

**ASSOCIATION OF NATIONAL NUMBERING AGENCIES srl**

**ISIN UNIFORM GUIDELINES**

**RELATING TO ISO 6166**

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*Approved at ANNA EGM*

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# ISIN Guidelines 2006

## **1. INTRODUCTION**

The standard ISO 6166 describes the structure of the ISIN codes and which organizations are allowed to allocate ISIN codes to which securities.

The aim of the guidelines is to obtain a uniform process among the various National Numbering Agencies for the allocation of ISIN codes.

This document is a live document which shall be reviewed periodically.

### **1.1 General definition of fungibility**

Set of goods which are equivalent, substitutable, and interchangeable and which are not individualized.

Since securities can be individualized by numbers or through a registered form, we will use the following definition.

### **1.2 Definition of fungibility in the securities industry**

Fungible means that a security ranks *pari passu* in all respects with a different version of the same security and can be exchanged into the other form and vice versa at any time. *The fungible securities will be identified by one ISIN.*

### **1.3 Rights potentially attached to fungible securities**

- Right to sell
- Right to vote
- Right to receive a payment (coupon, redemption) on the same date
- Right to participate in a corporate action in the same way
- Right for any holder to hold any form

## 2. EXCEPTIONS

<b>2.1 Specific cases relating to fungibility</b>	<b>Should the securities be considered as fungible in this case?</b>
<b>2.1.1</b> Different market places	<b>YES</b> , if the security is tradeable in different market places.
<b>2.1.2</b> Rights difference between different market places in case of corporate action, payment interest/dividends	<b>YES</b> , if it is only a technical difference. Technical differences are already managed by depositories and clearing organization for their deliveries. <b>NO</b> , if the securities are lodged in different codes to distinguish the different rights between holders of the various market places.
<b>2.1.3</b> Subsequent tranches	<b>YES</b> , if the securities have identical terms and may be used to settle trades in either tranches, forms or markets without any delay because of possible actions. <b>NO</b> , in other cases until the assimilation.
<b>2.1.4</b> Securities issued in bearer and registered form fully exchangeable	<b>YES</b>
<b>2.1.5</b> Securities issued in bearer or registered form not fully exchangeable	<b>NO</b>
<b>2.1.6</b> Change of issue from bearer to registered form or from registered to bearer form at the initiative of the issuer	<b>NO</b> , if the holder does not have the same rights until the exchange.
<b>2.1.7</b> Representative certificates	<b>YES</b> , in France Euroclear France is allowed to rematerialize French securities to be delivered in some foreign countries. Euroclear France acts in substitution to the issuer and in fact replaces the dematerialized securities by a materialized form. Holders of representative certificates have the same rights than the previous ones.  Where share certificates are issued, two general rules will apply:  <b>NO</b> , if dematerialized (i.e. German, Swiss, Dutch certificates) or materialized (i.e. IDR, ADR) secondary paper is issued. <b>YES</b> , if no secondary paper is issued. An NNA may assign a "Dummy" (i.e. "Q" range of ISIN's) ISIN for use within their local market.
<b>2.1.8</b> Corporate actions	<b>YES</b> , if the securities confer to the new holders the same rights as to the previous ones (e.g. subscription of shares with the same rights as the old shares). <b>NO</b> , if the new shares are not fully exchangeable or if an exchange or a future assimilation is required. Another code permits a distinction between the old and the new securities and the rights attached to those.
<b>2.1.9</b> Partly paid/fully paid/nil paid	<b>NO</b> , until the full payment if an additional payment is required.

<b>2.2 Special cases relating to assignment rules</b>	
<b>2.2.1</b> Allocation of ISIN's in terms of debt instruments, issued with warrant(s) (i.e. cum or technical cum)	Debt instruments cum and ex warrant(s) must be registered separately by the depository bank. Accordingly, the financial instruments should get at least 3 ISINs: - 1 for the debt instrument cum warrant(s) - 1 for the debt instrument ex warrant(s) - 1 for each warrant <u>N.B.:</u> If several kinds of warrants are attached, the number of ISINs assigned increases accordingly. Moreover, all the above ISINs have the same prefix as the one used for the related debt instruments as stipulated in ISO 6166.
<b>2.2.2</b> Issues composed of both a domestic and an international tranches	The assignment rules for international issues have been integrated in the fifth edition of the ISO 6166 standard. If domestic and international tranches are not fungible, then two ISINs should be assigned. Criteria of non-fungibility: transfer restrictions Domestic means: depot in one country upon issuance.
<b>2.2.3</b> Partial reimbursement of capital when repayment equally to all holders at the same time	There is no need to allocate new ISINs, even if the payment effects a change of denomination amount.
<b>2.2.4</b> Issues with different denominations	<b>Shares</b> If different categories of shares were issued, then each value should receive its own ISIN. If certificates consist of multiple of shares, only one ISIN should be assigned. <b>Bonds</b> Only one ISIN for different denominations if fungible.
<b>2.2.5</b> Taxable/Non-taxable securities	Tax considerations may not affect the allocation rules of ISINs, if the securities are fungible.  <u>Special case:</u> Different tranches of Italian debt securities subject to pro rata temporis taxation under the provisions of Legislative Decree 239 of 1 April 1996 (LD 239/96) are only fungible, and can only bear the same ISIN, if the issue price, redemption price, issue date and redemption date to be used for tax purposes are identical (e.g. through application of Article 11 (2) of LD 239/96)."
<b>2.2.6</b> ISINs for rights	ISINs should be allocated for rights (according to ISO 6166).
<b>2.2.7</b> Depository receipts representing a debt security	The rules for debt securities have to be applied.
<b>2.2.8</b> Issues with 2 or more tranches	Tranches with different issue prices get different ISINs upon issuance, but have to be assimilated after the first coupon payment.
<b>2.2.9</b> Warrants issued by foreign branches of banks	When such branches have no separate legal entity the ISIN-prefix will be the one of the headquarters country. If the branch is a separate legal entity (i.e. within a specific local market), the country of the branch should be considered for the allocation and the prefix accordingly (e.g. warrants issued by foreign bank branches).

<b>2.2.10</b> Issues of the European Union	Financial instruments issued by the European Union but not relating to a specific EU country jurisdiction (e.g. European indices, European interest rates etc.) would be allocated an ISIN with EU-prefix by WM Datenservice.
<b>2.2.11</b> Preferred shares	<p><u>Preferred shares issued in unit form</u> (that are being treated as debt) will be assigned the relevant ISIN by the NNA located in the issuer's country of incorporation and set up as equity.</p> <p><u>Preferred shares issued in nominal form</u> (that are being treated as debt) will be assigned an XS ISIN (if being held directly with the ICSDs) and set up as bond.</p> <p><u>Preferred shares that are being treated as equity</u> will be assigned the relevant ISIN by the NNA located in the issuer's country of incorporation and set up as equity.</p>
<b>2.2.12</b> RegS/144A debt issues	<p><u>The RegS and/or 144A portion is deposited with a US CSD (only)</u>, it will bear the US prefix.</p> <p><u>The RegS and/or 144A portion is deposited with Euroclear Bank/Clearstream Banking</u>, it will bear an XS-ISIN.</p> <p><u>In case of a bifurcated structure or split note</u>, a minimum of 2 and maximum of 4 unique ISINs will be allocated by the relevant numbering agency in accordance with the place of deposit as described in Annex A entitled "<i>ISIN allocation rules for debt instruments issued under rule 144A and Regulation S</i>" which forms an integral part of these guidelines.</p>
<b>2.2.13</b> RegS/144A for warrants	When RegS/144A rules apply to warrants they will exceptionally bear a US prefix without reference to the country of the issuer, as this is normally the case for instruments referenced under the category "Rights".

### **3. FINANCIAL INSTRUMENTS OTHER THAN SECURITIES**

		<b>Example</b>	
<b>3.1 Currencies</b>	The ISIN should bear the prefix of the issuer country in case of single currency. In case of cross rates, the prefix should correspond to the issuer country of the fixed currency of the ratio:	Spanish peseta	ES0T00000017
<b>3.2 Indexes</b>	<p><b>Stock exchange indexes:</b> The allocation of ISINs should occur with the prefix of the domicile of the exchange.</p> <p><b>Other referential indexes:</b> The allocation of ISINs should occur with the prefix of the country of the calculating agent.</p>	FT-SE 100 Index GB0009950329 IBEX 35 ES0SI0000005	
<b>3.3 Interest rates</b>	<p>Referential interest rates as defined by term and currency, used in the financial sector and calculated by financial institutions.</p> <p>The ISIN should bear the prefix of the originator's country.</p>	1-Year MIBOR ES0500000018 PIBOR FR0003981133 3-Month LIBOR GB0009950436	
<b>3.4 Commodities</b>	<p>One ISIN per good and exchange, even if several exchanges exist in the same country. The different quality degrees within the same good should not be taken into account.</p> <p>The description should include the name of the concerned stock exchange (by means of MIC-code).</p>	Aluminium Alloy GB0009950659 Five tons of "Navel-Navelina", 2-5 calibre, first category, washed, unwaxed and packed. ES0SM0032018	
<b>3.5 Traded Options</b>	Each contract defined by expiration month, striking price and underlying instruments will get an ISIN. The ISIN gets the prefix of the country of the exchange issuing the specific derivative instrument.	All contracts traded at the LIFFE should bear the prefix "GB".	
<b>3.6 Financial Futures</b>	Each contract defined by expiration month, striking price and underlying instruments will get an ISIN. The ISIN gets the prefix of the country of the exchange issuing the specific derivative instrument.	All contracts traded at the LIFFE should bear the prefix "GB".	

## 4. CONSEQUENCES OF CORPORATE ACTIONS

Event and Definition	ISIN rules for paperless securities	ISIN rules for physical certificates
<p><b>4.1 Change of country domicile</b> Domicile of company headquarters changes to another country</p>	No change of ISIN for securities already existing.	A new ISIN only if the old security is exchanged for a new one.
<p><b>4.2 Merger</b> <u>Merger by absorption:</u> One of the companies incorporates the other(s) which legally disappear(s)  <u>Merger by amalgamation:</u> The two companies merge to form a new legal entity after a certain period</p>	<p>ISINs of shares of the former companies must become inactive after a certain period.</p> <p>A new ISIN has to be allocated for the stock of the new company and the former ISINs must become inactive.</p>	<p>ISINs of shares of the former companies must become inactive after a certain period.</p> <p>A new ISIN has to be allocated for the stock of the new company and the former ISINs must become inactive.</p> <p><u>N.B.</u> In both above cases, for bonds, a new ISIN is created only if the old certificates are exchanged for new ones.</p>
<p><b>4.3 Assimilation</b> Event which makes the use of an existing separate ISIN superfluous. For example: full dividend rights for new shares, call of outstanding amount on partly paid shares</p>	The ISIN of the new stock has to become inactive when old and new shares become fungible unless a re-use is planned.	The ISIN of the new stock has to become inactive when old and new shares become fungible unless a re-use is planned.
<p><b>4.4 Redemption</b> Repayment of capital debt securities or redeemable shares (fully redeemed)</p>	<p>The ISIN has to become inactive after redemption date, unless the bonds are in default.</p> <p><u>N.B.</u> For convertible bonds, at the end of the conversion period, when last conversion day is after the maturity.</p>	<p>The ISIN has to become inactive after redemption date, unless the bonds are in default.</p> <p><u>N.B.</u> For convertible bonds, at the end of the conversion period, when last conversion day is after the maturity.</p>
<p><b>4.5 Bankruptcy</b> Forced liquidation of a company</p> <p>- Full or partial compensation of shareholders/creditors</p> <p>- Discontinuation of the legal proceedings because of lack of assets</p>	<p>The ISIN has to become inactive after deletion of the company in the register of commerce.</p> <p>The ISIN has to become inactive after deletion of the company in the register of commerce.</p>	<p>The ISIN has to become inactive after deletion of the company in the register of commerce.</p> <p>The ISIN has to become inactive after deletion of the company in the register of commerce.</p>

Event and Definition	ISIN rules for paperless securities	ISIN rules for physical certificates
<p><b>4.6 Change of share capital</b> Change of issued capital (issued stock) of a company</p> <ul style="list-style-type: none"> <li>- Increase by issue of additional stocks</li> <li>- Increase by change of nominal value</li> <li>- Decrease by change of nominal value</li> </ul>	<p>A new ISIN has only to be allocated for stocks with different rights.</p> <p>The ISIN code remains unchanged</p> <p>The ISIN code remains unchanged</p>	<p>A new ISIN has only to be allocated for stocks with different rights.</p> <p>A new ISIN is required in case of exchange of the old certificates</p> <p>A new ISIN is required in case of exchange of the old certificates</p>
<p><b>4.7 Liquidation</b> Voluntary dissolution of a company</p>	<p>The ISIN has to become inactive after deletion of the company in the register of commerce.</p>	<p>The ISIN has to become inactive after deletion of the company in the register of commerce.</p>
<p><b>4.8 Change of name</b> Renaming of a company</p>	<p><u>For shares:</u> The ISIN code remains unchanged except in the United States.</p> <p><u>For debt securities:</u> The ISIN code remains unchanged except in the United States.</p>	<p><u>For shares:</u> A new ISIN is allocated for shares in case of exchange of the old certificates.</p> <p><u>For debt securities:</u> If the bonds have to be exchanged for new certificates, the ISIN must be changed.</p>
<p><b>4.9 Stock split</b></p>	<p>The ISIN code is changed only if necessary for technical reasons</p>	<p>A new ISIN is required in case of exchange of the old certificates</p>
<p><b>4.10 Reverse split</b> Consolidation</p>	<p>The ISIN code is changed only if necessary for technical reasons.</p>	<p>A new ISIN is required in case of exchange of the old certificates</p>
<p><b>4.11 Renewal of coupons</b></p>	<p>Not applicable.</p>	<p>No new ISIN will be allocated in such a case provided that the certificate does not need to be exchanged.</p>

Event	Definition	Allocation rules
<b>4.12 Official stripping</b> Separate trading of registered interest and principal of securities.	In case of official stripping, the issuer designates the underlying issue as eligible for stripping and appoints strip dealers.	The ISIN should bear the prefix of the country in which the stripper is legally domiciled.
<b>4.13 Unofficial stripping</b>	Unofficial stripping is generally issued by a Trust or SPV (special purpose vehicle) which repackages the underlying issue without the authorization of the issuer. In this case, evidence of ownership is in the form of a certificate issued by the Trust or the SPV. The certificates are not the primary obligation of the issuer of the underlying security and in the event of default of the Trust or the SPV no claim can be made by certificate holders against assets of the issuer of the underlying bond in order to recoup their principal and interest.	The ISIN should bear the prefix of the country in which the stripper is legally domiciled.

## **5. RE-USE OF ISIN CODES**

As a general rule, ISINs should never be re-used. Where this is unavoidable, such a re-use shall not occur before expiration of a 10-Years-period following the inactivation of the ISIN (e.g. after the maturity date of bonds, or bankruptcy date of the issuer in case of shares for instance). This rule applies to all kinds of financial instruments, except for options, futures and other short term money market instruments for which the re-use may occur one year after the expiration date.

## **6. NUMBERING AGENCIES NOT IN LINE WITH THE GUIDELINES**

The Letter of Understanding will govern all ISIN allocations. Should this not be possible for certain events, the long term goal should be to come in line with the guidelines as soon as practical.

## **7. BANKING INSTRUMENTS/FACILITIES**

All banking instruments or facilities such as:

- Bills for discount
- Bank loans
- Credit facilities (overdraft, revolving)
- Documentary credits
- Collection items, etc...

are outside of the scope of the ISO-6166 standard and should not be identified by ISIN codes.