



## 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 1 June 2018

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 <sup>1</sup> | 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 <sup>2</sup> | 100                |
| Account balances in other currencies  | 90                 |

### Accepted collateral for SIX x-clear Ltd and SIX SIS Ltd as of 1 June 2018

The following asset types are generally acceptable as collateral:

| Collateral type  | Accepted for <sup>3</sup>   |
|--|-----------------------------|
| Cash in freely convertible currencies, legal tender (CHF, EUR, GBP, USD, NOK, DKK, SEK, JPY, AUD, CAD, NZD <sup>4</sup> )  | 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 <sup>4</sup> |
| Securities that are mentioned in the list of collateral eligible for SNB repos (SNB GC Basket)   | CL, MA, DF                  |

<sup>1</sup> Irrespective of their actual remaining term to maturity, floating-rate bonds are treated in the same way as bonds with a remaining term to maturity of less than one year.

<sup>2</sup> 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

<sup>3</sup> **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)



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

<sup>4</sup> The currencies JPY, AUD, CAD and NZD are not accepted as collateral for the Link Margin Element (LM)

<sup>5</sup> 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](http://www.snb.ch/en/ifor/finmkt/operat/snbgc/id/finmkt_repos_baskets)

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 bonds posted as Permissible Collateral must be replaced 8 days prior to their maturity at the latest. From the 8<sup>th</sup> day prior to their maturity, bonds are 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.



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

### Collateral concentration limits for SIX x-clear Ltd and SIX SIS Ltd as of 1 June 2018

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 <sup>1</sup> |
|--|---------------------------------|---------------------------|
| Government bonds and bonds of multilateral development banks | 10%                             | CL, MA, DF                |
| All other permissible bonds                                  | 5%                              | CL, MA, DF                |

<sup>1</sup> 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.