

Circular 4/2019 of 26 November

**ARCO SETTLEMENT SYSTEM.
MODIFICATION OF FEES**

Please note that only the Spanish version of this Circular produces legal effect. Any translation is provided for commercial purposes only.

Circular No. 3/2017, of 17 July, on the ARCO Settlement System. Fees, approving the fees applicable to securities listed in the Arco Settlement System.

This Circular modifies Circular no. 3/2017, including the following changes:

- a) Modifies the account maintenance and pledge safekeeping fees to promote the electronic pledging service.
- b) Includes a new fee for securities for which IBERCLEAR is the issuing CSD and are represented, at the source, by means of physical securities.
- c) Specifies the description of the fee relating to the deposit of physical securities admitted to trading on the AIAF Fixed Income Market to avoid confusion with the fee referred to in section b) above.
- d) Specifies the description of the OTC fee to reflect that it applies to the settlement of trades that have been carried out outside stock exchanges, regardless of whether or not the security is admitted for trading.
- e) Amends the settlement fee in RTGS accounts of the TARGET2 payment module, to adapt it to the actual costs of this settlement.
- f) Removes the corporate action management fee on securities denominated in currencies other than euro; these actions are now billed through the domestic corporate action management fee.

- g) Updates the fee of withholdings return to incorporate all the corporate actions for which this return can be performed.
- h) Modifies the end of day report fees to pass on the costs incurred by IBERCLEAR.
- i) Approves a new fee to encourage the participants to provide notification of ownership at the issuer's request within the established deadline.
- j) Removes the fees relating to incidents in the fulfilment of the information obligations required by the Information System relating to aggregations and disaggregations.
- k) Specifies that the fee for the notification of ownership at the issuer's request will be billed to the issuers at ISIN level, except for requests related to promissory notes, which will be applied to the whole promissory note programme.
- l) Establishes the fee to be applied in the case of registration and deregistration of the book-entry register when the issuer asks for them to be made by IBERCLEAR.

Therefore, the Board of Directors of IBERCLEAR has approved the following:

Regulation 1. Modification of fees for participants in Circular no. 3/2017, Appendix A.

1. Section 1 of Regulation 2 -Participation and account maintenance - in Appendix A of Circular 3/2017 is modified as follows:

“1. A fee of €300 per month will be charged for the maintenance of the first two accounts associated with each BIC code. The maintenance fee applicable to each additional account will be €150 per month. [For the maintenance of the pledged proprietary and individual accounts, a fee of €100 per month will be charged.](#)”

Item	Fee
Maintenance of first 2 accounts	€300 per month
Maintenance of additional account	€150 per month
Maintenance of pledged proprietary and individual accounts	€100 per month

A fee of €300 per month will be charged for each BIC code that does not maintain any associated accounts.

2. Point e) of section 8 of Regulation 3 -Maintenance of the domestic securities register - in Appendix A of Circular 3/2017, is modified to read as follows:

“e) Deposit of physical certificates.

IBERCLEAR charges a fee of 1 basis point of nominal value for the deposit of Matador bonds from the AIAF Fixed Income Market represented by certificates deposited in the system. Half of this fee is paid to the entity designated as the depository for the security.”

3. A new section is included in Standard 3 -Maintenance of the domestic securities register - in Appendix A of Circular 3/2017 as follows:

“f) For the safekeeping of the issuances for which IBERCLEAR is the Issuer CSD and the securities are represented at the source through physical securities, the corresponding registration maintenance fee will be charged, plus 0.05PB for the deposit of the physical securities.”

4. Section 3 of Regulation 5 -Settlement and related services - in Appendix A of Circular 3/2017, is redrafted to read as follows:

“3. A fee of 3 basis points of the cash value to be settled, or the equivalent thereof determined by the market price and volume of securities, with a minimum of €10 and a maximum of €150, is charged on settlement instructions for trades outside organised exchanges involving securities that may be admitted to trading on stock exchanges.

Item	Fee
Trades outside of the stock market	3BP

5. Section 9 of Regulation 5 -Settlement and related services - in Appendix A of Circular 3/2017 is redrafted as follows:

“9. For cash settlement in RTGS accounts in the payments module TARGET2 (T2), a fee of €1.26 is charged for each cash settlement entry made, in order to pass on T2 settlement costs to the entities involved.”

Item	Fee
Settlement in RTGS account	1,26€

6. Section 1 of Regulation 7 -Custody of domestic securities - in Appendix A of Circular 3/2017 is redrafted to read as follows:

“1. A fee of €3 will be charged for the management of corporate actions involving domestic securities that result in movements of cash and/or securities, except for those that are managed as market trades, for each securities account in which there is a position on the accrual date.

Item	Fee
Domestic corporate action	€3 per account

Informative corporate actions which do not generate securities and/or cash movements are exempt from this fee.

~~A fee of €7 will be charged for the management of corporate actions involving securities denominated in currencies other than the euro to each participant with a position in the security involved in the corporate action. Of this amount, €3.50 will be paid to the payment agent.”~~

7. Section 4 of Regulation 7 -Custody of domestic securities - in Appendix A of Circular 3/2017 is redrafted as follows:

“4. For each cash movement made to participants for the service for the return of withholdings, the participants will be charged a fee of €3.75 per account. “

Item	Fee
Withholdings return	€3.75 per account

8. Section 4 of Regulation 10 -Information and communications - in Appendix A of Circular 3/2017 is redrafted as follows:

“4. For the sending of reports on positions, instructions settled, pending instructions and intra-position balances, participants will be charged a fixed fee of €0.17 per report, plus a variable amount of €0.008 for each element included in the report (position, instruction or balance).”

Item	Fee
Fixed part report	0,17€
Variable part report	0,008€

9. Section 6 of Regulation 11 -Other services - in Appendix A of Circular 3/2017 is redrafted as follows:



“6. A fee of 0.013 basis points of the average monthly balance, valued daily at closing market prices for equities and at nominal value for fixed income securities, will be charged for maintaining the register of securities pledged as collateral.”

Item	Fee
Pledge safekeeping	0.013BP

10. A new section is included in Regulation 11 -- Other services - in Appendix A of Circular 3/2017:

“12. A fee of € 1,000 will be charged to each non-compliant participant for the failure to communicate the information relating to the notification of ownership requested by the issuer within the established term.”

Item	Fee
Failure to communicate within the established term of HTITU02	1.000€

11. Section 1 of Regulation 12 -Information and communications - in Appendix A of Circular 3/2017 is redrafted as follows:

“1. Any participant or CCP that fails to comply with its obligations to provide information to the Information System (PTI), shall be subject to a fee determined by the ratio of non-compliance represented by the incidents for each type and intended settlement date (hereinafter, ISD), as set out in the following table:

Non-compliance ratio				
Incident type	5% - 10%	10,01% - 20%	20,01% - 50%	50,01%
Fail allocation incidents arising from settlement failures	€100 per ISD	€200 per ISD	€500 per ISD	€1,000 per ISD
Fail allocation incidents arising from fails due to withholdings	€100 per ISD	€200 per ISD	€500 per ISD	€1,000 per ISD
Incidents in the disaggregation of fails	€100 per ISD	€200 per ISD	€500 per ISD	€1,000 per ISD
Trade ownership incidents	€100 per ISD	€200 per ISD	€500 per ISD	€1,000 per ISD
Action ownership incidents	€100 per ISD	€200 per ISD	€500 per ISD	€1,000 per ISD

2. The following criteria will be applied in determining the fees set out in the above table:

- An incident will be deemed to have occurred when dealer members and/or participants (including CCPs) fail to notify the following mandatory information to the Information System, in due time and form:

- ~~• Allocations of trades not settled on their intended settlement date due to a settlement fail in a settlement instruction.~~
- ~~• Allocations of trades not settled on their intended settlement date due to trades being held in a CCP.~~
- ~~• Disaggregations of trades settled following their intended settlement date.~~
- Ownership of trades not belonging to corporate actions.
- Ownership of transactions belonging to corporate actions.

- A non-compliance ratio will be calculated for each intended settlement date, representing ~~the incidents expressed in the number of securities over the total volume of each entity, in the case of allocations and disaggregations,~~ and incidents expressed in the number of transactions, in the case or ownership. This calculation shall be performed for each type of incident detected.

- The incidents identified in the System on the last business day of the notification period established by the Information System (i.e. ISD+6) will be used as the benchmark.

Each type of incident shall be treated separately: costs for two or more concepts may apply for a single intended settlement date.

3. Irrespective of their non-compliance ratio, participants or CCPs that generate repeated incidents in the System, as established in the previous sections, shall be subject to a fee determined by the number of business days in the current month on which they generate incidents, as set out in the table below:

Incident type	Between 5 and 10 sessions	Between 11 and 15 sessions	More than 15 sessions
Fail allocation incidents arising from settlement failures	€20 per session	€30 per session	€40 per session
Fail allocation incidents arising from fails due to withholdings	€20 per session	€30 per session	€40 per session

Incidents in the disaggregation of fails	€20 per session	€30 per session	€40 per session
Trade ownership incidents	€20 per session	€30 per session	€40 per session
Action ownership incidents	€20 per session	€30 per session	€40 per session

4. The following criteria will be applied in determining the fees set out in the above table:

- The types of incidents shall be as set out in section 2 above, and shall be dealt with on the last business day of the notification period established by the Information System, i.e. ISD+6.

- To this end, the benchmark for the calculation shall be a calendar month, considering that the first and last business days of the month shall correspond to an ISD+6.

- The number of business days on which incidents are registered in the System shall be determined for each month, and the fee shall be calculated based on these.

- Each type of incident shall be treated separately: fees for two or more concepts may apply for a single intended settlement date.”

Regulation 2. - Modification of fees for issuers provided for in Appendix B of Circular 3/2017

1. Regulation 5 -Ownership communication service at the issuer's request - in Appendix A of Circular 3/2017, is redrafted as follows:

"The following fees will be charged for notification, at the issuers' request, of the information needed for the identification of their shareholders, based on the number of requests received during a calendar year:

Number of requests	Fixed part fee	Variable part fee
1st and 2nd	6.000€	€0.90 per SAC up to a maximum of €30,000
3rd and 4th	7.000€	€0.95 per SAC up to a maximum of €33,000
5th and subsequent	8.000€	€1 per SAC up to a maximum of €35,000

The following fees will be charged for notification, at the issuers' request, of the information needed for the identification of the shareholders of open-ended collective investment schemes (SICAV), the investment funds admitted to trading on the Alternative Equity Market (MAB) and collective investment schemes (CIS), hedge funds and funds of funds (FOF) listed on the Alternative Equity Market (MAB):

Fixed part fee	Variable part fee
3.000€	€0.90 per SAC up to a maximum of €30,000

The following fee will be charged for notification, at the issuers' request, of the information needed for the identification of the holders of promissory notes debentures, bonds or any other fixed income product:

Fixed part fee	Variable part fee
1.000€	€0.90 per SAC up to a maximum of €30,000

Costs will be charged at ISIN level for which the ownership is requested, with the exception of promissory notes, to which the fee will be applied to the promissory note programme.



Half of the total paid for this fee will be distributed to the entities that participate in supplying data, dividing half of the fixed amount in equal parts among the participating entities and half of the variable amount in proportion to the Securities Account Code (SACs) transferred. The participants must invoice for this IBERCLEAR using the established procedure before 31 December of the year following the date of the service. No outstanding amounts will be paid beyond this claim deadline”.

2. A new section is included in Regulation 7 -- Other services - in Appendix B of Circular 3/2017:

“3. For the registration/deregistration of securities performed by IBERCLEAR in the book-entry register at the issuer's request, a fee of €300 will be charged for each account for which these registration/deregistration are done.”

Item	Fee
Registration/Deregistration performed by IBERCLEAR	€300 per account

ADDITIONAL PROVISION

Updated versions of the following documents are attached to this Circular as appendices for merely informative purposes:

- Appendix A. ARCO SYSTEM: Fees for participants.
- Appendix B. ARCO SYSTEM: Fees for issuers.

FINAL PROVISION

This Circular shall enter into force on 1 January 2020.

Madrid, 26 November 2019

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