



Securities Services

User Guide SIX x-clear Ltd

Sweden

xcl-714

January 2016





User Guide SIX x-clear Ltd

Sweden

Table of contents

1.0	Market overview	3
2.0	Settlement guide	3
2.1	Settlement process	3
2.2	Handling of unmatched trades	4
2.3	Handling of unsettled trades	4
3.0	Income and corporate action guide	4
3.1	Ex date	4
3.2	Record date	5
3.3	Pay date	5
3.4	Cancel/Regeneration (transformation)	5
3.5	Compensation rules	5
3.6	Source tax	5
3.7	Currency	5
3.8	Buyer election	5
4.0	Contact details	6

User Guide SIX x-clear Ltd

Sweden

1.0 Market overview

Description	Details
Market participation setup	Direct Participant at Euroclear Sweden
Place of Settlement	Euroclear Sweden VPCSESSXXX
Participant ID / BIC	XAG / CLRXCHZZXXX (participant in the AM-submarket only)
Standard settlement instruction format	REAG/DEAG: CLRXCHZZXXX SELL/BUYR: CLRXCHZZXXX The BIC11 format has to be used in the settlement instruction against SIX x-clear
Market Deadlines (CET)	Versus payment (AM market) S 14:00 Free of payment (AM market) S 17:00

This guide is applicable for transactions of members of SIX x-clear Ltd (hereafter referred to as “SIX x-clear”), that means both for members on the SECOM platform and members on the CLARA platform. The trading venue is not relevant to the settlement process or the place of settlement. In general, the place of settlement is defined by the home market of the security and the trading currency.

2.0 Settlement guide

2.1 Settlement process

SIX x-clear is a direct participant with the Swedish CSD Euroclear Sweden. The clearing member who is counterparty to SIX x-clear has to mention the BIC CLRXCHZZXXX as counterparty agent and as final beneficiary in their instruction, even if the counterparty is a SIX x-clear clearing member on the CLARA platform. SIX x-clear cannot guarantee matching if the details in the counterparty instructions do not follow this guideline.

The account with Euroclear Sweden is a regular participant account. SIX x-clear is not a CCP participant in the Swedish market.

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

At the settlement platform, the settlement information for the two instructions will be compared. Data must be identical in order to match. The only exception is the cash amount in against-payment instructions with a matching tolerance of SEK 50. The tolerance is defined by the settlement platform. The amount in the seller’s instruction takes precedence. Instructions exceeding the acceptable tolerance will remain unmatched.

Settlements at the Swedish CSD against x-clear are only possible in SEK.

Any instruction which has been sent for matching in the local market remains pending until matching is successful, or upon cancellation either by the member or by the settlement platform.



User Guide SIX x-clear Ltd

Sweden

Matching of instructions is binding, i.e. instructions can no longer be cancelled or can only be cancelled upon request by both parties.

2.2 Handling of unmatched trades

Trades should be matched on T+1 at 12:00 (CET) according to market practice set by The Swedish Securities Dealers Association to ensure timely settlement. SIX x-clear will monitor unmatched transactions and contact clearing members for missing/failing instructions if necessary. Clearing members are also requested to monitor unmatched trades and to ensure instructions are in place.

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 re-instructions 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 clearing members for delayed transactions if necessary.

In respect of late settlement and buy-in rules, 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.

Clearing members must be aware that the Swedish CSD does penalize the account of SIX x-clear for every late settled delivery with SEK 500 per day. SIX x-clear will identify the failing member and forward this third party fee. In order to minimize this market fee, members are requested to carefully track the matching and settlement process.

3.0 Income and corporate action guide

The most common events in the Swedish market are dividend payments, spin-offs, bonus issues, rights issues, splits and tender offers.

Dividends are paid on the basis of Euroclear Sweden's (Swedish Central Securities Depository) register of shareholders and their holdings on the record date. Normally, dividends are paid once a year.

3.1 Ex date

The first date on which shares are traded without entitlement. In general, the ex date is the first business day after the annual general meeting (AGM).



User Guide SIX x-clear Ltd

Sweden

3.2 **Record date**

The date when close of business positions are captured for entitlement to the proceeds of the corporate event. Distribution payments are based on the record date holdings. Record date is 1 business days after the ex date.

3.3 **Pay date**

The corporate event proceeds are credited to the participant's account on pay/available date based on the holdings registered as of record date (EOD).

For dividend payments in SEK, the pay date is 3 business days after the record date.

For dividend payments in EUR, the pay date is 5 business days after the record date.

3.4 **Cancel/Regeneration (transformation)**

In case of mandatory corporate actions such as splits, reverse splits, conversions, etc., both SIX x-clear and the clearing member have to cancel the pending settlement instructions and reinstruct the new trades (EOD on record date) according to the terms and conditions of the corporate action. Euroclear Sweden does not provide support with any activities in such an event.

3.5 **Compensation rules**

Sweden is a record date market. Distributions are credited on the basis of the settled stock position as at record date. SIX x-clear rebooks dividend entitlements to clearing members or its agents in VPC in accordance with the entitlement and after bilateral agreement. SIX x-clear expects clearing members and their agents to do the same.

3.6 **Source tax**

Dividends paid by Swedish companies to non-resident companies or individuals are generally subject to 30% withholding tax, unless reduced by a tax treaty.

3.7 **Currency**

The currency most commonly distributed in the Swedish market is the Swedish krona (SEK) (some payments are credited in EUR). There is a possibility that the CSD will not distribute the announced original currency. In this case, SIX x-clear will credit the currency received from the custodian.

3.8 **Buyer election**

A buyer election facility is not available at the Swedish CSD.

SIX x-clear never takes any action on corporate actions with a choice of options. In case the buyer does not submit any preference, the default option applies. If an option other than the



User Guide SIX x-clear Ltd

Sweden

default option is desired, the buyer has to send its preference with a Liability Request Notice by fax to SIX x-clear's Settlement Desk by no later than 10:00 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 12:00 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 > Form 005 and Form 006.

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 or SIX x-clear is not obliged to accept a delivery of rights/shares after such a date. Therefore the rights/shares can 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 SIX x-clear's onward deliveries failing

A full description of the process is available in the Service Description for Clearing Services at www.six-securities-services.com > Clearing > Download Center > Service Description.

4.0 Contact details

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

Phone +41 58 399 6555
Fax +41 58 499 1316
E-mail: sett.xclear@sisclear.com



User Guide SIX x-clear Ltd

Sweden

www.six-securities-services.com

In this context, SIX x-clear Ltd draws the Members' attention to clauses **7.1 lit. f. and 25.3** General Terms and Conditions of SIX x-clear Ltd stipulating that the Member bears responsibility for the tax requirements and consequences of clearing with x-clear pursuant to the Applicable Law and that SIX x-clear Ltd assumes no liability for any charges or other negative consequences arising in conjunction with clearing through SIX x-clear Ltd that are a result of tax laws or ordinances issued by tax authorities pursuant to the Applicable Laws.

SIX x-clear Ltd

Brandschenkestrasse 47
CH-8002 Zurich

Mailing address:
P.O. Box 1758
CH-8021 Zurich

T +41 58 399 4311
F +41 58 499 4311
www.six-securities-services.com