

ARCO Settlement System. Amendment of fees

Circular no. 04/2023, of 28th of November

Iberclear

November 2023

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

General description

This circular amends the fees applied for ETFs, SICAVs, CIS and exchange-traded investment funds safekeeping. It also includes the modification of certain fees for settlement and custody of foreign securities.

Lastly, it also updates both the issuance fees and the corporate action management fees for issuers.

Impact

Participants are provided with the fees that will apply as of 1st of January 2024, under which participants and issuers will see modifications to some of the fees applied for their Iberclear operations.

Related publications

This circular amends:

- Circular no. 03/2017, of 17th of July. ARCO settlement system. Fees.

Effective date

This Circular shall enter into force on 1st of January 2024.

Contact

Should you have any questions, please contact the Entities department at entidadesIberclear@grupobme.es.

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Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U., with registered office in Madrid, Plaza de la Lealtad 1, tax ID number A-82695677 and entered in the Commercial Register of Madrid in volume 15,611, folio 5, section 8, page no. M-262818.

Circular 03/2017, of 17 July, on the “ARCO Settlement System. Fees”, approving the fees applicable to securities listed in the ARCO Settlement System.

The purpose of this Circular is to amend Circular 03/2017 by including the following modifications:

- Annex A, “Fees for participants”, to Circular 03/2017.
 - I. Regulation 3, “Maintenance of domestic securities registration”.
 - The fee for ETFs, SICAVS, CIS and exchange-traded funds safekeeping is amended so that it is charged with the same fee as the fee for domestic equities safekeeping.
 - II. Regulation 6, “Cross-border settlement”.
 - A new fee is included for the management of accrued interest and/or capital gains on transactions for securities issued in the Italian CSD.
 - III. Regulation 8, “Custody of foreign securities”.
 - The wording of the fees for corporate action notification and settlement is modified to include reference to reversal of the corporate action.
 - A new fee is included for any cash movements carried out to return tax withholdings on investor securities.
- Annex B, “Fees for issuers” to Circular 03/2017.
 - I. Regulation 2, “Annual fee”
 - The annual participation fee is updated.
 - II. Regulation 3, “Registry inclusions and exclusions”
 - a. The following fees are updated:
 - i. Minimum equities inclusion fee
 - ii. Registration of promissory note programme
 - iii. Partial increase in face amount of a fixed income issue in the book-entry register
 - iv. Full exclusion of a securities issue from the book-entry register
 - v. Partial exclusion of a securities issue

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- b. The inclusion fee exemption is eliminated for open-ended collective investment schemes (SICAVs), the investment funds admitted for trading on the BME MTF Equity and collective investment schemes (CIS), hedge funds and funds of funds (FOF) listed on the BME MTF Equity.
 - c. An additional tranche is included in the fee for inclusion of fixed income, and the fee applied for the final tranche is reduced.
 - d. The fixed rate for the issuance of warrants is eliminated.
 - e. The fee for inclusion/exclusion of warrants (by ISIN) is reduced, with modification to the tranches and fees.
- III. Regulation 6, "Management of corporate actions".
- a. The following fees are updated:
 - i. Minimum fee for management of a corporate action by movements between equity accounts.
 - ii. Management of a corporate action by movements between accounts for fixed income.
 - iii. Issuance and management of ISIN of a strippable security.
 - b. The fee for capital increase without trading is eliminated.
 - c. The wording of the fee for capital increase is amended.
 - d. The wording of the fee for the management of takeovers or and public offerings (IPOs), or any kind of stock placement, reinvestment of dividends or equivalent transactions is amended.
 - e. The drawing at random redemption fee is eliminated.
 - f. The wording of the fee for communication of a corporate action from ExDate-2 is amended.
 - g. The wording of the fee for failure in communication of corporate action information is amended to include shareholder meetings.
- IV. Regulation 7, "Other services".
- a. The fee for the registration and deregistration of securities carried out by Iberclear in the book-entry register at the issuers request is eliminated.
- V. Regulation 8, "Remuneration for unusual benefits".
- a. The fee for the study of, and advice on transactions is modified.

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

Rule 1 – Amendment of fees applicable to participants as provided under Annex A to Circular no. 03/2017

- Subsection d) of section 8 of Regulation 3, “Maintenance of domestic securities registration”, is eliminated and is included in subsection c) of section 8, with the subsequent subsections renumbered:

- In general, equities, ~~and~~ warrants, ETFs, open-ended collective investment schemes (SICAVS), collective investment schemes (CIS) and investment fund shares admitted for trading on the BME MTF Equity and shares and units issued by collective investment institutions (CII), hedge funds (HF) and funds of funds (FOF) listed on the BME MTF Equity:

Equities, warrants, ETFs, SICAVs, CIS and exchange-traded investment funds		
From	Up to	BP
0	5,000,000,000	0.18
5,000,000,000.01	20,000,000,000	0.17
20,000,000,000.01	50,000,000,000	0.165
50,000,000,000.01	100,000,000,000	0.16
100,000,000,000.01	150,000,000,000	0.155
150,000,000,000.01	...	0.15

- ~~ETFs, Open-ended collective investment schemes (SICAVS), collective investment schemes (CIS) and investment fund shares admitted for trading on the BME MTF Equity and shares and units issued by collective investment institutions (CII), hedge funds (HF) and funds of funds (FOF) listed on the BME MTF Equity.~~

ETFs, SICAVs, HFs and exchange-traded funds	Fee
Maintenance of registration	0.05bp

- Deposit of physical certificates

Iberclear charges a fee of 1 basis point of the nominal value of the security for the deposit of Matador bonds from the AIAF Fixed Income Market

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represented by certificates deposited in the system. Half of this fee is paid to the entity designated as the depository for the security.

- e) For maintaining registration of the issues for which Iberclear is the issuer CSD and the securities are represented at the source through physical certificates, the corresponding registration maintenance fee will be charged, plus 0.05bp for the deposit of the physical certificates.

2. Section 6 is included in Regulation 6, “Cross-border settlement”:

- 6. A fee of 3€ per transaction applies for the management of accrued interest and/or capital gains on transactions for securities issued in the Italian CSD (Euronext Securities Milan).

Item	Fee
Management of accrued interest / capital gains on Italian fixed-income and equities transactions	3€

3. Sections 2 and 3 of Regulation 8, “Custody of foreign securities” are redrafted as follows:

- 2. For the notification of a new corporate action or reversal of one already settled involving foreign securities included through the link that Iberclear maintains with the CSDs of Italy (Euronext Securities Milan), France (Euroclear France), the Netherlands (Euroclear Nederland), Germany (Clearstream Banking Frankfurt), Austria (OeKB), Portugal (Euronext Securities Porto), Switzerland (SIX SIS), and Belgium (NBB-SSS), a fee of 10€ will be charged for each account with a position in the security subject to the corporate action.

Item	Fee
Notification of corporate action CBS	10€

- 3. For the settlement of any corporate action or reversal of one already settled involving foreign securities included through the link that Iberclear maintains with the CSDs of Italy (Euronext Securities Milan), France (Euroclear France), the Netherlands (Euroclear Nederland), Germany (Clearstream Banking Frankfurt), Austria (OeKB), Portugal (Euronext Securities Porto), Switzerland (SIX SIS), and Belgium (NBB-SSS) that generates a transfer of securities or cash, a fee of 3€ will be applied for each account involved

Item	Fee
Cross-border settlement (CBS)	3€

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Corporate actions will be charged only once in each account, regardless of whether the execution involves a single movement of securities and/or cash, or various, either simultaneous or consecutive. The fee will be applied to the securities account in which the position which caused the movement was registered.

4. The following section is included in Regulation 8, “Custody of foreign securities”:

19. A fee of 3.75€ will be charged per account for every transfer of cash carried out to return tax withholdings on foreign securities.

Item	Fee
Return of foreign securities withholdings	3.75€

Rule 2 – Amendment of fees applicable to issuers as provided for in Annex B to Circular no. 03/2017

1. Section 1 of Regulation 2, “Annual fee” is redrafted as follows:

1. Every issuer that designates Iberclear as the entity responsible for its book entry register will be charged an annual fee of 600€ ~~500€~~.

Item	Fee
Participation Fee	600€ 500€ .

2. Sections 1, 2, 3, 4, 5 and 6 of Regulation 3, “Register inclusions and exclusions” are redrafted as follows.

1. As a general rule, all equity securities included in the registry for any reason will be charged a fee of 0.4 basis points of the cash value of the inclusion, subject to a minimum of 600€ ~~500€~~ and a maximum of 50,000€ per issue.

Item	Fee
Equity inclusion	0.4bp

For the purposes of determining the basis on which this fee will be calculated, the total cash value of the issue will be considered to be the most representative value of the security being registered.

By way of example, the following are some possible ways of determining the total cash value of the issue: that calculated at the unit price at which a public offering is

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made, when the book entry in the Register is the result of the security's forthcoming admission to trading in an official secondary market or multilateral trading system; that calculated at the unit price of the disbursement for the public offer for subscription of the security being registered; that calculated at the unit exchange value, including issue premiums, in the case of capital increases for a security that is already registered; the nominal value of maximum by-law mandated capital in the case of initial registration of open-ended collective investment schemes; etc.

In the absence of a precise reference price to provide a basis for calculating the total cash value of the issue being registered, this is calculated on the basis of its weighted average price in its first day of trading in an official secondary market or multilateral trading system.

In cases where there are differences between the time of book entry and determining the price to be used as the basis for calculating cash value, Iberclear may divide the invoicing of the fee into two parts: an initial part at the time of the registration, applying the fee to the nominal value registered; and a second part as soon as the reference price is determined, complementing the interim amount billed in the initial bill so that the fee is effectively applied to the corresponding cash value.

~~Open-ended collective investment schemes (SICAV), the investment funds admitted for trading on the BME MTF Equity and collective investment schemes (CIS), hedge funds and funds of funds (FOF) listed on the BME MTF Equity will be exempt from this fee.~~

2. A fee will be charged for the inclusion of fixed income securities in the register based on the number of issues carried out during the year. In other words, if the number of issues falls within the first tranche, the amount corresponding to that tranche applies for each issue; once the number of issues exceeds the first tranche, the amount of the next tranche will be charged, and so on.

Tranches	Fee
1 - 5	1,500€
6 - 10	1,000€
11 - 25	750€
25+ 26-100	500€
101 and above	300€

3. All total and partial inclusions and exclusions for the book-entry registration of issues of warrants, certificates and similar securities; increases of warrant issues;

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and the registration of warrant issue prospectuses will be charged with a **fixed fee per issue and a** variable fee based on the number of actions that take place over a calendar year, as follows:

Item	Fee
Issuance of warrants	1,000€

No. of actions (annual): <i>Inclusions + increases + prospectus registrations + exclusions</i>	
Tranches	Fee per ISIN
1-200	70€
201-500	65€
501-1,000	55€
1,001-2,000	45€
2,001 and higher	35€

No. of actions (annual): <i>Inclusions + increases + prospectus registrations + exclusions</i>	
Tranches	Fee per ISIN
1-8,000	30€
8,001 and higher	15€

Each scale is applied cumulatively. In other words, if the number of actions falls within the first tranche, the amount corresponding to that tranche applies; each action exceeding the upper limit of the first tranche will be charged as per the second tranche, ~~and so on.~~

- A fee of ~~500€~~ 300€ will be charged for registration of the promissory note issue prospectus. In addition, a fee of 50€ will be charged for the inclusion of each security code associated with the prospectus, and for the partial or total cancellation of each security code associated with the prospectus.

Item	Fee
Registration of commercial paper programme	500€ 300€
Promissory note issue	50€
Full or partial cancellation of promissory note code	50€

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4. **Bis.** Partial increases in the face amount of a fixed income issue of the book-entry register will be subject to a fixed fee of ~~150€~~ 200€ for each security code in which the partial increase in the face amount occurs.

Item	Fee
Partial increase in face amount	200€ 150€

5. As a general rule, total exclusions of a securities issue from the book-entry register will be subject to a fixed fee of ~~300€~~ 400€ for the whole transaction.

Item	Fee
Full exclusion	400€ 300€

6. Partial exclusions of an issue of securities from the book-entry register will be subject to a fixed fee of ~~150€~~ 200€ for each security code partially excluded.

Item	Fee
Partial exclusion	200€ 150€

3. Sections 3 and 4 of Regulation 6, “Management of corporate actions”, are redrafted as follows:

3. A fee of 5,000€ will apply to management of intermediate securities distributions (typically pre-emptive subscription rights) for the execution of capital increases, optional dividends and similar actions.

~~A fee of 5,000€ will apply to management of capital increases with trading of subscription rights. The fee will be 1,000€ if the capital increase does not include trading of subscription rights.~~

Item	Fee
Management of intermediate securities distributions (capital increases, optional dividends and similar actions) Capital increases with rights	5,000€
Capital increases with no rights	1,000€

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4. The management of takeovers or and public offerings (IPOs), or any kind of stock placement (discretionary, accelerated assignment period, etc.), ~~reinvestment of dividends~~ or other equivalent transactions, will be charged at 5,000€.

Item	Fee
Management of takeover bids, IPOs, etc.	5,000€

4. Section 5 of Regulation 6, "Management of corporate actions", is eliminated, as a result of which the subsequent sections of that regulation are renumbered:

~~5. Drawings at random redemption will be subject to a fee of 0.26 percent of the total cash value of the drawing, subject to a minimum of 215€ and a maximum of 1,530€, applicable to each ISIN security code involved in the random redemption~~

Item	Fee
Drawing at random redemption	2.6/00

5. Sections 7, 8, 9 and 10 of Regulation 6, "Management of corporate actions", are redrafted as follows:

~~6.7.~~ The following fees will be charged for each transaction in corporate actions ~~involving an agent~~:

Item	Fee
Complete communication of a corporate action (COMP) from "ExDate - 2"	300€
Reversal of a corporate action	600€

- For mandatory corporate actions for equity, the fee will be applicable from "Ex-Date / Last Trading Date-2".
- For voluntary or mandatory corporate actions with options, the fee shall be applied from the "start of the election period-2".
- For mandatory corporate actions for fixed income, the fee will be applicable from "Record-Date-1".
- For shareholder and bondholder meetings, the fee will apply from "Record-Date-3 2".

The fee is not applicable to warrant issues.

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7.8. For the management of corporate actions involving equity securities instrumented by moving securities between different accounts in the Central Register, a fee of 0.40 basis points of the cash value of the movement will be charged for each corporate action, subject to a minimum of ~~600€~~ **500€** and a maximum of 50,000€.

Item	Fee
Management of a corporate action by movements between accounts	0.4bp

For the management of corporate actions involving equity securities instrumented by moving securities between different accounts in the Central Register, a fee of ~~1,500€~~ **2,000€** will be charged per corporate action.

8.9. For the issue and management of an ISIN of a strippable security the issuer will be billed an additional ~~300€~~ **100€** to the inclusion fee.

Item	Fee
Issue and management of ISIN of a strippable security	300€ 100€ /ISIN

9.10. For the failure in communication the necessary specifications to enable the processing and execution of ~~corporate actions and shareholder meetings, financial and corporate operations~~ the issuer will be charged with a fee of 1,000€.

Item	Fee
Failure in communication of financial operation information a corporate action / shareholders meetings	1,000€

6. The following section is eliminated from Regulation 7, "Other services":

~~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

7. Section 1 of Regulation 8, "Other fees", is redrafted as follows:

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1. Iberclear will charge a fee of ~~250€~~ 1,000€, plus ~~50€~~ 100€ per additional hour of its time, for the study of, and advice on, any type of transaction.

Item	Fee
Study/advice	250€ 1,000€
Additional hour study/advice	50€ 100€

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Additional provision

Updated versions of the following documents are attached as appendices to this circular merely for information:

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

Final provision

This Circular shall enter into force on 1st of January 2024.

Madrid, 28th November 2023

Francisco Béjar

Managing Director

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