MIDCLEAR
CENTRAL SECURITIES DEPOSITORY

Corporate Actions Rules and Procedures

Local Market and Foreign Market

Midclear's Corporate Actions Department provides a streamlined, automated approach to processing corporate action events completely, accurately and on time. A single event may involve several market participants, including issuers, custodians, holders and depositories. The rules below govern each stage of the corporate action processing chain in two markets: the local market and the foreign market.

A. Local Market

1. **Announcements.** The issuer announces each event and notifies Midclear of its details in a standard format, either by SWIFT MT599 or by original letter.
2. **Payment announcements.** Every payment announcement (interest, redemption or dividend) sent to Midclear must state the **record date**, the **payment date** and the **amount to be paid**.
3. **Announcement deadline.** Midclear must receive the announcement no later than one day before the payment date for book-entry securities, and no later than one month before the payment date for physical securities.
4. **Funding and distribution.** On the payment date, the issuer must credit Midclear's account at Banque du Liban with the funds by 10:00 a.m. at the latest. Midclear then credits the holders' accounts and sends Corporate Action Confirmations (MT566).
5. **Events requiring instructions.** For events that require instructions from shareholders, Midclear sets its own deadline ahead of the deadline set by the issuer.
6. **Holder instructions.** Midclear receives holders' instructions by MT599 or original letter, and sends consolidated instructions to the issuer in the format the issuer requires.

Local market key deadlines

Book-entry securities	Announcement received at least one day before the payment date
Physical securities	Announcement received at least one month before the payment date
Payment date	Funds credited to Midclear's account at Banque du Liban by 10:00 a.m.
Elective events	Midclear's deadline falls before the issuer's deadline

B. Foreign Market

1. **Event notification.** The depository notifies Midclear of all events relating to the securities held. Midclear informs holders by MT568 and, where action is possible, sets a response deadline. Members wishing to act must send an MT599 before that deadline so that their instructions can be processed accurately and on time.

2 **Instruction content.** Members' instructions must be sent in the standard MT599 format and must include:

- the ISIN code;
- the security description;
- the nominal amount instructed; and
- the option selected, according to the details of each event.

3 **Payments.** Upon receipt of funds, Midclear transfers them to the holders of record on the record date and confirms each credit by MT566 (Corporate Action Confirmation).

4 **Reversals.** Where an international CSD reverses a corporate action:

- **Debit reversals:** Midclear automatically debits the member's account, provided it holds sufficient cash or securities. Otherwise, the affected member must transfer the reversed proceeds to Midclear.
- **Credit reversals:** Midclear transfers cash proceeds according to the member's Standing Settlement Instructions and credits securities proceeds to the member's account with Midclear.

5 **FATCA compliance.** In line with its decision to be FATCA compliant, Midclear has provided withholding statements for its accounts with Euroclear Bank and Clearstream Banking, certifying that it acts as a Non-Qualified Intermediary exclusively on behalf of FATCA-compliant recipients who are self-certified non-U.S. beneficial owners.

FATCA compliance is an ongoing process. Midclear assumes that all U.S. holdings of its members belong to non-U.S. beneficial owners. Members must inform Midclear of any U.S. holdings subject to FATCA that belong to U.S. beneficial owners, so that the appropriate FATCA procedure can be applied.

In certain circumstances, and where members fail to provide the status of their beneficial owners, members shall bear sole responsibility for any and all harmful consequences, losses or damages that may be suffered for any reason.

SWIFT messages referenced

MT599	Free-format message: event announcements (local market) and holder or member instructions
MT568	Corporate Action Narrative: Midclear's notification of foreign-market events to holders
MT566	Corporate Action Confirmation: confirmation of payments credited to holders