



**COMMUNIQUE ON CHANGES IN THE DATES OF CORPORATE ACTIONS AS A RESULT OF THE IMPLEMENTATION OF THE REFORM OF THE SECURITIES CLEARING, SETTLEMENT AND REGISTRATION SYSTEM AND THE SHORTENING OF THE SETTLEMENT PERIOD**

22 March 2016

**Changes in key dates of corporate actions (capital increases and reductions, dividend payments, etc.)**

Once the new clearing, settlement and registry system comes into force on 27 April, corporate actions in connection with both equities and fixed-income securities will conform to international standards in order to harmonise such events at European level in terms of information flows, minimum required disclosures, key dates, and procedures<sup>1</sup>.

Among the changes introduced by the Reform, it should be noted that the Consolidated Text of the Securities Market Law requires that issuers give market infrastructures sufficient advance notice of economic rights and obligations arising in connection with securities as soon as the related decision is made. Such notice must specify the relevant dates for recognition, exercise, fulfilment and payment of such rights and obligations, and they must be calculated in accordance with, and conform to, the rules on trading, clearing, settlement and registry of transactions in securities listed on such markets.

Additionally, article 95 of the Securities Market Law establishes the time at which the benefits, rights or obligations inherent to ownership of the securities are acquired. In the case of shares and equivalent securities, they accrue to the benefit of the buyer from the date of purchase in an official secondary market.

Following the scheme designed by BME in its documentation on the Reform<sup>1</sup>, the tables below summarise the sequence of key dates, comparing the current situation with that which will arise after the reform, considering the two settlement cycles (T+3 and T+2). Two cases are distinguished: events that are mandatory for securities owners (e.g. dividends, distribution of warrants, capital increases or reductions through modification of unit nominal values, splits, mergers, etc.) and those that are somehow optional for the owner (rights issues, voluntary exchanges, optional or scrip dividends, etc.).

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<sup>1</sup> For more information: [http://www.bolsamadrid.es/docs/Empresas/Post-Trading\\_Reform.pdf](http://www.bolsamadrid.es/docs/Empresas/Post-Trading_Reform.pdf)

### SCHEME FOR MANDATORY EVENTS (Example: dividend payment)

Under the current system, the date on which the security trades "ex-right" (the ex-date) is the date of the event (payment date) and investors who were registered on the preceding day are entitled to collect, i.e.. those who purchased the security up to and including the previous day, which is the record date for determining investors' positions.

However, the reform changes this situation; for example, to be eligible to collect a dividend, investors must have acquired the securities at least four days before the payment date<sup>2</sup>. That is, the investors entitled to collect the dividend will be those who acquired the securities prior to the ex-date, whose theoretical settlement date may not be later than the record date.

Under the new system, the ex-date will be 2 days before the record date, and 3 days before the payment date<sup>5</sup>. Under T+2 settlement, the ex-date will be 1 day before the record date and 2 days before the payment date. Investors entitled to the dividend will be those registered as such on the day before the payment (i.e. on the record date), i.e. those who acquired the securities prior to the ex-date (T or earlier).

Current situation				
Mon.	Tue.	Wed.	Thur.	Fri.
6 June	7 June	8 June	9 June	10 June
			Record date Last trading date	Payment date Ex-date
			T	P
T+3 (Post-Reform) <sup>3</sup>				
Mon.	Tue.	Wed.	Thur.	Fri.
6 June	7 June	8 June	9 June	10 June
Last trading date	Ex-date		Record date	Dividend payment (Payment date)
T	T+1 (P-3)	T+2 (P-2)	T+3 (P-1)	P
T+2 (Post-Reform) <sup>4</sup>				
Mon.	Tue.	Wed.	Thur.	Fri.
6 June	7 June	8 June	9 June	10 June
	Last trading date	Ex-date	Record date	Dividend payment (Payment date)
	T	T+1 (P-2)	T+2 (P-1)	P

### SCHEME FOR VOLUNTARY EVENTS (Example: rights issue)

The current situation is similar to that of mandatory events: trading of the subscription rights commences on the ex-date and the rights are allocated to owners who acquired their shares up to the immediately preceding day.

Post-reform, owners who acquired the shares up to the day prior to the ex-date will also be entitled to participate in the rights issue, but the record date will coincide with the date on which trades performed on the day before the ex-date are settled.

<sup>2</sup> Provided that the dividend is paid on the day following the record date, as is customary.

<sup>3</sup> See note 2 above.

<sup>4</sup> See note 2 above.

<sup>5</sup> See note 2 above.

Current situation						
Mon.	Tue.	Wed.	Thur.	Fri.		Mon.
6 June	7 June	8 June	9 June	10 June		13 June
			Record date	First listing of the subscription rights		
			Last trading date	Ex-date		
			T	P		

T+3 (Post-Reform)						
Mon.	Tue.	Wed.	Thur.	Fri.		Mon.
6 June	7 June	8 June	9 June	10 June		13 June
			Last trading date	First listing of the subscription rights		Record date
				Ex-date		
			T	T+1		T+2

T+2 (Post-Reform)						
Mon.	Tue.	Wed.	Thur.	Fri.		Mon.
6 June	7 June	8 June	9 June	10 June		13 June
			Last trading date	First listing of the subscription rights		Record date
				Ex-date		
			T	T+1		T+2

### Recommendation to issuers in connection with setting payment dates for corporate events.

Considering that two sessions will be settled in the session in which the settlement time is shortened to T+2 (the last session with T+3 settlement and the first session with T+2 settlement), in order to avoid any operational difficulties that might arise in the migration to the new settlement cycle (T+2) and any confusion among investors, the CNMV recommends that issuers take all possible measures to ensure that dividend payment dates do not coincide with the date upon which the settlement period is shortened.

Issuers should also consider, when announcing corporate events, that, after migration to T+2, the number of days between the last trading day with rights and the record date will be one less.

**The date upon which the settlement cycle is scheduled to be shortened is 27 June 2016.**

Although the reform of the securities clearing, settlement and registration system in the Spanish market will commence on 27 April 2016, the shortening of the settlement period to T+2 is planned for a subsequent date to be set by means of an Iberclear circular.

By this communiqué, the Comisión Nacional del Mercado de Valores (CNMV) announces that the date upon which settlement switches to two days after the trade date (i.e. T+2) will be 27 June 2016, with respect to trades performed on 23 June 2016.