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# NASDAQ CSD SHAREHOLDER DISCLOSURE PROCESSING

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Nasdaq Central Securities Depository in Baltic  
v 1.0.  
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# 1 Introduction

## 1.1 Purpose of the document

The purpose of this document is to provide the general principles of processing shareholder disclosure in the Baltic market for the securities registered in the Nasdaq CSD (the CSD).

The subject matter of the arrangements concerns:

- The information flow throughout the chain of the relevant parties.
- Key dates and their sequence.
- The operational processing of shareholder disclosure.

## 1.2 Target audience

This document is mainly applicable to:

- Issuers and issuer agents.
- CSD participants.

## 1.3 Main changes

The following changes are applicable to processing the shareholder disclosure in the CSD:

- After Baltic CSDs' migrate from their legacy systems to one CSD system, the ESIS will be launched for Lithuanian and Latvian issuers to facilitate automated exchange of shareholder data between issuers, participants and linked Investor depositories.
- Deadlines for processing full list of the securities owners and holders will be harmonized for Lithuanian and Latvian issuers. Shareholder disclosure process will follow the T2S calendar. The ESIS will be open for processing the list of securities owners and holders on the T2S opening days, i.e. the ESIS system can be used during local holidays if T2S is open on that day.
- As Lithuanian and Latvian issuers can request to disclose the securities owners behind omnibus and nominee accounts, an important change will apply to the Estonian market participants. They will have to provide information about the owners and holders of Latvian and Lithuanian securities.
- The main change on processing disclosure of the securities owners in Latvia is that the issuers will be able to register requests to prepare a list of securities owners and holders in the ESIS system themselves and on defined date receive the complete list of securities owners and holders. However, there will be a transitional period for Latvian issuers during which they will be able to submit to the CSD written disclosure requests. Issuers of Lithuanian securities and issuer agents will have to submit requests in the ESIS system from its launch. Written disclosure requests will be accepted only in exceptional cases.
- If securities owners' list is required in relation to the corporate action (e.g. General Meeting, MEET) the related corporate action reference will be distributed to the participants in the disclosure request.  
For certain securities account types (see 5.2) the participant will not need to submit the disclosure response.

## 2 General overview

Although market practices slightly vary from country to country, harmonized solution for exchanging shareholder data will be introduced in the CSD. The data is collected through the CSD and is treated in a confidential manner. The issuer (or its agent) will receive via its Issuer CSD the breakdown of holdings with the participants and the linked Investor CSDs.

### 2.1 Applicable securities

Only Baltic securities that are registered in the Estonian Securities Settlement System (SSS), the Latvian SSS and the Lithuanian SSS and where the CSD is an issuer CSD are subject to the disclosure process described in this document. The process is not applicable to the foreign securities held via the CSD links.

## 3 Disclosure request

### 3.1 Request from the issuer to the CSD

Disclosure processing approach ensures the freedom of choice for the issuer or its agent to submit to the Depository the disclosure request to prepare a full list of the securities owners and holders on the record date.

Ways of providing the request to the CSD by the issuer or the issuer agent:

- Entered in the ESIS GUI.
- Send message Proprietary Shareholder Disclosure Request to the CSD.
- Send written form (exceptional cases).
- Shareholder disclosure request will be detected automatically if new corporate action which requires to process disclosure via the ESIS will be registered in the CSD system. For example, general meeting event.

The issuer can request the disclosure at a fixed date for several securities from the ESIS GUI. The CSD will provide facilities to select one or more ISINs in ESIS GUI in case one issuer has several issues registered with the CSD and for all of them an issuer would like to get shareholders list.

The content of the disclosure request should comprise at least the following:

1. Shareholder disclosure deadline.
2. ISIN.
3. Record date (can be current date, future date or back dated).
4. Optional information:
  - a. Reason for the disclosure request (Issuer can specify the reason for the disclosure request. For example for dividend payments).
  - b. Flag indicating that ultimate securities owner or holder must be disclosed.

Message Proprietary Shareholder Disclosure Request user guideline is published on the CSD website in section Baltic CSD Migration Project deliverables.

## 3.2 Request from the CSD to the participant and the linked Investor CSD

The request will flow from the Issuer CSD to the participants and the linked Investor CSDs. After receiving disclosure request from the issuer (or its agent) the CSD will forward it without undue delay to all the participants and the linked investor CSDs who have holdings in the concerned security in omnibus and nominee accounts in the Nasdaq CSD.

If the record date is the same business day or in the future, then the request will be sent to the participants that have holdings at the moment of the request receipt from the issuer. The CSD will also communicate to any not yet informed participants and Investor CSDs if the holdings are obtained until the end of the record day.

Disclosure request is communicated in following ways:

- Message Proprietary Shareholder Disclosure Request.
- Visible in ESIS GUI.
- Electronic mail.
- MT564 NEWM (only to the linked Investor CSDs).

The content of the disclosure request consists of the following information:

1. Request identification.
2. Response deadline set by the CSD.
3. ISIN.
4. Securities name.
5. Key word “New” to indicate in the message that it is a new request.
6. Record Date.
7. Optional information:
  - a. Reason (specified by the issuer or its agent).
  - b. Yes or No flag to indicate that the participants shall communicate request to the onward chain of intermediaries, each at its respective level towards its own clients, in order to be able to respond to the disclosure request with the information on the end investor
  - c. Corporate action reference.

## 4 Deadlines

### 4.1 The issuer deadline

The CSD will accept any deadline when the issuer wants to receive the breakdown of its securities owners or holders. The deadline defined in request has to be T2S business date. According to the local legal framework the issuer’s deadline has to be at least one day ahead of the record day.

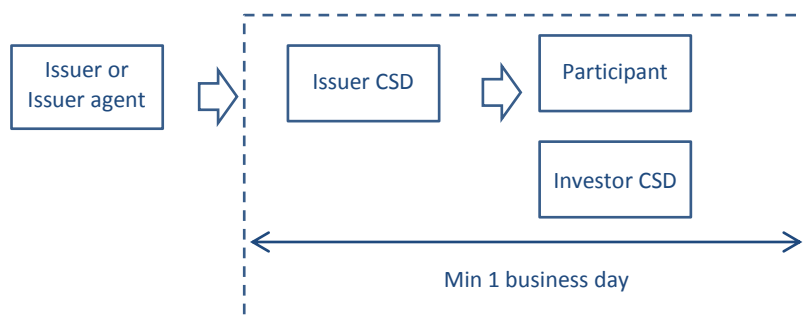
### 4.2 CSD deadline

The CSD will forward the disclosure request to the participants and the linked Investor CSDs on the same day immediately after receiving it from the issuer (or its agent). The deadline by which the participants and the linked investor CSDs have to respond with the information will be communicated in the disclosure request.

### 4.2.1 Timing

The CSD deadline is equal to the issuer's deadline minus one hour.

If corporate action is created in the CSD which requires to process shareholder disclosure via the ESIS then the deadline for participants and investor CSDs will be 2 days after the record day.



**Figure 1: Disclosure request flow from issuer to the participant**

### 4.3 Reminders

The reminder is intended to notify the participants and the linked investor CSDs that they have to submit the list of the securities owners and have not responded yet. The system will send two reminders:

- The first reminder will be sent the next day after the CSD receives the disclosure request from the issuer or its agent.
- The second reminder will be sent at the issuer's deadline date, 08:00.

The reminder is communicated in following ways:

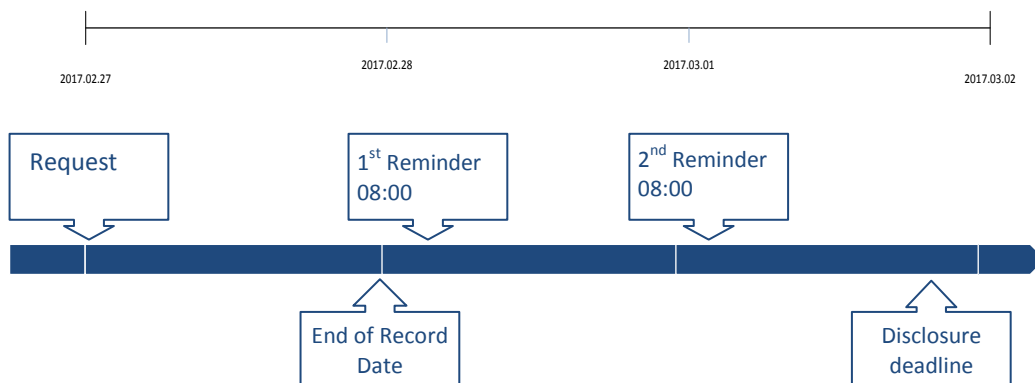
- Message Proprietary Shareholder Disclosure Request.
- Visible in ESIS GUI.
- Electronic mail.
- MT564 RMDR (only to the linked Investor CSDs).

The reminder contains the same information as in the disclosure request. The content of the reminder consist of the following information:

1. Reminder identification. It is unique identification and will be different from the disclosure request.
2. CSD deadline.
3. ISIN.
4. Securities name.
5. Key word "Reminder" to indicate that it is a reminder.
6. Record Date.

The participant can respond either to the request or to the reminder.

### 4.3.1 Time-line



**Figure 2: Reminders to the participant and linked Investor depository**

## 5 Disclosure response

The disclosure response will flow from the participants and the linked Investor CSDs to the Issuer CSD. It will be not accepted earlier than after the end of business on the record date.

The arrangements described herein focus primarily on the current business actors (i.e. issuers and CSD participants). However, there are intermediaries (custodians) in the holding chain who usually have a role identify and disseminate the shareholder information up the holding chain. This is particularly relevant for omnibus market where the CSD usually has no direct access to shareholder information and relies on the reporting of its own participants who in turn shall get the shareholder information from their clients – intermediaries.

### 5.1 From the participants and the linked Investor CSDs

The linked Investor CSDs and the participants should provide shareholder disclosure response to the CSD at the CSD deadline without undue delay.

Disclosure response should be submitted in following ways:

- Message Proprietary Shareholder Disclosure.
- Entered in ESIS GUI.
- Csv File uploads in ESIS.
- MT565 from the linked Investor depositories.

Message Proprietary Shareholder Disclosure user guideline is published on the CSD website in section Baltic CSD Migration Project deliverables.

The content of the disclosure may vary depending on the issuer's country of residence, nature of the underlying security, criteria set in the national legislation and other arrangements between the CSD, the issuers and the links with Investor CSDs. The content of the disclosure response should comprise at least the following:

- Date of request.
- ISIN.
- Owner or holder Name.
- Owner or holder identification.
- Registration country for a legal person.
- Residence country for an individual.
- Type of a holding (own or nominee).
- Holdings of each disclosed person as of close of the record date.
- Record Date.

Additional disclosure information can be submitted by the participant in the disclosure response:

- Information about restricted holdings:
  - Restriction description (reason);
  - Restricted balances.
- Client Classification according to European system of accounts.
- Cash account information.
- Any notes related to the securities owner or holder.

## 5.2 From the account opened in the CSD

Disclosure information from the participant's own account and his client's account opened on the client's as owner name in the CSD will be extracted by the ESIS system automatically and incorporated into the complete list of the owners or holders.



The participant will not be required to submit the response for the following securities account types:

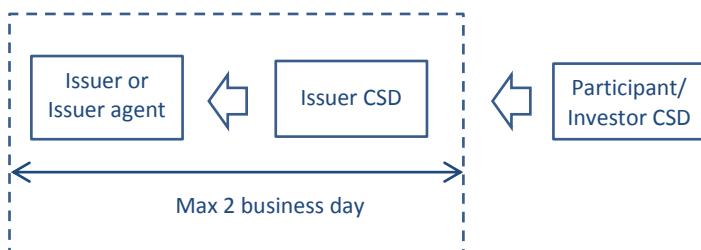
Securities account type	System type	Description
Participant own account	OWAC	Account is opened in the name of the Account Operator and is used for holding securities owned by the Account Operator
Participant pledge account	OWPA	Account is opened in the name of the Account Operator and is used for recording financial pledge over the securities owned by the Account Operator and credited to this account
Owner account	ISAC	Account is opened in the name of the Account Operator's customer (individual or legal entity) and is used for holding securities owned by that customer
Owner pledge account	ISPL	Account is opened in the name of the Account Operator's customer who owns the securities and account is used for recording financial pledge over the securities credited to this account
Co-owner account	ISCO	Account is opened in the name of the Account Operator's customer (individual or legal entity) and is designated by the account holder for holding securities of two or more owners in common ownership
Joint owner account	ISJO	Account is opened in the name of the Account Operator's customer (individual or legal entity) and is designated by the account holder for holding securities of two or more owners in joint ownership
Initial Registry account		

**Table 1: Securities account types which require securities owner to be specified as holder of the account at the level of the CSD**

The content of disclosure response from the CSD system is similar to presented in the chapter above.

### 5.3 From the CSD to the issuer

The depository will prepare the list of owners or holders based on the information that is submitted by the participants within max 2 business days following the request from the issuer (or its agent) receipt day in case record date is in the past or within max 2 business days following the record date.



**Figure 3: Shareholder disclosure to the issuer (or its agent)**

If the issuer has indicated a longer term in his request then the shareholders' list will be ready at the issuer's deadline.

The list of the securities owners or holders can be completed earlier than the issuer deadline if all participants provided their disclosure responses before the CSD deadline.

If the issuer agent has subscribed to Proprietary Shareholder Disclosure message in the CSD system then the list of securities owners and holders will be sent automatically. The issuer (or its agent) can get the list of securities owners and holders from ESIS GUI in following ways:

- File downloads (csv, xml).
- Pdf report.

#### 5.4 Missing disclosure response after the CSD deadline

The participants and the linked Investor CSDs must meet the CSD deadline on disclosure request. The system will reject the disclosure response if it is sent after the CSD deadline.

Missing disclosure responses from the participants and the linked Investor CSDs will be replaced with the respective security’s holding from the CSD system stating that the holding is registered in the CSD system under the above mentioned participant or the linked Investor CSD.

## 6 Reporting

### 6.1 General

Disclosure information from the participants and the linked Investor CSDs will be consolidated in the final report and produced in English.

### 6.2 Subscription to the disclosure messages

To subscribe to the disclosure message the participant or the issuer agent shall contact the CSD.

The following proprietary disclosure message types are configured in the CSD system, available for subscribing to:

Message Type	Schedule Type	Available Media Types	Direction
Shareholder Disclosure Request	Event	Proprietary network	From the CSD to the participant
Shareholder Disclosure	Event	Proprietary network	From the CSD to Issuer Agent
Shareholder Disclosure Status Advice	Event	Proprietary network	From the CSD to Issuer Agent, the participant

**Table 2: Subscription to disclosure messages**

If the participant servicing the issuer is defined in the CSD system as the issuer agent and has subscribed to Shareholder Disclosure message then the completed full list of the securities owners or holders will be sent according to subscription.

## 6.3 Status reporting

Disclosure request from the issuer (or its agent) will have the lifecycle in the system. As soon as the disclosure request's status is changed by the system it will be communicated with the following:

- Send message Shareholder Disclosure Status Advice.
- Visible in ESIS GUI.

Disclosure requests can have the following statuses:

- Accepted;
- Rejected;
- Completed;
- Cancelled.

The ESIS will send the status message informing the participants and linked Investor CSDs on the status of their submitted list of securities owners and holders:

- Shareholder Disclosure Status Advice.
- MT 567 Corporate Action Status and Processing Advice to the linked Investor depositories.

As soon as the disclosure list is submitted the system performs validation process and the status accepted or rejected is assigned to it.

## 7 Disclosure request cancellation

### 7.1 Disclosure request cancellation from CSD

CSD can cancel disclosure request submitted by the issuer (or its agent). ESIS will cancel automatically generated disclosure request if the corporate action event is cancelled in the CSD. Disclosure cancellation will be communicated immediately no later than one business day from the corporate action even cancellation.

### 7.2 Disclosure request cancellation from the participant

The CSD will cancel shareholder disclosure request sent to the participant if during disclosure processing he has withdrawn the holdings of concerned securities from his account in the CSD system by the end of record day and will notify him.

### 7.3 Cancellation notification

The cancellation notification is communicated in following ways:

- Message Proprietary Shareholder Disclosure Status Advice.
- Visible in ESIS GUI.
- Electronic mail.
- MT567 (only to the linked investor depositories).

## 8 Shareholder disclosure A2A process

This section focuses only on the disclosure process when using the disclosure messages.

When instructing (A2A) the CSD to provide information on the owners and holders of securities, the issuer (or its agent) must become the ESIS user and communicate all mandatory information and, if required, submit any relevant documents.

### 8.1 Shareholder disclosure request processing

Figure 4 shows the processing that the ESIS system applies when a disclosure request is received into the CSD.

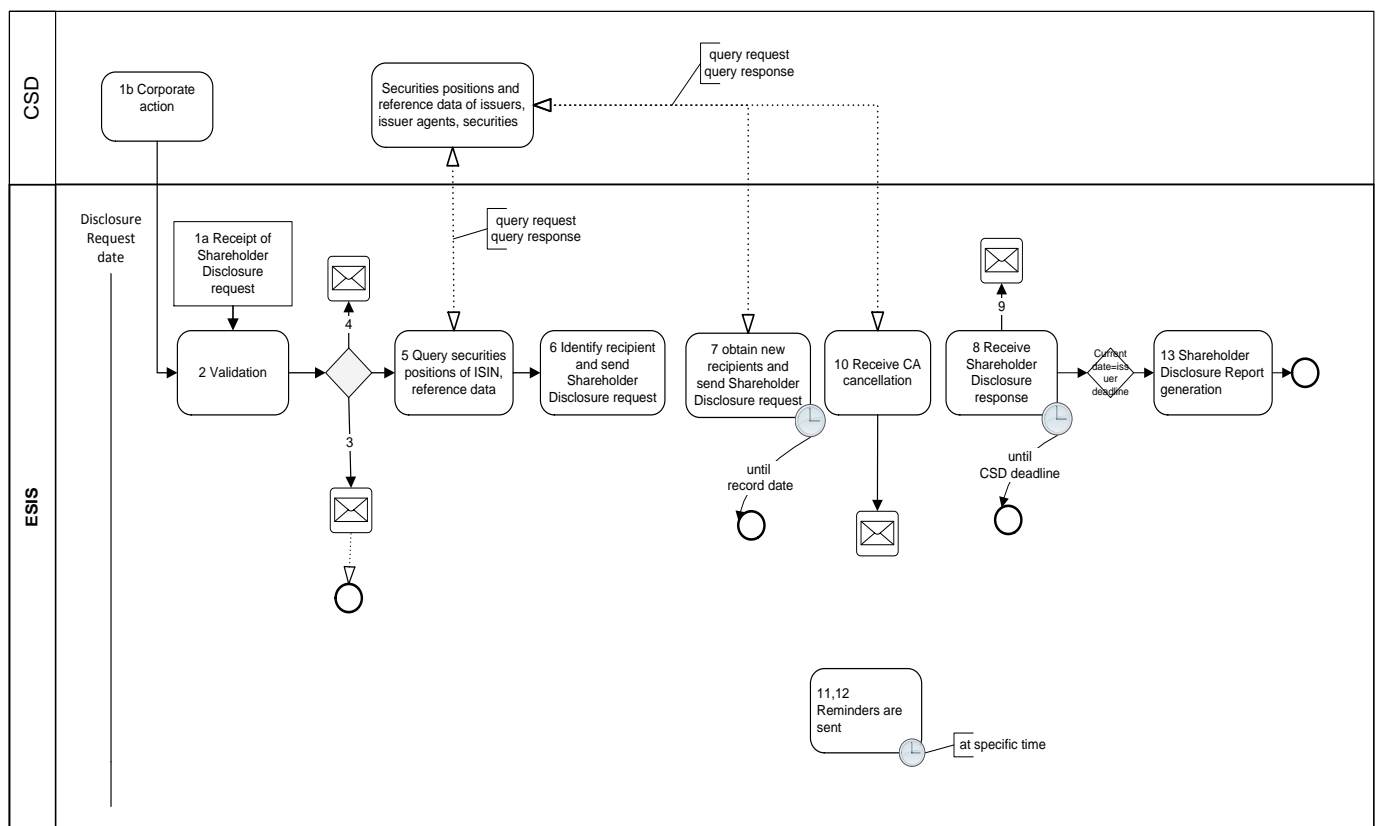


Figure 5. Shareholder disclosure request processing

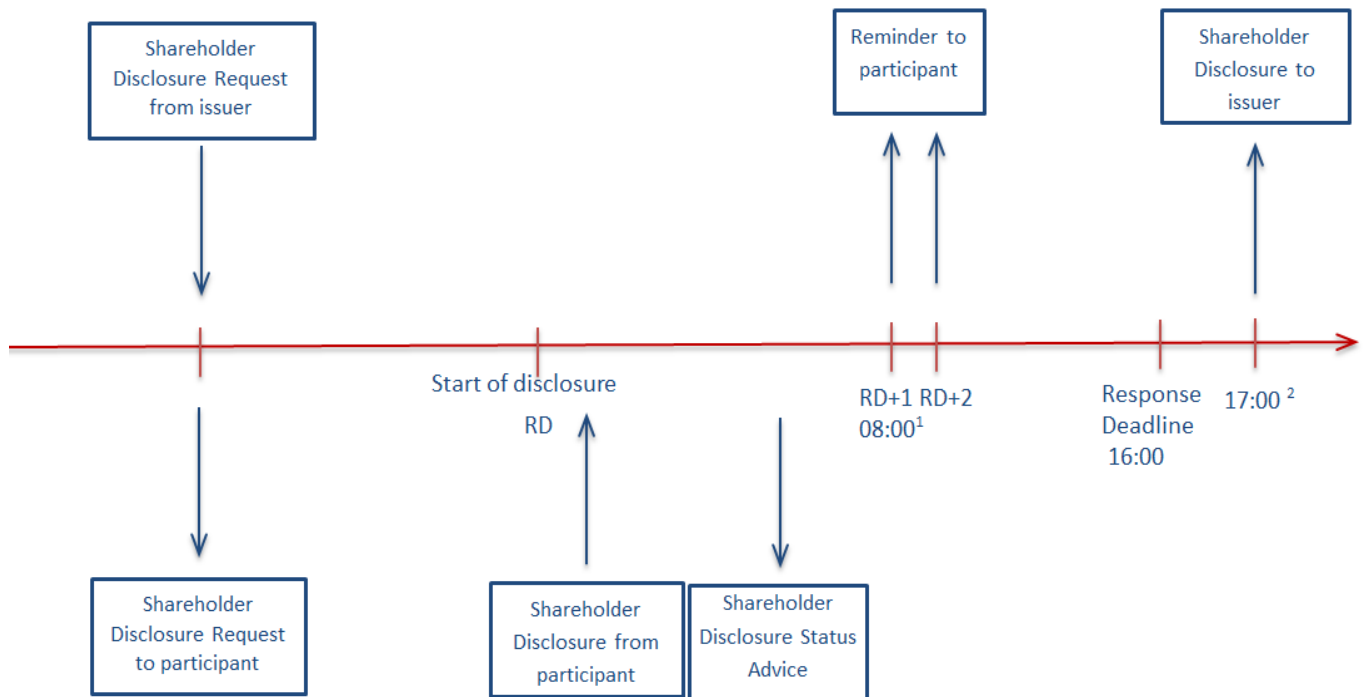
Step in Figure 6	When	Direction	Description
1.	(a) Disclosure request date	From the Issuer (or its issuer agent) to CSD	Issuer (or its issuer agent) sends to CSD a shareholder disclosure request to prepare a list of securities owners and holders on the record date.
1.	(b) Corporate action (disclosure processing via	From corporate action processing system to the ESIS	Or The ESIS system receives the disclosure request as soon as respective corporate action event is setup in CSD

	ESIS) creation date	system	system.
2.	Disclosure request date	In the ESIS system	Upon successful acknowledgement of the disclosure request the ESIS system validates it.
3.	Disclosure request date	From the ESIS to the Issuer (or its issuer agent)	If the ESIS system rejects the disclosure request due to syntax and business errors, shareholder disclosure status advice is sent Rejected and the disclosure request is not processed.
4.	Disclosure request date	From the ESIS to the Issuer (or its issuer agent)	Upon successful validation the ESIS system sends disclosure status advice Accepted.
5.	Disclosure request date	From the ESIS to CSD system	The ESIS system sends query to the CSD system for additional information to compile the disclosure request to the participants and linked investor depositories.
6.	Disclosure request date	From the ESIS to the participants and linked investor CSDs	The shareholder disclosure request is sent to all the participants and to the linked investor CSDs that have the holding in the concerned security in omnibus and nominee accounts in the CSD
7.	Disclosure period	From the ESIS to the participant	Disclosure request is sent to any not yet informed participant if the holdings are obtained up to end of record day.
8.	Disclosure period	From the participant to the ESIS	The participant sends disclosure response, i.e. a list of securities owners and holders by the CSD deadline.
9.	Disclosure period	From the ESIS to the participant	Disclosure response is validated and reconciled with securities balances in the CSD system, and disclosure status advice (Disclosure Processing Status Accepted or Rejected) is submitted.
10.	Disclosure period	From the ESIS to the participant	The participant is notified that disclosure response is cancelled due to corporate action cancellation from the CSD or whole holding of concerned securities was transferred from the securities account.
11.	The next day from issuer's disclosure request receive	From the ESIS to the participant and linked investor CSD	Reminder is sent to the participant and the linked investor CSDs if the disclosure response is not yet provided.
12.	Issuer deadline	From the ESIS to the participants and linked investor CSDs	Reminder is sent to the participant and the linked investor CSD if the disclosure response is not yet provided.
13.	Issuer deadline	From the ESIS to the Issuer (or its issuer agent)	The complete list of securities owners and holders is created and sent.

## 9 Glossary

Term	Definition
Baltic securities	Securities registered with the Nasdaq CSD in a book entry form. Nasdaq CSD is the Issuer CSD of these securities.
Beneficial owner	The party that is entitled to receive the benefits of the ownership of a security.
Business day	Business day at the Issuer CSD.
Calendar day	A calendar day is any day of the week, including weekends.
Nasdaq CSD	Nasdaq Central Securities Depository
CSD participant	A customer of the Nasdaq CSD.
Date of request	Date on which the request for shareholders' disclosure is sent from the issuer to issuer CSD, or issuer CSD to linked Investor CSD and its participants, and from linked Investor CSD and its participants down the chain of intermediaries
ESA	Classification of the investors according to the European System on Accounts ESA 2010.
Foreign securities	Securities that are registered with the Issuer CSD and are held by the Nasdaq CSD as the Investor CSD.
Intermediaries	Financial institutions that provide and maintain securities accounts.
linked investor CSD	CSD that holds securities with another CSD or with an Intermediary.
Issuer	The issuer of an underlying security including the agent mandated by the Issuer for corporate actions purposes.
Issuer CSD	CSD with whom the Issuer has deposited and maintains its primary securities issuance by book entry.
Record date/day, RD	Date on which settled positions are recorded in the books of the Issuer CSD at close of business to determine the entitlement to the proceeds of a Corporate Action.
Relevant registry	Official companies registry in the country of residence of an issuer.
Securities account	A securities account in the Nasdaq CSD.
TARGET2-Securities	The set of hardware, software and other technical infrastructure components through which the Euro system provides the services for CSDs and central banks that allow core, neutral and borderless settlement of securities transactions on a DVP basis in central bank money.

## 10 ANNEX Shareholder disclosure request processing timeline



<sup>1</sup>The second reminder will be sent on the same day as the first reminder at 15:00 if issuer indicated disclosure deadline one business day.

<sup>2</sup>The full list of the securities owners and holders can be completed before deadline if all the participants submitted the disclosure response.