

Notification of corporate actions of listed companies (other than general meetings)

Manual for KDPW direct participants

Project: Alignment of KDPW with the requirements of the SRD Implementing Regulation

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Document history

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INTRODUCTION

According to Commission Implementing Regulation (EU) 2018/1212 of 3 September 2018 laying down minimum requirements implementing the provisions of Directive 2007/36/EC of the European Parliament and of the Council as regards shareholder identification, the transmission of information and the facilitation of the exercise of shareholders rights, listed companies¹ in EEA are required to transmit information to shareholders for the purposes of exercising shareholders rights flowing from the shares (other than voting rights).

If a company is unable to transmit information regarding corporate actions, including financial events such as dividend payments as well as corporate reorganisation events, directly to all its shareholders² (or persons authorised by shareholders), the company is required to transmit information regarding such events, immediately but no later than the same business day when the corporate action is published by the company, to intermediaries operating securities accounts of shareholders.

Companies may fulfil the obligation of transmitting information by sending the following to the first intermediary, i.e., in the case of listed companies established in Poland, to KDPW:³

- a message indicating the website on which the company publishes information regarding the event, according to block A of Table 8 to Regulation 2018/1212, or
- all key information regarding the event, necessary for the intermediary to transmit to shareholders for the purposes of exercising shareholders rights flowing from the shares, according to block A and B of Table 8 to Regulation 2018/1212.

KDPW does not recommend that domestic listed companies, for which KDPW is the home depository, should follow the practice of publishing the details of corporate actions regarding the underlying shares only by posting them in any form on the company's website. Such practice would prevent KDPW and market intermediaries from automated processing and exchange of information regarding events. The practice followed on the Polish market broadly uses standardised messages and data formats which ensure interoperability between the systems of KDPW and its direct participants.

KDPW is not planning to develop any tools to support the exploration of issuers' websites for the purpose of downloading details of corporate actions to transmit to direct participants.

¹ According to Article 68i(1)(2) of the Trading Act, a listed company is understood as a company established in a Member State whose one or more shares are admitted to trading on the regulated market or foreign regulated market.

² According to Article 68k(4) of the Trading Act.

³ According to Article 68k(3) of the Trading Act.

1. CORPORATE ACTION NOTICE

In each case, the company initiating a corporate event is the source of data used by KDPW to generate a notice for participants.

Companies provide the key details concerning the dates and conditions of events by recording the events in the KDPW system by means of a dedicated application available on the KDPW website, which supports electronic communication between issuers and KDPW, according to Article 118 of the KDPW Detailed Rules of Operation or by means of relevant corporate action registration forms and documents required by KDPW.

In the case of corporate actions processed by KDPW according to ISO20022, including: DVCA, SPLF, SPLR, PARI, CONV, RHDI, EXRI, INCR, DECR, CHAN, WRTH i EXOF, the mandatory details provided by the issuer are enriched by KDPW by adding data required to issue a notification under SRDII.

Table 1: Data added by KDPW

Data type	Data tag	Comments
Unique corporate action identifier (COAF)	Official Corporate Action Event Identification	For all aforementioned corporate actions, repeated in related actions ⁴
First day without the right to entitlements	Ex Dividend Date	For DVCA, RHDI
Last day with right to entitlements	Guaranteed Participation Date	For EXRI
Buyer Protection Deadline	Election To Counterparty Deadline	For EXRI

For corporate actions with options, the default option is assigned the identifier "001".

Communication with direct participants uses the following messages:

- head.001.001.01 – Business Application Header
- seev.031.001.03 – Corporate Action Notification
- seev.039.001.03 – Corporate Action Cancellation Advise

modified accordingly with data presented in Table 1.

The up-to-date message versions are available at:

<https://www2.swift.com/mystandards/#/mp/mx/ IXgyMGjrEeqQIJZrJVss6A>

The messages seev.031.001.03 and seev.039.001.03 will be issued within the deadlines under Article 9(1), (2) and (3) of Regulation 2018/1212 in accordance with the terms and conditions of KDPW's monitoring of depository accounts.

In the case of corporate actions notified to KDPW by a foreign intermediary, KDPW issues seev.031.001.03 to participants, enriched as per the received notice. Other than corporate actions processed in KDPW, the most typical such corporate action is DVOP with RHDI. Consequently, KDPW has published a schema of the notification and cancellation messages regarding such corporate actions on the MyStandards platform.

⁴ As of 3 September 2020, COAF will be implemented in the notification of events of all companies registered in KDPW.

2. ADDING DATA TO A NOTICE

2.1 COAF

KDPW issues and applies COAF in the corporate action lifetime according to the terms and conditions defined in a dedicated document.

2.2 Ex Dividend Date

It is the date as of which the shares/underlying instruments of a listed company are traded without the rights arising from a corporate action. It is defined by KDPW as the first day of trading on the regulated market before the record date concerning positions entitled to the rights flowing from held securities (Record Date).

2.3 Election To Counterparty Deadline

It is the date and time by which a buyer, who has not yet received the shares/underlying instruments in respect of which the buyer is entitled to optionally exercise the rights resulting from a corporate action, may instruct the seller of its election of the preferred option. The buyer is not required to use the protection mechanism; in that case, the corporate action is processed in the KDPW system according to the default option.

However, KDPW is required to determine the deadline and transmit it in the notice according to Table 8 to Regulation 2018/1212. According to the CAJWG market standards, the deadline is at least 1 settlement business day before the last day when instructions concerning the elected option may be sent to KDPW, as set by the issuer (Market Deadline/Record Date, accordingly).

Further to the foregoing, we propose to formally introduce, as of 3 September 2020, a national practice for the buyer protection mechanism in the option of manual processing, i.e., Buyer Protection Instruction. The practice is described in detail in a dedicated document.

2.4 Guaranteed Participation Date

It is the last day of purchase or transfer to a securities account of shares/instruments with attached rights to participate in a corporate action with an option. KDPW determines the date according to the settlement cycle in relations to the Election To Counterparty Deadline.

Guaranteed Participation Date = Election To Counterparty Deadline - 2 business day on which the KDPW system conducts settlement.