



Corporate actions

Trading
BME Renta Variable



Clearing
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Settlement
Iberclear



Guide for Issuers

July 2022

Contents

1

Reporting corporate actions.

1.1 Agent.

1.2 Actions requiring mandatory reporting.

1.3 How to report corporate actions to BME.

2

Key dates for corporate actions.

2.1 Mandatory corporate actions for owners.
- Dividends
- Splits/Reverse splits

2.2 Voluntary corporate actions.
- Capital increases

2.3 Other corporate actions.
- OPV/OPS

3

Information on shareholders.

4

LEI code.

Introduction.

In recent years, a number of initiatives have been taken in Europe to integrate financial services and standardise post-trading functions in securities markets. This profound European regulatory change has taken the form of projects such as T2S (Target 2 Securities), EMIR (European Market Infrastructure Regulation), MIFID (Markets in Financial Instruments Directive) and CSDR (Central Securities Depository Regulation). These aim to foster greater competition in systems of securities registration, custody, clearing and settlement in order to increase the efficiency of the European market.

Within this context of change, this guide is aimed at **issuers** and aims to direct the process of **reporting corporate actions** to BME, and the disclosure of other aspects related to these actions. This guide in no way replaces the prevailing legislation.

1.

Reporting corporate actions.

The procedure issuers should follow when reporting corporate actions is shown below:

1.1 Agent

The issuer must **designate an agent**, that is, a financial institution or investment services company that is a participant in Iberclear, to manage each corporate action.

In addition to making payments corresponding to the corporate action, the agent provides the issuer with the **usual services** in such actions, which may include, although not be limited to, the following activities:

- Publications related to the corporate action.
- Control of cash movements and reconciliation of the corporate action.
- Processing of applications for the return of excess withholdings and settlement of corresponding amounts pursuant to issuer authorisation.
- Reimbursement of amounts which should not have been charged for various reasons (treasury shares and similar).
- Drafting and submission of information required for compliance of obligations related to the corporate action and, in particular, those of the tax authority.

1.2 Actions requiring mandatory reporting.

The majority of corporate actions may be reported to Iberclear exclusively through the agent, except for splits and assimilations, where it will not be necessary.

It will be mandatory for the issuer to report the following actions:

- Corporate actions that involve cash payments, such as:
 - Dividends
 - Premiums
 - Settlements of other payments

In such cases, the issuer and the agent must report the details of the corporate action to IBERCLEAR. The latter will check to ensure that the information supplied by the two entities matches, and create a single reference for each action.

- General Shareholders' Meetings:
 - Call
 - Agenda In this case, only the issuer is required to give notification (in both Spanish and English).

Recommendations in reporting periods

Adequate disclosure to the market of corporate actions is essential for correct formation of the price of company shares and the valuation of other financial products, such as options and futures.

- It is advisable to publish and disseminate corporate actions, and modifications thereto, two months in advance. Specifically, dividends that affect securities with derivative products (on the shares themselves or those which belong to an index) must be reported two months in advance.
- Further, such notification must be given after 20:00, so as to not affect the trading session.
- Lastly, details of corporate actions must be supplied to Iberclear at least two business days prior to the Ex-Date of the transaction, as set out in international standards.

For the composition of BME indices, it will be appreciated if the reporting of corporate actions takes into account the Technical Regulations on Calculation. **www.bmerv.es**

1.3

How to report corporate actions to BME.

Corporate actions must be reported to Iberclear. For these purposes, Iberclear offers a new online application called BME-PC, which helps issuers and agents comply with the new rules governing the reporting of corporate actions.

Nevertheless, corporate actions may also be reported by the sending of messages in accordance with the international standard: ISO 15022.

If notification of the corporate action contains a narrative field, this must be in Spanish and also be translated, at least, into English.

Issuers must make debits and credits arising from corporate actions through their agent, via Iberclear. The TARGET2 system will be used for payments until migration to TARGET2 Securities (T2S), from which point participants' dedicated cash accounts in this technical platform will be used.

How to access BME-PC?

1

Registration and activation of issuer and request for user registration

The company must send an e-mail to the following address:

entidadesiberclear@grupobme.es

Indicating the following:

- Subject: ISSUERS-User registration
- Issuer's complete name and tax ID (CIF)
- User's name, surname and tax ID (NIF)
- Contact e-mails and telephone numbers

2

Testing

Once the connection with Iberclear is established, corporate action testing and reporting dates can be coordinated.

2.

Key dates for corporate actions.

2.1

Mandatory corporate actions for owners.

Actions in which the owners' participation or manner of participation is not optional, will be resolved on the basis of the position held by accounts included in the book-entry register.

The main mandatory actions are as follows:

- Cash dividend
- Capital call
- Scrip dividend
- Other payments (meeting attendance fees, etc.)
- Company liquidation
- Rights distribution
- Delivery of securities
- Share premium
- Capital increase due to increase in nominal value
- Capital decrease/redemption due to decrease in nominal value
- Split
- Reverse split
- Merger = Swap
- Spin-off
- Assimilation
- Final redemption

- Redemption with premium
- Optional issuer redemption (total, early)
- Partial redemption due to decrease in nominal value
- Increase in nominal value
- Conversion

Dividend payment

Assuming that the company pays the dividend on the day 5.

Settlement period: D+2.

M	T	W	T	F
1	2	3	4	5
	Last Trading Date	Ex-Date	Record Date	Payment Date

- **Last Trading Date:** the last trading date on which the security is traded with entitlement to participate in the corporate action. Shareholders who buy up to and including day 2, will be entitled to the dividend.
- **Ex-Date:** the date from which the security will trade without entitlement to participate in the corporate action. Trading on day 3 is Ex-Date, that is, it is not entitled to the dividend.
- **Record Date:** date of determination of the positions to be used for the calculation of the action, with the subsequent adjustment of any transactions pending settlement.
- **Payment Date:** date on which the corporate action is settled, preferably the business day following the Record Date.

Split/Reverse split

M	T	W	T	F
1	2	3	4	5
	Last Trading Date	Ex-Date	Record Date	Positions registration

- **Last Trading-Date:** the last date on which the securities trade with the price and ISIN code existing before the split or reverse split takes place.
- **Ex-Date:** the date from which the securities trade with the price and new ISIN code existing after the split or reverse split has taken place.
- **Record Date:** date on which the new positions (new number of securities) are determined in accordance with Iberclear's book-entry registers.
- **Registration of new positions** in Iberclear (Payment Date).

2.2 Voluntary corporate actions.

In actions where participation is optional for the owners or cases where the mandatory corporate action allows owners to choose from among several options offered by the issuer with respect to the method of participation in the action, the details must be reported to Iberclear as soon as possible, and **at least two business days prior to the start of the election period.**

The main actions of this kind are as follows:

- Scrip dividend
- Optional dividend (no rights)
- Takeover bid
- Capital increase with rights
- Exercise of rights
- Voluntary exchange
- Conversion
- Optional redemption by security holder

The following is an example of such operations.

Capital increase

Settlement period: D+2

M	T	W	T	F
1	2	3	4	5
	Last Trading Date	Ex-Date	Record Date	Positions registration
		Initial listing of right		

- **Last Trading-Date:** the last trading date covered by the Record Date, in which the security is traded with entitlement to participate in the corporate action. Shareholders who buy up to and including day 2, are assigned pre-emptive subscription rights to participate in the increase.
- **Ex-Date:** the date from which the security will trade without entitlement to participate in the corporate action.
- **Initial listing of right:** the trading of rights commences on day 3.
- **Record Date:** This takes place at the end of day 4, following settlement of day 2 trades.
- **Registration of rights in Iberclear** (Payment Date).

2.3 Other corporate actions

Public offerings will have the following key dates:

- Pricing-determination of the final offering price.
- Allocation of assigned shares.
- Ownership reporting.
- Transaction registration date.
- Admission and listing on the stock exchange.
- Settlement of transaction (D+2).

M	T	W	T	F
1	2	3	4	5
- Pricing	- Allocation - Ownership - Transaction date	- Admission - Listing	- Settlement of transaction	

3.

Information on shareholders.

Article 497 of the consolidated text of the Spanish Corporate Enterprises Act grants issuers the **right to know the identity of shareholders** irrespective of whether their shares must be registered under the law.

This allows companies with bearer securities to have a Shareholder Register containing daily details of such shareholders and their movements.

Files

- **HTITU02**

- Generated at issuer request on an ad hoc basis.
- Includes all the owners of the requested issue on a certain date.

- **HTITU01**

- Sent daily from IBERCLEAR.
- Includes any update of the Register, including additions and removals.

BME Shareholder Register Service

BME has a complete and manageable application that creates a **Shareholder Register**, offering a real time shareholder map. In addition, it handles the purging and maintenance of ownership data.

The BME service offers:

- Identification of company shareholders.
 - Shareholder ownership
 - Transaction: buy/sell, change in ownership, securities loans, increases
 - Date
 - Nationality of investors
 - Position of shares by shareholder
 - Movements
 - And more
- Consolidated information.
- Online queries via point-to-point lines or Internet (VNP).
- Easy-to use and customisable application. Ability to create statistics and classifications.
- Customised periodic or one-off reports available in FTP folders.
- Issuance of large and detailed data files on ad-hoc basis.
- Alert system.

4.

LEI code.

What is the LEI code?

The LEI (Legal Entity Identifier) is a 20-character alphanumeric code (ISO 17442) that unequivocally identifies global legal entities. The LEI is unique, permanent, consistent and portable for each entity.

For more information, visit the websites: “Global Legal Entity Identifier Foundation (GLEIF)”, <https://www.gleif.org/> and “Legal Entity Identifier Regulatory Oversight Committee (LEIROC)” <http://www.leiroc.org/>

Who needs an LEI?

Various European Union standards demand this code to identify legal entities participating in financial markets through repos, derivatives and securities transactions. Investment service companies and credit institutions that execute trades on financial instruments listed for trading in a market, on behalf of clients who are legal entities, must obtain the LEI from those clients to identify them before the trades are executed (MiFIR, article 26).

The financial intermediary can only execute those trades its client instructs it to make, once that client, if legally required to do so, provides it with its LEI (Commission Delegated Regulation (EU) 590/2017, article 13.2).

When must the LEI be obtained?

Legal entities that give financial intermediaries orders to execute trades on listed financial instruments, will have to carry out all the necessary arrangements to obtain an LEI before January 3rd 2018, if they want these intermediaries to continue executing the trades they instruct.

How to obtain an LEI?

The procedure is quick and easy, and in most cases take no longer than 48 hours.

The issue and management of LEIs in Spain is the responsibility of Company Registrars, with the Association of Registrars of Spain being the body charged with coordinating the functioning of the system and overseeing the strict compliance with the technical and quality standards defined by the “Regulatory Oversight Committee (ROC)” and the “Global Entity Identifier Foundation (GLEIF)”.

Obtaining an LEI requires the applicant to fill in a form which includes basic information about the entity and provides them with accreditation if they are acting as a representative of their entity, or, where an express mandate exists, they may fill in the application on behalf of another party.

More information on the LEI is available on the webpage of the Association of Registrars of Spain (Colegio de Registradores de España): <https://www.justicia.lei.registradores.org/pgSolicitudIdentificador>

For more information

Market



empresas@grupobme.es



+34 91 709 5341

Iberclear



registroiberclear@grupobme.es



+34 91 709 5934