



Securities Services

User Guide SIX x-clear Ltd

Euroclear Bank

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1.0 Market overview

Description	Details
Market participation setup	Direct participant at Euroclear Bank (EB)
Place of settlement	MGTCBEBEECL
Standard settlement instructions	REAG/DEAG: ECLR/23981 SELL/BUYR: CLRXCHZZXXX The DSS format as outlined above has to be used in the settlement instruction against SIX x-clear
Market deadlines (CET)	Euroclear Bank internal instructions: S 17:15 for USD instructions S 16:00 for EUR and GBP instructions Bridge instructions: S 17:00 for USD instructions S 15:20 for EUR and GBP instructions Instructions free of payment: S 19:30

2.0 Settlement guide

2.1 Settlement process

Transactions free of payment and versus payment both have to be matched before settlement.

For internal and Bridge instructions, the settlement information for the two instructions is compared. Data must be identical in order to match, except for the cash amount, for which in against payment internal and Bridge instructions, a difference of USD 25 (or its equivalent in other currencies) is allowed. The amount in the seller's instruction takes precedence. The trade price, if indicated, must match up to and including the fifth decimal place. Instructions remain unmatched if there is any difference greater than the acceptable tolerances.

An instruction sent for matching in the local market is recycled until matching is successful, or until cancelled either by the member or Euroclear Bank or as a result of cancellation in the local CSD.

The matching of instructions is binding, i.e. instructions can no longer be cancelled or can only be cancelled upon request by both parties. In this case, the instruction that is matched locally is automatically submitted for settlement in the local market.

The RTS indicator, which allows settlement in optional batches at Euroclear Bank, is set as the default for all instructions sent through SIX SIS Ltd.

2.2 Handling of unmatched trades

Trades should be matched on T+1 to ensure timely settlement. SIX x-clear will monitor unmatched transactions and contact counterparties for missing/failing instructions if

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necessary. Clearing members are also requested to monitor unmatched trades and to ensure instructions are in place.

Each day at the end of the real-time settlement process, Euroclear Bank cancels all internal and Bridge instructions with an internal status of unmatched, an input date of more than one month in the past or an expected settlement date of more than one month in the past.

2.3 Handling of unsettled trades

Trades are expected to settle on the intended settlement date (ISD). SIX x-clear will not amend instructions. Cancellations and reinstructions will only be performed by SIX x-clear for instructions that are veritably incorrect or where a manual transaction split has been agreed. SIX x-clear will monitor unsettled transactions and contact counterparties for delayed transactions if necessary. In respect of late settlement, please refer to the "Late settlement and buy-in guide" of SIX x-clear. SIX x-clear may pass on any third-party fees, including but not limited to cancellations, manual instructions, manual repairs and late settlement penalties.

2.4 Specialties

Trades that are eligible for a specific entitlement (e.g. dividends/rights/interests) and trades settled over the ex date need to be reported and claimed at SIX x-clear.

3.0 Income and corporate action guide

The most common events for orders with Euroclear Bank are dividend and interest payments, bonus issues, rights issues and redemptions.

The conditions for debt securities vary due to the terms and conditions of the instrument and the market rules.

Dividends are commonly paid once a year. The dividend season for most events is between April and August. The entitlement is based on the settled position as of the record date.

Ex date

The first date on which shares are traded without entitlement.

3.1 Record date

The date when close-of-business positions are determined for entitlement to the proceeds of the corporate event.

3.2 Pay date

The corporate event proceeds are credited (cash and/or securities) to the participant's account on the pay/available date. The entitled holding is usually based on the registered

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position as at the record date (EOD). Please note that SIX SIS credits clients' accounts based on the actual/contractual rules determined in the operational MarketGuide.

3.3 **Cancellation/Regeneration (transformation)**

In case of very rare mandatory exchanges with Euroclear Bank (i.e. splits, reverse splits, conversions etc.), both SIX x-clear and the clearing member have to cancel the pending settlement instructions and re-instruct the new trades (EOD on record date) according to the terms and conditions of the corporate action. The processing of the corporate action event can deviate from this standard procedure due to different issuer conditions.

3.4 **Compensation rules**

Compensation is generally handled on a case-by-case basis directly between two or more participants (investors' distributions are usually credited on the basis of the settled position in the securities account of the account holder at the ICSD/CSD on the record date; market rules may vary).

SIX x-clear will claim the dividend upon settlement of the underlying transaction from the counterparty. Claims are usually made by means of a participant query.

Euroclear Bank has auto-compensation rules which apply for dividend and interest payments. This rule is only valid for internal Euroclear Bank DVP/RVP transactions on a book-entry basis that meet all automatic coupon compensation criteria (www.euroclear.com).

3.5 **Withholding tax rates for claims/compensations**

All taxable compensations are taxed at the same default tax rate (non-treaty default rate) at the settlement organizations.

3.6 **Currency**

In principle, payments are distributed in the original currency announced by the issuing company. There is a possibility, however, that Euroclear Bank will not distribute the announced original currency. In this case, SIX x-clear will credit the currency received.

For international ISINs, the currency generally distributed is the currency announced by the company.

3.7 **Mandatory corporate actions**

The most common mandatory events are dividend payments, bonus issues, splits, liquidations and conversions.

3.8 **Buyer election**

There is no buyer election facility available at Euroclear Bank.

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The buyer has to send his choice with a Liability Request Notice by fax to SIX x-clear Settlement Desk no later than 10 am CET on the delivery date (deposit date) +1.

SIX x-clear will forward the buyer's choice with a Liability Allocation Notice to the failing seller by no later than 12 noon CET on the delivery date (deposit date) +1.

The Liability Request Notice and the Liability Allocation Notice can be downloaded from the website at www.six-securities-services.com > Clearing > Forms & Guides > Forms.

The seller is obliged to execute the instruction and to deliver the outcome according to the buyer's choice. The cancellation of the original trade and the new instruction(s), according to the relevant corporate action terms, need to be agreed bilaterally by SIX x-clear and the counterparty. The settlement dates of the new outcome will generally be the payment date of the corporate action transaction.

A seller shall deliver the rights/shares on the deposit date at the latest. A buyer/SIX x-clear is not obliged to accept delivery of rights/shares after such date. Therefore the rights/shares could be returned to the seller. The seller still has an obligation to fulfill the executable buyer's choice.

If a seller fails to deliver the rights/shares by the relevant deadlines, the seller is held liable for any charges and penalties received in connection with the failing delivery. This liability may be in the form of:

- Elections to tender
- Missed economic benefits on the onward sale of the underlying shares
- Buy-in fees imposed on our counterparty by other counterparties
- Market penalties from our onward deliveries failing

A full description of the buyer election process is available in the Service Description for Clearing Services for either equities or bonds.

4.0 Tax

4.1 General

As a general rule, Euroclear Bank publishes a tax matrix with detailed information for each country and instrument, as the withholding tax depends on the underlying tax domicile of the instrument. It contains information about:

- the default maximum withholding tax rate
- whether or not market claims are processed
- documentation requirements for Relief at Source and Quick Refund
- documentation requirements for Standard Refund

Please note that for the markets Belgium, Spain and Portugal, it is not currently allowed to process trades via SIX x-clear for resident beneficial owners. For more information please refer to the corresponding country's MarketGuide, chapter 8.0 Taxes published at www.six-



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securities-services.com > Login > Securities Services Private > MarketGuide > Country Information.

This document is intended to serve as a general reference document, providing an overview. Certain types of beneficiary may need to complete specific tax certificates that are not mentioned here. For further country-specific details, please refer to: www.euroclear.com.

SIX SIS shall not accept any liability for any losses incurred in connection with tax reclaims.

SIX SIS cannot provide legal, tax or compliance advice regarding clients' specific obligations; clients should consult their tax advisors for guidance regarding the impacts of the relevant court's decision on their specific organizations. If you have questions about how this decision relates to the services SIX provides to your organization, please contact your Relationship Manager.

4.2 Tax reclaims

Provided on request, tax reclaim services can be offered by SIX SIS.

4.3 Capital gains tax

There is no capital gains tax withheld through SIX x-clear on securities cleared by SIX x-clear. Capital gains tax may, however, be payable on specific gains. SIX x-clear does not provide any assistance in this regard. Please consult your tax advisor for further information.

5.0 Contact details

SIX x-clear Settlement
c/o SIX SIS Ltd
Settlement Client Desk x-clear / SSRS
Baslerstrasse 100
CH-4600 Olten

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This UserGuide is not intended to constitute nor shall it be interpreted as professional tax advice. As most tax systems are complex, SIX SIS Ltd strongly recommends contacting a local tax advisor where necessary before taking any action.

Moreover, SIX SIS Ltd draws your attention to **articles 9a, 27 c and f** of the General Terms and Conditions of SIX SIS Ltd stipulating that the participant is responsible for compliance with all applicable laws (in particular domestic and foreign tax, foreign exchange and stock market regulations as well as with company law and articles of association) with respect to the securities held in custody or booked by SIX SIS Ltd for the participant.

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