



Securities Services

User Guide SIX x-clear Ltd

Switzerland

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Switzerland

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1.0 Market overview

Description	Details
Market participation setup	Direct participant at CSD
Place of settlement	SIX SIS Ltd (INSECHZZXXX)
Participant ID / BIC	CH112114 / CLRXCHZZXXX
Standard settlement instruction format	REAG/DEAG: SCOM/CH112114 The DSS format as outlined above has to be used in the settlement instruction against SIX x-clear
Market deadlines (CET) Swiss domestic	Clearing via SIC (Swiss Interbank Clearing) S 16:30 Clearing within SIX SIS Ltd (if both parties keep a cash account with SIX SIS Ltd) S 21:30 (exception: last settlement day of each month) S 19:30
Market deadlines (CET) T2S NTS (night-time settlement) cycle	S-1 19:30 transactions versus and free of payment
Market deadlines (CET) T2S DTS (day-time settlement) cycle including RTS (real-time settlement)	S 16:00 transactions versus payment S 18:00 transactions free of payment

2.0 Settlement guide

2.1 Settlement process

SIX x-clear Ltd (hereafter referred to as “SIX x-clear”) is a direct participant at the Swiss CSD (INSECHZZXXX), SIX SIS Ltd (hereafter referred to as “SIX SIS”). The clearing member who is the counterparty to SIX x-clear has to mention SCOM/CH112114 in its instruction to identify SIX x-clear as the counterparty. SIX x-clear cannot guarantee matching if the details in the counterparty instructions do not follow the above guideline.

The standard settlement cycle for the Swiss market is T+2.

Both transaction types “free of payment” and “against payment” 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 CHF/EUR/USD 25 or GBP 30. The tolerance limit is defined by the settlement platform. The amount in the seller’s instruction takes precedence. Instructions exceeding the acceptable tolerance limit will remain unmatched.

Settlements at the Swiss CSD against SIX x-clear are possible in CHF, EUR, USD and GBP.

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 after the retention period has expired.

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At the Swiss CSD, matched instructions can be cancelled unilaterally.

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 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 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 Transaction splitting

Swiss local CSD (SECOM): For net transactions originating from the Swiss Stock Exchange with a place of settlement INSECHZZXXX, the auto splitting functionality of the Swiss CSD will apply. For transactions originating from alternative trading venues, no auto-splitting functionality is applicable.

2.5 T2S

Versus payment and free of payment instructions for trades transacted in EUR with T2S eligible ISINs will be sent to T2S for settlement. The default priority for all x-clear’s own instructions on Swiss ISINs will be set as reserved priority “1”. T2S instructions will follow the specific rules and procedures of T2S. The standard settlement cycle at T2S is T+2. In T2S, matched instructions can be cancelled on a bilateral basis only. Trades transacted with the trade currency CHF will continue to settle at the Swiss CSD.

Money only instructions such as PMO and RMO will settle at T2S if the underlying ISIN of the gross trades is T2S eligible and traded in EUR.

Null settlement instructions (NLD/NLR) will not be sent to T2S and continue to settle at SIX SIS (SECOM).

Matching at T2S will be based on the counterparty usage of matching fields. As settlement instructions of SIX x-clear will be instructed to T2S by using mandatory matching fields only,



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SIX x-clear requires that counterparties limit their instruction details to mandatory matching fields.

All settlement instructions of SIX x-clear will be instructed to T2S as being eligible for partial settlement. SIX x-clear recommends that counterparties of SIX x-clear enable partial settlement at T2S as well.

SIX x-clear assumes that its counterparties continue to be the participants of SIX SIS or using the service of another SIX SIS participant (irrespective of their T2S connectivity type ICP/DCP) for Swiss settlements in EUR. SIX x-clear does not support Swiss settlements in EUR against other CSD participants in T2S.

3.0 Income and corporate action guide

3.1 Ex date

The first day the securities are traded without entitlement. According to Swiss market practice, holdings that are entitled to participate in a corporate action are stored as of end-of-day processing (EOD) on the record date

3.2 Record date

The day on which eligible positions are determined (end of day). Usually two working days after ex-date.

Note: The ex-date is the relevant date for the investor. Whatever the investor buys before the ex-date is eligible to receive entitlements (dividends, subscription rights etc.), regardless of whether all transactions have been settled on the record date.

3.3 Pay date

The payment date will be on the record date +1 at the earliest.

3.4 Compensation rules for mandatory events

Settlement orders are processed two days after the trade date (T+2). As a result, a seller is often credited cash and/or securities to which the buyer would be entitled (instead of the seller).

SECOM will automatically compensate all compensation-eligible SECOM DVP/RVP/DFP/RFP transactions in “Matched” or “Overdue” status on the ex-date or on the record date +1 of the corporate action for a period of 20 business days. Settlement orders that are transmitted to SECOM within 20 business days from the record date will be considered for automatic compensation.

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3.5 Compensation rules (dividends)

For dividend payments, the settlement date of the market claim will normally be the same as the intended settlement date of the instruction. Only where instructions have failed to settle by the intended settlement date will the settlement of the market claim be the same as the payment date of the corporate action. Market claims are settled “independently” from the original instruction and will be handled as settlement instruction according to EU harmonization standards.

3.6 Compensation rules (distribution of other ISINs)

For all other distributions (i.e. rights, stock dividend etc.) the settlement of the market claim will be the same as the settlement date of the payment date. Market claims are settled “independently” from the original instruction and will be handled as settlement instruction according to EU harmonization standards.

3.7 Cancel/Regeneration (same ISIN)

In case of a mandatory exchange (i.e. split, reverse split etc.), pending settlement instructions on the ex-date -1 EOD will be cancelled by SIX x-clear and a new instruction will be generated. On or after the ex-date, settlement instructions have to be sent with the new ISIN and/or new quantity only.

In case of a mandatory exchange (i.e. split, reverse split etc.), pending settlement instructions on the record date EOD will be cancelled by SIX x-clear and a new instruction will be generated. After the record date, settlement instructions have to be sent on the new ISIN and/or new quantity only.

3.8 Settlement cycle for subscription rights and shareholder options

The settlement cycle for subscription rights and shareholder options during the exercise period is different from the standards applied in the Swiss market. The settlement cycle for Swiss securities is specified with a T+2 period. However, due to risk constraints and the implementation of the CAJWG EU harmonization standards including the introduction of the ECPD (Buyer Protection Deadline) and GUPA (Guaranteed Participation Date), corporate action events with subscription rights/shareholder options will be processed with a T+1 cycle, excluding transactions traded on the first trading day, which still settle with the T+2 cycle.

3.9 Source tax

The standard withholding tax rate is 35 percent.

3.10 Currency

The currency most commonly distributed in the Swiss market is CHF.

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3.11 **Mandatory corporate actions**

The most common mandatory events are dividend payments, splits and capital reductions.

In general, dividends on stocks are paid once a year.

3.12 **Voluntary/mandatory corporate actions with option**

The most common events in the Swiss market are capital increases, repurchase and tender offers. The market deadline can differ from event to event and will be officially announced.

3.13 **Buyer election**

A buyer election facility is not available at the Swiss 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 default option is desired, the buyer has to send its choice with a Liability Request Notice by fax to the SIX x-clear 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 > Member Information > 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 the delivery of rights/shares after such a date. Therefore the rights/shares could be returned to the seller. The seller still has the obligation to fulfil 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



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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

Email sett.xclear@sisclear.com

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In this context, SIX x-clear Ltd draws the Members' attention to clauses **7.1 lit. f., chapter 17.0 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 Law.

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