

General Information	
Request raised by: NBB-SSS	Date raised: 04/08/2014 (to be filled in by NBB-SSS)
Request title: capitalisation of interest	Request ref. no: NBBSSS-MCR-03
Request type: Common CR	Urgency: Normal (to be filled in by NBB-SSS)
1. Legal/business importance parameter: M	2. Market implementation efforts parameter: L
3. Operational/Technical risk parameter: H	4. Financial impact parameter: (H, M, L) (to be filled in by NBB-SSS)
Requestor Category: CSD, Participant	Status: (Registered, Under Preliminary assessment, Pending with CRG...) Registered for UC 21/09/2017

Reason for change and expected benefits/business motivation:

Fixed income assets have in NBB-SSS for the moment three possible formats of interest: variable coupon, fixed coupon or zero bond (issue price < redemption price). With this functionality an additional format is introduced: the coupon is not paid out to the end investor, but transformed into nominal and added to the positions.

Description of requested change:

This functionality is executed via an already matched FOP CORP transaction. In case of WT, this is calculated in the standard way. Settlement is announced with an MT564 and confirmed with an MT566 (CAEV PINK – payment in kind). It will be possible to define capitalization of interest or payment in cash per coupon.

Related documents:**Proposed wording for the Change request:****High level description of Impact:****Outcome/Decisions:**