



**To the Members of  
SIX x-clear Ltd Norwegian Branch**

**SIX x-clear AG**  
Brandschenkestrasse 47  
CH-8002 Zürich  
Postfach 1758  
CH-8021 Zürich  
T +41 58 399 4311  
[www.six-securities-services.com](http://www.six-securities-services.com)

Zürich, 11 April 2016

**SIX x-clear Ltd:**

- **final version of Amendment Agreement to Financial Collateral Agreements for Margins and Default Funds - conclusion of consultation process**
- **partial revision (additions) of General Terms and Conditions**

Dear Sir / Madam

On 11 January 2016 we submitted to you a draft version of the “Agreement amending the Financial Collateral Agreement for Margins and amending the Financial Agreement for Default Funds” (the “**Amendment Agreement**”) for consultation. In the period to 4 March 2016 you had the opportunity to review this document and to provide to us your observations and amendment proposals. Attached to this letter we now send you the final Amendment Agreement.

As a consequence of this Amendment Agreement also a number of adjustments to the **General Terms and Conditions** became necessary. These two documents are also enclosed in this mailing.

For your information and ease of reference we further add **compare versions** (in track-change mode) of both documents. In these the details of all changes in relation to the consultation version (Amendment Agreement), respectively to the current GTC, are depicted and briefly explained.

### **1. Financial Collateral Agreement (new)**

In their overwhelming majority your comments were consenting to our proposals. We are pleased to conclude that the majority of all substantial changes and additional elements (as discussed hereafter) have been accepted and shall be introduced therefore.

Most of your feedbacks “only” referred to the clearness or unambiguity of the new rules. Consequently, we improved the wording or provided additional specifications where appropriate. Please refer to the attached “track-change”-version for the details.

Hereafter we will only briefly discuss the most salient points and inform you in a generic way about the results of the consultation. Members, who submitted written responses which were singular and not also raised by other Members, received an individual answer from our side.



### 1.1. Enhancement of the system of collateralisation

The additional level in our system of collateralisation ("waterfall of resources") - the so-called "**Top-up Contribution**" - will be introduced as planned, because such enhancement was encouraged by our regulators and similar security enhancements beyond the Default Fund have been adopted by our competitors as well. SIX x-clear is convinced that this solution best fits its needs and meets Members' acceptance.

With respect to the application of the "Cooling-off"-Period, a supplementary phrase was introduced in clause 3.2.2 unmistakably clarifying that during this period a Member must effectively make a Top-up Contribution (equaling the ordinary Default Fund Contribution) only once. The deadline for the furnishing of the Contribution was extended from 2 to 3 Business Days (after a respective call).

Such clarification was made also in respect of the **Default Fund Replenishment Contribution** in clause 3.2.1.

### 1.2. Usage of the collateral

The usage of collateral by a Financial Market Infrastructure for the safe-guarding of SIX x-clear's own liquidity and for short term investments is recognised by law (Art. 22 Swiss Intermediated Securities Act and Art. 5 Financial Collateral Directive 2002/47/EU) and by regulators. Through the clear temporal delimitation of these rights of use the primary purpose of the collateral items as security is not adversely affected. Hence, the explicit stipulation of these rights of use in the FCA was not contested in principle by Members.

The Investment Regulations will be published in June before entry into force of the Amendment Agreement.

## 2. General Terms and Conditions (revised)

The other document enclosed in this mailing is the revised General Terms and Conditions ("GTC").

As already explained to you in the letter initiating the consultation procedure for the Amendment Agreement, we newly foresee to provide our full **Dedicated Capital Contribution** ("skin in the game") only once during the month following its usage for a Member Default. Thus SIX x-clear is able to protect its own capital resources temporarily in an analogous manner as it is conceded to Members by the Cooling-off Periods (in respect of their potential DF Replenishment and Top-up Contributions). During this month SIX x-clear will have to reinstate its capital base. As you see, the definitive period in clause 18.3 GTC is significantly shorter (one month) compared to our first proposal in January, and thus corresponds with the respective term defined in EU law (Delegated Regulation EU 153/2013, Article 36 para. 3).

Furthermore, we selectively complemented and slightly amended the GTC in other parts – yet, without affecting the rights and obligations of Members and SIX x-clear significantly. These modifications primarily serve the purpose of reflecting the newly introduced elements of the FCA. For the exact wordings please refer to the compare version - especially in the following parts:

- several new definitions (clause 1.1)
- additional opportunity for a Member to terminate Membership (clause 5.1)
- administrative arrangements with respect to the FCA (in particular, clause 17.1)
- tax regulations with respect to the FCA (clause 17.2)
- adjustments to the measures to be taken by SIX x-clear following a Member Default (clause 27.5).



## Next steps

In the course of this week we will send you as physical document by regular mail two copies of the Amendment Agreement. We kindly ask you to sign this document and to return a copy to us until **20 May 2016**.

The Amendment Agreement and its new provisions will become effective on **1<sup>st</sup> July 2016**. At the same time also the revised General Terms and Conditions will be enacted by official publication on the website of SIX Securities Services.

Should you have any questions, please do not hesitate to contact your Relationship Manager ([www.six-securities-services.com](http://www.six-securities-services.com) > Clearing > Contacts).

Kind regards

SIX x-clear AG

Christian Sjöberg  
Head Clearing

Markus Heiniger  
Head Risk Management Operations

**Enclosures** (*electronic mailing*):

- **Amendment Agreement**
- **General Terms and Conditions**