

Rules and Regulations of SIX x-clear Ltd and SIX SIS Ltd

Lending norms for SIX x-clear Ltd and SIX SIS Ltd as of 2 May 2017

The table below shows the lending value of the relevant collateral type for bonds that are mentioned in the list of collateral eligible for SNB repos (SNB GC Basket).

Remaining term to maturity ¹	Central governments (states) and multilateral development banks	Other issuers
	Lending rates in %	Lending rates in %

	Denomination in CHF	Denomination in non-CHF	Denomination in CHF	Denomination in non-CHF
< 1 year	96	89	94	87
> 1 year, < 5 years	92	85	90	83
> 5 years	86	79	84	77

	Lending rates in %
Account balances in the base currency used to calculate the collateral requirement ²	100
Account balances in other currencies	90

Accepted collateral for SIX x-clear Ltd and SIX SIS Ltd as of 2 May 2017

The following asset types are generally acceptable as collateral:

Collateral type	Accepted for ³
Cash in freely convertible currencies, legal tender (CHF, EUR, GBP, USD, NOK, DKK, SEK, JPY, AUD, CAD, NZD ⁴)	CL, MA, DF, LM
European government bonds (AT, BE, CH, DK, FI, FR, DE, NL, NO, SE, UK) that are mentioned in the list of collateral eligible for SNB repos (SNB GC Basket). Only government bonds issued in the home country of the issuer and denominated in the respective domestic currency are accepted.	CL, MA, DF, LM ⁵
Securities that are mentioned in the list of collateral eligible for SNB repos (SNB GC Basket)	CL, MA, DF

¹ Floating rate notes are, irrespective of their remaining term, treated like bonds with a remaining term of less than one year.

² Depending on the organization granting the credit, the following base currencies are used to calculate the collateral requirement:

SIX x-clear Ltd, Norwegian branch:	NOK
SIX x-clear Ltd, main office:	CHF
SIX SIS:	CHF

³ **SIX SIS:**

CL = Collateral for credit lines (settlement services)

SIX x-clear:

MA = Collateral for margins (clearing services)

DF = Collateral for default fund (clearing services)

LM = Link margin requirement (clearing services)

⁴ The currencies NOK, DKK and SEK are only accepted as collateral from SIX x-clear Ltd, Norwegian branch and SIX SIS.

The currencies JPY, AUD, CAD and NZD are not accepted as collateral for the Link Margin Element (LM)

⁵ Only if deposited at SIX SIS Ltd.

The list of collateral eligible for SNB repos (SNB GC Basket) can be found at:

http://www.snb.ch/en/ifor/finmkt/operat/snbgc/id/finmkt_repos_baskets



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For participants connected to SIX x-clear Ltd Norwegian Branch, the following exceptions apply with regard to collateral eligible for clearing:

- Equity market instruments that are listed on Oslo Børs are accepted and are taken into account directly in the margin model.
- Liquid bonds that are not mentioned in the list of collateral eligible for SNB repos (SNB GC Basket) may be accepted as collateral provided they do not give rise to a wrong-way-risk and have an issue rating of AA- or better.

To avoid wrong-way-risk, any security of which the issuer is a bank or other credit institution is in principle not accepted as Permissible Collateral. However, bonds issued by supranational banks or development banks as well as covered bonds that have a low default correlation with the issuing bank may on a case-by-case basis be accepted as collateral.

The collateral value of Permissible Collateral is accounted for at market value minus a haircut (haircut = 100% - lending value). Due to applicable laws and/or taxes, securities and other instruments issued in the United States of America cannot be accepted as Permissible Collateral.

Collateral eligibility should be checked with SIX SIS Risk Management Operations (riskopsSIS@six-securities-services.com, Tel. +41 58 399 4220) and/or with SIX x-clear Operations (xclearops@sisclear.com, tel. +41 58 399 4323) prior to any remittance. Participants connected to SIX x-clear Norwegian Branch may contact Risk Operations in Oslo (xclear.no@six-securities-services.com, Tel. +47 23 17 96 00). All such Permissible Collateral must be fungible to be acceptable under the pledge agreements. All assets posted as Permissible Collateral must be replaced 15 days prior to their maturity. After the expiry date of an instrument, it is no longer acceptable as collateral, i.e. a haircut of 100% will be applied.

SIX x-clear Ltd and SIX SIS Ltd have the right to recall the collateral eligibility of any single asset at any time even though the respective asset belongs to a generally eligible collateral type. Upon request, other types of assets can be examined for eligibility as Permissible Collateral on a case-by-case basis.



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Collateral concentration limits for SIX x-clear Ltd and SIX SIS Ltd as of 2 May 2017

To ensure sufficient diversification of the Permissible Collateral and thus allow its liquidation without significant market impact, SIX x-clear Ltd and SIX SIS Ltd have established the following maximum concentration limits with regard to the issue volume of bonds:

Collateral type	Limit (max. in % of issue size)	Accepted for ¹
Government bonds and bonds of multilateral development banks	10%	CL, MA, DF
All other permissible bonds	5%	CL, MA, DF

¹ CL = Collateral for credit lines (settlement services)

MA = Collateral for margins (clearing services)

DF = Collateral for default fund (clearing services)

The limits are based on the nominal value of the respective bond and are determined as a percentage of the total issue volume.

Concentration limits for credit line collateral and margin collateral are always established at credit group level, whereas concentration limits for default fund collateral are determined at member level.

In cases where no issue size data is available from the data provider of SIX Securities Services Ltd, SIX x-clear and SIX SIS reserve the right to exclude the respective ISIN from collateral eligibility.

In this context, SIX SIS Ltd draws the participant's 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 for the participant.

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.

For members of SIX x-clear Norwegian Branch, the relevant clauses of the General Terms and Conditions of SIX x-clear Ltd Norwegian Branch are **8.1 lit. f and 24.3**.

Please note that references to external sources, e.g. to websites or links of third parties, are provided solely for information purposes and do not imply any recommendations whatsoever. SIX SIS Ltd and SIX x-clear Ltd has neither provided nor processed the contents of the sources in question. Furthermore, SIX SIS Ltd and SIX x-clear Ltd has not verified, reviewed or updated the contents of these sources and therefore disclaims all liability for the information contained therein.