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National Numbering Agency enhancements for France and the Netherlands - Update

Issued by

- Euroclear France
- Euroclear Nederland

Target audience

- Issuers
- Dealers
- Issuer Agents
- Network managers
- Test coordinators
- Product managers
- Back office teams

Testing

Testing dates to be confirmed

Effective date

Launch date to be confirmed

Update ▶

Highlights

The French and Dutch national numbering agencies (NNA's) will launch a new common service for ISIN allocation in France, the Netherlands and Monaco (ISINs commencing by: NL, FR and MC) and for the classification of financial instruments (CFI).

The launch was initially foreseen for June 2020, but will now be postponed. We will advise you of the new launch date, which will probably be at the end of August 2020, once it is confirmed.

The purpose of the Newsletter is to inform you of the changes and to give you the opportunity to raise any questions you may have.

Benefits

- **Improved quality and completeness of financial instrument codification** through reinforced controls
- **Improved timeliness of code allocations**

Actions

Before the launch (exact date to be confirmed):

- **issuer agents and dealers** who request the creation of ISINs for money market instruments (MMIs) via their selected communication channel messages must adapt their systems to provide the existence of a **guarantee** of the money market instrument, i.e. indicating, in the case of the issuer's inability to settle, whether the debt issue is additionally secured
- **issuer agents** who use Plug & Clear to create notes, certificates and warrants must adapt :
 - their codification process for NL ISINs
 - their systems to provide the attributes required by the CFI ISO 10962 standard for NL, FR and MC ISINs

As of the launch, all issuers, issuer agents and dealers requesting the creation of an NL, FR or MC ISIN for all instruments must comply with the CFI ISO 10962 standard, by providing all required attributes.



Background

In addition to the roles of Central Securities Depositories, Euroclear France and Euroclear Nederland are the NNAs for France and the Netherlands, respectively.

NNAs assign an unique identification code, i.e. ISIN, to each new security issued in their country. Euroclear France assigns the FR and MC ISINs and Euroclear Nederland assigns the NL ISINs.

The ISO identifier standards used are:

- International Securities Identification Number (ISIN ISO 6166)
- Classification of Financial Instrument (CFI ISO 10962)
- Financial Instrument Short Name (FISN ISO 18774)
- Market Identification (MIC ISO 10383)

Recently, the CFI standard has been revised, which the CSD Regulation relies on for the classification of financial instruments for the computation of penalties in case of settlement fails. Therefore, Euroclear France and Euroclear Nederland will launch an enhanced identification code service for French and Dutch securities.

This service enhancement will strengthen and improve the quality and completeness of the codification through reinforced controls and improved timeliness of code allocations (ISIN, CFI, FISN, etc.) by streamlining existing processes.

To ensure correct codification, the enhanced NNA service requires new information to be provided, which is not currently required today, such as, the level of guarantee and the voting rights of a financial instrument.

As a consequence, any issuer, issuer agent or dealer which requests the codification of a financial instrument will need to provide the NNAs with the relevant information required for the correct classification of the financial instruments.

According to the CFI ISO 10962 standard you will have to provide the relevant NNA with different security attributes, depending on the financial instrument category. Please refer to the [CFI ISO 10962 standard](https://www.iso.org/standard/73564.html)¹ for more details.

¹ CFI ISO 10962 standard: <https://www.iso.org/standard/73564.html>



Current process

Today, you can request a codification via three different communication channels:

Market	Financial instrument	Channel
France	Money Market Instruments	<ul style="list-style-type: none"> • STP messages MT 06x • EuroclearConnect for Screens • eNEUCP screens
France	Warrants, Certificates, Notes	Plug & Clear file upload
The Netherlands	Warrants, Certificates, Notes	Excel file codification request sent via email
France and the Netherlands	All other instruments	Input by ESES Operations of prospectus or application form sent by Issuers, Issuer Agents, etc.

Changes as from launch (date to be confirmed)

French MMIs

The issuers, issuer agents or dealers will need to provide the relevant NNA with the following attributes in their codification requests.

Attribute name	Range of possible values	New field	Impacted messages/screens
Guarantee or ranking (Indicates, in the case of the issuer's inability to settle, whether the debt issue is additionally secured)	T = Government/State Guarantee G = Joint Guarantee S = Secured U = Unsecured/Unguaranteed P = Negative Pledge N = Senior O = Senior Subordinated Q = Junior J = Junior Subordinated C = Supranational	Yes	ESES proprietary messages: <ul style="list-style-type: none"> • MT 063 Request for coding a TCN • MT 064 Request for coding a TCN with issue • MT 065 Request for coding with placement • MT 068 Request for modification of a TCN EuroclearConnect for Screens: <ul style="list-style-type: none"> • Simple codification • Codification and issuance • Codification and placement eNEUCP screen: <ul style="list-style-type: none"> • Simple codification
Remuneration type	F = Fixed R = Revisable V = Variable Z = Zero coupon	No	This field is currently available in the codification request (MT 063, MT 064, MT 065) but not in the modification request, so it will be added in: <ul style="list-style-type: none"> • MT 068 Request for modification of a TCN • EuroclearConnect for Screens: Update MMI • eNEUCP screen: Update MMI



Program Originator (entity responsible for the issuance program)	Optional field containing three alphanumerical characters Example: BDF = Banque de France	Yes	ESES proprietary messages: <ul style="list-style-type: none"> • MT 063 Request for coding a TCN • MT 064 Request for coding a TCN with issue • MT 065 Request for coding with placement
Program Identifier (Identifies the program under which the MMI is issued. It enables the investor to retrieve the financial documentation)	Optional field containing six alphanumerical characters Example: 001682	Yes	ESES proprietary messages: <ul style="list-style-type: none"> • MT 063 Request for coding a TCN • MT 064 Request for coding a TCN with issue • MT 065 Request for coding with placement

We have updated the *ESES NEU CP data dictionary* accordingly. The *EuroclearConnect for Screens user guide* will be updated in due course.

Notes, certificates and warrants

Change in codification process for Dutch issuers

Currently, the codification of NL ISINs is performed via an Excel file sent to Euroclear Nederland Operations. The admission of the codified security can then be requested by the issuer via Plug & Clear.

As of the launch, issuers of NL ISINs will have to use Plug & Clear for both codification and/or admission of their notes, certificates and warrants, as it is already the case for FR/MC ISINs.

The field **INDICATOR_OF_CREATION_IN_AFC** previously set to **N** (No) will need to be set to **Y** (Yes) in your Plug & Clear file, in addition to the below described classification attributes that will need to be implemented and completed by Dutch issuers.

Note: you will receive your NL ISIN in the answer file (AADMWARESES) generated by Plug & Clear.

Attributes to provide

The issuer and issuer agent need to provide the relevant NNA with the new attributes listed in the **Mandatory securities attributes for instrument classification** section below in this Newsletter.

This change will involve an enhancement of the Plug & Clear file used by some issuer agents for the creation of notes, certificates and warrants. Issuer agents will need to provide additional information in the Plug & Clear file, as new attributes will be added and some existing attributes will become mandatory.



Enhancements for the creation of notes, certificates and warrants via the Plug & Clear system

The CFI ISO 10962 standard requires a set of four attributes depending on the instrument category and group. Our Plug & Clear system considers by default that:

- notes are **medium term notes**
- certificates are **debt structured instruments**
- warrants are **rights warrants**

These are the most common types of such instruments (see the **Default category and group** section below).

If the financial instrument refers to a different category and group, the issuer agent can explicitly provide the expected category and group with a limited number of possible combinations to remain within the scope of debts and rights instruments (see the **Possible category and group managed by issuer** section below).

Based on the category and group provided by the issuer agent, if any, or based on the default category and group if nothing is provided by the issuer agent, the Plug & Clear system requires the mandatory attributes (see the **Mandatory securities attributes for instrument classification** section below).

Important - if the issuer agent does not provide the mandatory attributes, the **creation of the ISIN will be rejected**.

In addition to the mandatory attributes for the accurate classification of the financial instrument, other optional attributes are now proposed as public data to better describe the financial instrument.

For example, the Legal Entity Identifier (LEI) of the issuer, which tends to become a standard, can now be provided in the file. There are also other optional attributes (see the **Optional securities attributes for reporting purpose** section below).

Default category and group

For notes, certificates and warrants, the Plug & Clear system will deduce the ISO category and group from the product type provided by the issuer or issuer agent in the Plug & Clear file as follows:

Product type (existing field)	ISO category	ISO group
Notes	D = Debts	T = Medium Term notes
Certificates	D = Debts	E = Structured instruments (without capital protection)
Warrants	R = Rights	W = Warrants



Possible category and group managed by issuer agent

If the issuer or issuer agent wants a different categorisation or grouping, it can be explicitly provided in two new fields with the following possible values:

ISO category (new optional field)	ISO group (new optional field)
D = Debts	T = Medium Term notes E = Structured instruments (without capital protection) B = Bonds
R = Rights	W = Warrants F = Mini-future certificates/constant leverage certificates P = Purchase rights

Mandatory securities attributes for instrument classification

Depending on the ISO category and group, some attributes will become mandatory with a set of possible values as required by the standard to classify the financial instrument. These mandatory attributes are either existing or new fields in the Plug & Clear file, as specified in the table below:

Category and group	Attribute name	Range of possible values	New field
DE = Debts / Structured instruments (without capital protection)	Type of structured instrument	<ul style="list-style-type: none"> • A = Discount certificate • B = Barrier discount certificate • C = Reverse convertible • D = Barrier reverse convertible • E = Express certificate • M = Others 	Yes
	Distribution	<ul style="list-style-type: none"> • F = Fixed interest payments • D = Dividend payments • V = Variable interest payments • Y = No payments • M = Others (miscellaneous) 	Yes
	Repayment	<ul style="list-style-type: none"> • R = Repayment in cash (depending on the underlying, if the barrier is not breached) • S = Repayment in assets • C = Repayment in assets and cash • T = Repayment in assets or cash • M = Others (miscellaneous) 	Yes



<p>DE = Debts / Structured instruments (without capital protection)</p>	<p>Underlying assets</p>	<ul style="list-style-type: none"> • B = Baskets • S = Equities • D = Debt instruments • T = Commodities • C = Currencies (specified exchange rate) • I = Indices (the performance of an index) • N = Interest rates (specified amount based on the future level of interest rates) • M = Others (miscellaneous) 	<p>Yes</p>
<p>DT = Debts / Medium term notes DB = Debts / Bonds</p>	<p>Type of interest</p>	<p><u>For DT structured instruments without capital protection:</u></p> <ul style="list-style-type: none"> • F = Fixed rate • Z = Zero rate/discounted • V = Variable • K = Payment in kind <p><u>For DB - Bonds:</u></p> <ul style="list-style-type: none"> • F = Fixed rate • Z = Zero rate/discounted • V = Variable • C = Cash payment • K = Payment in kind 	<p>Yes</p>
	<p>Guarantee or ranking</p>	<ul style="list-style-type: none"> • T = Government State-guarantee • G = Joint guarantee • S = Secured • U = Unsecured/ unguaranteed • P = Negative pledge • N = Senior • O = Senior subordinated • Q = Junior • J = Junior subordinated • C = Supranational 	<p>Yes</p>
	<p>Redemption/ reimbursement</p>	<ul style="list-style-type: none"> • F = Fixed maturity • G = Fixed maturity with call feature • C = Fixed maturity with put feature • D = Fixed maturity with put and call • A = Amortisation plan • B = Amortisation plan with call feature • T = Amortisation plan with put feature • L = Amortisation plan with put and call • P = Perpetual • Q = Perpetual with call feature • R = Perpetual with put feature • E = Extendible 	<p>Yes</p>



DT = Debts / Medium term notes DB = Debts / Bonds RP = Rights / Purchase rights	Form	<ul style="list-style-type: none"> • B = Bearer • R = Registered • N = Bearer/registered • M = Others (miscellaneous) 	Yes
RW = Rights / Warrants RF = Rights / Mini-future certificates/constant leverage certificates	Underlying assets	<ul style="list-style-type: none"> • B = Baskets • S = Equities • D = Debt instruments/interest rates • T = Commodities • C = Currencies • I = Indices • M = Others (miscellaneous) 	Yes
	Exercise type	<ul style="list-style-type: none"> • E = European • A = American • B = Bermudan • M = Others (miscellaneous) 	No
RW = Rights / Warrants	ISIN type	<ul style="list-style-type: none"> • T = Traditional warrants • N = Naked warrants • C = Covered warrants 	No
	Indicator Call/put	<ul style="list-style-type: none"> • C = Call • P = Put • B = Call and put 	No
RF = Rights / Mini-future certificates/constant leverage certificates	Barrier dependency type	<ul style="list-style-type: none"> • T = Barrier underlying based • N = Barrier instrument based • M = Others (miscellaneous) 	Yes
	Long/Short	<ul style="list-style-type: none"> • C = Long • P = Short • M = Others (miscellaneous) 	Yes
RP = Rights / Purchase rights	Assets	<ul style="list-style-type: none"> • S = Common/ordinary shares • P = Preferred/preference shares • C = Common/ordinary convertible shares • F = Preferred/preference convertible shares • B = Bonds • I = Combined instruments • M = Others (miscellaneous) 	Yes



Optional securities attributes for reporting purposes

In addition to the mandatory attributes, the issuer or issuer agent can provide additional optional attributes which are now requested by the Association of National Numbering Agencies for reporting purposes. These optional attributes are either existing fields in the Plug & Clear file, or new fields as specified in the table below:

Category	Attribute name	Definition & Range of possible values	New field
Debt and Rights	Smallest Denomination	This field should be used to store the smallest denomination of the security and is optional across all instrument categories.	Yes
	Conversion Ratio/Contract Size	For instruments that have a convertibility feature (for example, convertible bonds, preferred shares, etc.), the conversion ratio can be provided in this field. It should be the quantity of a security (for example, the number of common stock) that will be exchanged for one convertible instrument. For options and futures and where relevant for structured products, this field should be used to store the contract size.	Yes
	LEI issuer code	Legal Entity Identifier (LEI) of the issuer. Following the ISO 17442:2012, the LEI should be 20 characters long, with the last 2 digits used as check digits. For every LEI value received, the check digits will be verified and if the LEI provided is incorrect, the respective ISIN record will be rejected.	Yes
	Lead manager LEI code	Legal Entity Identifier (LEI) of the Lead Manager. In line with the ISO 17442:2012, the LEI should be 20 characters long, with the last 2 digits used as check digits. For every LEI value received, the check digits will be verified and if the LEI provided is incorrect, the respective ISIN record will be rejected.	Yes
Rights	Strike price	This field should be used to store the exercise price for options, warrants and structured products, were relevant. The price can be an amount or a percent.	No
	Strike currency	This field is conditional, meaning it should only be populated under the condition that the 'Exercise Price' field is provided, otherwise it should not have a value. The field should be used to store the currency of the 'Exercise Price', as per the 3 character ISO 4217 code. Code PRC can also be used as input, in case the Exercise Price is a percentage.	No



Debts	Interest rate	This field is meant to hold the interest rate for fixed interest bearing instruments. This field is conditional to the value of the 'Type of Interest' field, i.e. it should only be populated if the 'Type of Interest' field is set to 'F' (for Fixed Rate Instruments), otherwise it can be left empty.	Yes
	Coupon payment date	The expected format is MMDD, and it has to be a valid date. So for example, 0631 will be rejected as an invalid date, as June has only 30 days.	No
	Interest Frequency	Possible values are: <ul style="list-style-type: none"> • B = Bi-annual • A = Annual • S = Semi-annual • Q = Quarterly • M = Monthly • W = Weekly • D = Daily • X = Other 	Yes
	First interest payment date	The expected format is YYYYMMDD	Yes

Note: the *ESES files dictionary* will be updated accordingly in due course.

Other instruments

As the CFI - ISO 10962 standard requires a different set of attributes depending on the instrument category, the form that you use for your codification requests will be enhanced accordingly.

If you would like to know which attributes are required for each instrument category, please refer to the [CFI ISO 10962](https://www.iso.org/standard/73564.html)² standard documentation.

Testing

A testing period is foreseen to allow you to test these enhancements. We will communicate the exact timing in due course.

² CFI ISO 10962 standard: <https://www.iso.org/standard/73564.html>



Any questions?

For questions on **connectivity means**, please contact our Client Technical Support team:

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