without EUI having received or being treated as having received in accordance with the attribution and addressing specifications a properly authenticated dematerialised instruction attributable or addressed to the member whose cash memorandum account is debited or credited under the transaction; or (b) causes an amount to be debited or credited to the cash memorandum account of a member which was not instructed to be so debited or credited by the related properly authenticated dematerialised instruction attributable or addressed to that member (but without prejudice to the procedures described in Chapter 4, Section 5 of the CREST Reference Manual relating to tolerance matching).

Unique National Identifier

In relation to personal members, a Participant ID

Unsecured credit

The unsecured credit extended by a settlement bank to a member for the purpose of making CREST payments and that is capable of being controlled by the settlement bank through the operation of the CMA cap by reference to the unsecured limit.

Unsecured limit

An unsecured limit in respect of a CMA cap is the monetary limit last input as such by the relevant settlement bank to the CREST system.

US CREST member

A CREST participant or prospective CREST participant which is:

- a natural person with a US residence;

- a company whose registered office, principal place of business or executive office is in the US (including non-US branches thereof);
- a US bank (and any non-US branches thereof); or
- a broker-dealer registered with the SEC (even if such broker-dealer does not have a US residence).

US dollars

The lawful currency of the United States of America.

US Dollar LMS

The computer-based system (and related databases, services and procedures) described in Chapter 6, section 4A of the CREST Reference Manual which are provided by EUI as part of the CREST services to facilitate or enable the management of liquidity by USD settlement banks, and of the related exposures incurred by NSS settlement participants, in respect of CREST payments denominated in US dollars made in connection with a settlement day. The US Dollar LMS comprises:

- (a) the Payments Memorandum Account for each USD settlement bank;
- (b) the Liquidity Use Functionality (including the Liquidity Use Limit for each USD settlement bank);
- (c) the Trust Entitlement Record;
- (d) the NSS settlement parties database;
- (e) the final positions and confirmations database; and
- (f) the associated equipment, systems and procedures operated by EUI.

US dollar payments mechanism	The payments mechanism described in Chapter 6, section 4A of the CREST Reference Manual, under which the settlement bank payment obligations denominated in US dollars and arising between USD settlement banks in accordance with CREST Rule 17 are settled by way of end-of-day net settlement.
USD settlement bank	In relation to a member, a settlement bank which makes and/or receives payments denominated in US dollars for the account of that member by means of the CREST system.
US Person	Has the meaning given to that term in the Securities Act.
User	A person who has a gateway computer, or uses other authentication procedures to which EUI has agreed, and network connection in order to communicate directly with the CREST system, on behalf of one or a number of participants. The user itself cannot (qua user) hold securities in the system, nor can he be party to any transaction, though the person who is the user may also be a participant.
User ID	The identification code used in the system for a particular user.
Voting service provider or VSP	A user which operates on behalf of one or more members solely to send and receive dematerialised instructions relating to the proxy appointment function in connection with the CREST Voting Service.
VSP	A voting service provider.

## Section 2: Terminology in the CREST Regulations

The UK Regulations are drafted to apply to any dematerialised settlement system and are not CREST system-specific. Consequently, the terminology used is not always consistent with the system terminology used by EUI. This section sets out the corresponding terminology used in the UK Regulations and CREST systems documentation. The CREST Terms and Conditions for members (and comparable agreements entered into by other users and participants) also use the terminology of the UK Regulations. Plain text gives the definition from and/or the terminology used in the UK Regulations. Text in italics gives the equivalent system terminology as defined elsewhere in the Glossary and/or further explanation. (The Irish Regulations and Isle of Man Regulations generally use terminology similar to that used in the UK Regulations, while the Guernsey Regulations and the Jersey Regulations employ similar concepts but somewhat different terminology. As indicated in Section 3, the terminology of the UK Regulations is also applied where the CREST system functions and facilities are used for purposes outside the CREST Regulations.)

'Dematerialised instruction' means an instruction sent or received by means of a relevant system.

*Any form of message which can be sent or received by means of a gateway, including the input of any transaction type, changing priorities, an RUR, status change, any enquiry or enquiry response (including relating to a credit and/or debit to a CMA).*

A dematerialised instruction is properly authenticated if it complies with the specification referred to in paragraph 5(3) of Schedule 1 to the UK Regulations.

*Any message which has been received at a user's gateway terminal or the Network Providers' Communications Hosts and which has successfully passed the authentication procedures described in the CREST Reference Manual.*

A dematerialised instruction is attributable to a person if it is expressed to have been sent by that person, or if it is expressed to have been sent on behalf of that person, in accordance with the rules and specifications of the Operator as referred to in paragraph 5(4) of Schedule 1 to the UK Regulations.

*The attribution of system messages is specified in the CREST Reference Manual (see Chapter 11, section 3).*

'Issuer-instruction' means a properly authenticated dematerialised instruction attributable to a participating issuer.

*Any message input to the system by a CREST Registrar (or his sponsor), a CREST IPA (or his sponsor) or a receiving agent (or his sponsor) on behalf of an issuer.*

'Operator' means a person operating or proposing to operate a relevant system who is (a) a recognised CSD within the meaning of section 285(1)(e) of the Act, (b) an EEA CSD within the meaning of section 285(1)(f) of the Act or (c) a third country CSD within the meaning of section 285(1)(g) of the Act.

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'Operator-instruction' means a properly authenticated dematerialised instruction attributable to an Operator.

*Any message input by the System Controller or any message generated by the CREST system as a result of processing any transaction type or other message, including an RUR or transaction status change.*

'Operator-system' means those facilities and procedures which are part of the relevant system, which are maintained and operated by or for an Operator, by which he generates Operator-instructions and receives dematerialised instructions from system participants and by which persons change the form in which units of a participating security are held.

*The CREST system, insofar as it relates to participating securities admitted to the CREST system.*

'Participating issuer' means (subject to special provisions in the case of general public sector securities) a person who has issued a security which is a participating security.

*An issuer of a UK security other than a general public sector security which has been admitted to the CREST system pursuant to the UK Regulations and enabled in the system. (In the case of general public sector securities, special provisions apply). In accordance with regulation 3(4) and (5) of the UK Regulations, in respect of a security which is an eligible debt security, the terms 'participating issuer' and 'issuer' refer to both: (a) a person who undertakes as principal to perform the payment obligation constituted by the security; and (b) a person who undertakes as principal to perform that obligation (otherwise than under a contract of guarantee or other contract of suretyship) if the first person fails to do so. This contemplates those parties whose liabilities as 'primary issuer' and 'secondary issuer' of an eligible debt security correspond, in accordance with the terms of issue, to the liabilities of an acceptor and a drawer respectively under a bill of exchange (e.g. a banker's acceptance).*

'Participating security' means a security title to units of which is permitted by an Operator to be transferred by means of a relevant system.

*A UK security which has been admitted to the CREST system pursuant to the UK Regulations and enabled in the system.*



'Relevant system' means a computer-based system, and procedures, which enable title to units of a security to be evidenced and transferred without a written instrument, and which facilitate supplementary and incidental matters; and 'relevant system' includes an Operator-system.

*Insofar as it relates to UK securities which have been admitted to the CREST system pursuant to the UK Regulations and enabled in the system, the CREST relevant system, (meaning the CREST system, the Network Providers' Communications Hosts, the networks and the authentication mechanism maintained within the gateway computers located in users' offices.)*

'Rules', in relation to an Operator, means rules made or conditions imposed by him with respect to the provision of the relevant system.

*The CREST Rules.*

'Settlement bank', in relation to a relevant system, means a person who has contracted to make payments in connection with transfers of title to uncertificated units of a security by means of that system.

*A settlement bank.*

'Sponsoring system-participant' means a system-participant who is permitted by an Operator to send properly authenticated dematerialised instructions attributable to another person and to receive such instructions on another person's behalf.

*A user who is not (or may not be) also a participant (eg a sponsor of a sponsored member or settlement bank or CREST Registrar or receiving agent or issuing and paying agent), a CREST Registrar (if it is not also the issuer), a VSP, a receiving agent acting for an issuer and a takeover receiving agent acting for a takeover offeror and an issuing and paying agent (if it is not also the issuer).*

'System-member', in relation to a relevant system, means a person who is permitted by an Operator to transfer by means of that system title to uncertificated units of a security held by him, and shall include, where relevant, two or more persons who are jointly so permitted.

*A participant of type 'CCP', CSD, product provider or member (including a sponsored member), but not a receiving agent acting for an issuer or an issuing and paying agent.*

'System-member instruction' means a properly authenticated dematerialised instruction attributable to a system-member.

*Any message input or treated as input by a participant of type 'CCP', CSD, product provider or member (but not a receiving agent acting for an issuer or an issuing and paying agent) on its own behalf or by a sponsor on its behalf.*

'System-participant', in relation to a relevant system, means a person who is permitted by an Operator to send and receive properly authenticated dematerialised instructions.

*A user; whether or not also a participant.*

'System-user', in relation to a relevant system, means a person who as regards that system is a participating issuer, system-member, system-participant or settlement bank.

*An issuer of a UK security, a participant of type 'CCP', CSD, product provider or member (including a sponsored member, but not a receiving agent acting for an issuer or an issuing and paying agent), a user (whether or not also a participant), or settlement bank.*

## **Section 3: Legal basis of participation by CREST securities other than UK securities and use for other purposes**

### **Introduction**

Clause 8.3 of the CREST Terms and Conditions for members (and the comparable clause in the agreements entered into by other users and participants) states that:

*The Member acknowledges that the facilities of the CREST relevant system [of which EUI under the UK Regulations] may be applied to facilitate the holding in uncertificated form and transfer without written instrument of securities or other intangible moveable assets which are not eligible to be treated as participating securities within the meaning of the UK Regulations (whether because they are constituted under the law of a territory outside the United Kingdom or for some other cause) and to facilitate supplementary and incidental matters; and agrees that if the facilities of the CREST relevant system are so applied, these Terms and Conditions shall have effect in relation to such securities or other intangible assets with such modifications, if any, as EUI may, from time to time, prescribe in the CREST Manual.*

The clause refers to the UK Regulations. These Regulations provide the statutory framework for the holding in uncertificated form, and transfer without written instrument, of UK securities, and references are made throughout the agreements entered into by users and participants and in the CREST Manual to them, both in their totality and to individual provisions.

The UK Regulations do not permit the holding and transfer through the CREST system of securities which are not constituted under the laws of England and Wales, Scotland or Northern Ireland, (and thus do not normally govern e.g. shares of issuers which are incorporated outside the United Kingdom). Holding and transfer of such securities are normally governed by the domestic law of the jurisdiction under which they are constituted.

The following provisions of this section apply without prejudice to the provisions of paragraph 1.7 of Schedule 5 to the CREST Terms and Conditions for members (and the comparable clause in the agreements entered into by other users and participants).

### **Guernsey securities**

In the case of securities constituted under the laws of Guernsey, (including in particular shares of issuers incorporated in Guernsey), the holding and transfer of such securities through the CREST system are governed by the Guernsey Regulations. The Guernsey Regulations employ generally the same concepts (but somewhat different terminology) as are used in the UK Regulations but their structuring and the numbering of individual provisions differ from that of the UK Regulations. Save where stated to the contrary, any

references to the UK Regulations or to any provision of the UK Regulations in any of the agreements entered into by users and participants with EUI or in the CREST Manual shall, when applied to Guernsey securities, be construed as referring to the Guernsey Regulations and/or the corresponding provision (where one exists) in the Guernsey Regulations.

**Irish securities**

In the case of securities constituted under the laws of the Republic of Ireland (including in particular shares of issuers incorporated in the Republic of Ireland), the holding and transfer of such securities through the CREST system are governed by the Irish Regulations. The Irish Regulations employ generally the same terminology as is used in the UK Regulations but their structuring and the numbering of individual provisions in them differs from that of the UK Regulations. Save where stated to the contrary, any references to the UK Regulations or to any provision of the UK Regulations in any of the agreements entered into by users and participants with EUI or in the CREST Manual shall, when applied to Irish securities, be construed as referring to the Irish Regulations and/or the corresponding provision (where one exists) in the Irish Regulations.

**Isle of Man securities**

In the case of securities constituted under the laws of the Isle of Man (including in particular shares of issuers incorporated in the Isle of Man), the holding and transfer of such securities through the CREST system are governed by the Isle of Man Regulations. The Isle of Man Regulations employ generally the same terminology as is used in the UK Regulations but their structuring and the numbering of individual provisions in them differs from that of the UK Regulations. Save where stated to the contrary, any references to the UK Regulations or to any provision of the UK Regulations in any of the agreements entered into by users and participants with EUI or in the CREST Manual shall, when applied to securities which are constituted under the laws of the Isle of Man, be construed as referring to the Isle of Man Regulations and/or the corresponding provision (where one exists) in the Isle of Man Regulations.

**Jersey securities**

In the case of securities constituted under the laws of Jersey (including in particular shares of issuers incorporated in Jersey), the holding and transfer of such securities through the CREST system are governed by the Jersey Regulations. The Jersey Regulations employ generally the same concepts (but somewhat different terminology) as are used in the UK Regulations but their structuring and the numbering of individual provisions differ from that of the UK Regulations. Save where stated to the contrary, any references to the UK Regulations or to any provision of the UK Regulations in any of the agreements entered into by users and participants with EUI or in the CREST Manual shall, when applied to Jersey securities, be construed as referring to the Jersey Regulations and/or the corresponding provision (where one exists) in the Jersey Regulations.

### **Use for other purposes**

In accordance with paragraph 1.7 of Schedule 5 to the CREST Terms and Conditions (and equivalent provisions in the agreements entered into by other users and participants), EUI may permit the functions and facilities comprised in the CREST relevant system to be used for certain purposes which are outside the scope of the UK Regulations or other CREST Regulations.

Accordingly, references in the CREST Manual to the CREST relevant system shall be taken to refer to the functions or facilities comprised in the CREST relevant system, irrespective of whether, in any particular case, those functions or facilities are used for purposes within or outside the scope of any applicable CREST Regulations; and terms defined in the UK Regulations which are used in the CREST Manual shall be taken to have a corresponding meaning when used in relation to those functions or facilities of the CREST relevant system when used for purposes that are not within (or to the extent that the same are not within) the scope of any applicable CREST Regulations.

### **Other relevant cases**

A term defined in the UK Regulations may describe a *set* of functions or facilities, or the product of a *set* of functions or facilities. For example, a "properly authenticated dematerialised instruction" refers to an instruction sent or received by means of the relevant system which satisfies the specifications referred to in paragraph 5(3)(a) of Schedule 1 to the UK Regulations.

An instruction which is the product of only a *part* of the set of functions or facilities that is required to process a properly authenticated dematerialised instruction is not, therefore, a properly authenticated dematerialised instruction for the purposes of the UK Regulations. Further, where *part* of the set of functions or facilities that is required to process a properly authenticated dematerialised instruction is used to process an instruction for a purpose that is not within the scope of any applicable CREST Regulations, the interpretative approach set out under "*Use for other purposes*" above would not apply – and so a reference to a "properly authenticated dematerialised instruction" used in the CREST Manual would not include such an instruction. This is because not all of the functions or facilities that must operate for a properly authenticated dematerialised instruction are used to process the instruction concerned.

However, in certain cases it is the intention that a term defined in the UK Regulations which is used in the CREST Manual should be taken to refer to the operation (or the product of the operation) of a part only of the functions or facilities that would otherwise be contemplated by the term concerned, where that part is used for purposes that are not within the scope of any applicable CREST Regulations.

*CREST payment mechanisms operated in support of the Stamp Duty Assessment Service*

An example of where this is intended to occur is in relation to the generation of payment instructions, and their settlement, under the Stamp Duty Assessment Service (see Chapter 8, section 10 of the CREST Reference Manual) (the "**SDAS**").

The CREST payment mechanisms described in Chapter 6 of the CREST Reference Manual will, to the extent they facilitate CREST payments in respect of the transfer of uncertificated units of a participating security or other matters supplemental or incidental to the holding or transfer of title to such units, operate as part of the CREST relevant systems. As such, in relation to CREST payments made for this purpose, the functions and facilities that comprise the CREST payment mechanisms will be governed by the UK Regulations or, in relation to a security which is not a UK security, the applicable CREST Regulations.

Under the SDAS, CREST (in response to SAT instructions assessed for duty) generates an electronic message to initiate or implement transaction type "STP" to facilitate the payment and collection of stamp duty reserve tax to the UK tax authority and stamp duty to the Irish tax authority. However, the generation and settlement of this electronic message does not occur as a result of or otherwise as an incident to any settlement instruction, securities holding or securities transaction which is entered into the CREST system; it occurs in response to the (non-settling) SAT instructions (assessed for duty) sent to the system by a SAT Sending Participant in respect of trades for the sale and purchase of chargeable securities (which are executed and netted outside the system).

The payment-related (and other e.g. reconciliation) functions and facilities that operate as part of the SDAS are provided by EUI in its capacity as a *recognised clearing house* or *recognised central securities depository*, and not as an operator of a relevant system.

They are not functions or facilities that operate in a manner supplemental or incidental to a system or procedures enabling title to units of a security to be evidenced and transferred without a written instrument; and are, therefore, used under the SDAS for purposes outside the scope of any applicable CREST Regulations. They are CREST services carried on for the purposes of, or in connection with, the provision of clearing or CSD services which are made available by EUI with a view to SAT Settlement Participants in the SDAS (or their principals) *agreeing* to sell and buy chargeable securities; and, where relevant trades are cleared and netted by a CCP or clearing house, will facilitate the provision of the clearing services provided by that CCP or clearing house.

Where functions or facilities that operate on the CREST Applications Host (as part of the functions or facilities that constitute the "Operator-system") are used to generate an instruction initiating or implementing a transaction for a purpose outside the scope of any applicable CREST Regulations, the instruction need not be authenticated (and need not respond to another message which is authenticated) in accordance with the requirements in relation to functionality, security and performance specified by EUI under paragraph 5(3)(a) of Schedule 1 to the UK USRs. Only a "relevant system" within the applicable CREST Regulations is required to respond to properly authenticated dematerialised instructions (see, for example, paragraph 20 of Schedule 1 to the UK Regulations).

However, the CREST-generated instruction (as a **"relevant message"**) will share *certain* common material features of (certain types) of properly authenticated dematerialised instruction, including:

- (i) the relevant message will be identifiable as being from the CREST Applications Host;
- (ii) it will satisfy procedures which EUI has put in place to minimise fraud and forgery (but, in relation to the relevant message, put in place in its capacity as a recognised clearing house or recognised central securities depository and not as an operator); and
- (iii) it will initiate or implement a CREST transaction type (e.g. transaction type "STP" under the SDAS).

In initiating or implementing a CREST transaction type, a relevant message will:

- specify the User ID and the Participant ID details of the person(s) on whose behalf the relevant message has been generated by EUI;
- specify the User ID and Participant ID details of the person(s) to whom the relevant message is addressed; and
- instruct a debit or (as as the case may be) a credit to the CMA of the payer or (as the case may be) of the payee under the relevant transaction.

*"Properly authenticated dematerialised instruction"*

The intention and effect of this interpretative section is, therefore, that a reference to a "properly authenticated dematerialised instruction" contained in the CREST Manual shall be taken (unless the context requires otherwise) to include a relevant message.

An example of this interpretative effect is illustrated by the use of the term "properly authenticated dematerialised instruction" in the definition of "payment transfer order" in paragraph 1.1 of CREST Rule 13. This is intended to, and shall, include a relevant message; and so includes, for example, a relevant message generated by CREST under the SDAS (in response to a SAT instruction assessed for duty) to initiate or implement an STP transaction.

Where the STP transaction is generated to collect duty due to the UK tax authorities, the relevant message is treated as a payment transfer order that enters the CREST UK system for the purposes of CREST Rule 13. Where the STP transaction is generated to collect duty due to the Irish tax authorities, the relevant message is treated as a payment transfer order that enters the CREST Irish system for the purposes of CREST Rule 13.

*"Attribution and addressing"*

Equally, a relevant message shall be "attributable" to those persons who are identified in accordance with the attribution specifications set out in Chapter 11, section 3 of the CREST Reference Manual (as applying to instructions generated by the Operator-system/CREST to initiate or implement the relevant transaction type e.g. "STP" under the SDAS); and shall be "addressed" to those persons who are identified in accordance with the addressing specifications set out in Chapter 11, section 3 of the CREST Reference Manual (as applying to instructions generated by the Operator-system/CREST to initiate or implement the relevant transaction type e.g. "STP" under the SDAS).

Thus, a relevant message which instructs a debit to a CMA of a member under transaction type STP and is (under Chapter 11, section 3 of the CREST Reference Manual) "attributable" to that member will (for the purposes of paragraph (a) of the definition of "payment transfer order" in paragraph 1.1 of CREST Rule 13) be attributable to that member as a "participant" in the CREST UK system or (as the case may be) the CREST Irish system for the purposes of CREST Rule 13 (see above under *"Properly authenticated dematerialised instruction"*).





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