

## FrontLine SIX x-clear Ltd

### SIX x-clear - Extended CCP Services

#### **Clearing for Nasdaq Nordic cash equity markets and enhancement of clearing services for SIX Swiss Exchange cash equities**

#### **1.0 Overview**

#### **1.1 Clearing for Nasdaq Nordic cash equity markets**

SIX x-clear Ltd (“SIX x-clear”) will offer clearing services for the Nasdaq Nordic cash equity markets including the following trading venues:

- Nasdaq Copenhagen (XCSE)
- Nasdaq Helsinki (XHEL)
- Nasdaq Stockholm (XSTO)
- First North Sweden (FNSE), operated by Nasdaq Stockholm

The new clearing services will be offered through two technical platforms, namely CLARA and SECOM. Members who enroll for the Nasdaq Nordic clearing service via SIX x-clear will further realize the benefits of tiered pricing for clearing transactions, cross margining, optional settlement netting and cross-venue settlement netting.

#### **1.2 Enhancement of clearing services for SIX Swiss Exchange cash equities**

SIX x-clear will introduce a netting service for equity trades which are executed at SIX Swiss Exchange (“SSX”) and cleared by SIX x-clear. Members on the SECOM platform can opt to continue using the settlement netting service of SIX SIS (“SIX SIS Settlement Netting”) or, instead, use the netting services of SIX x-clear (“SIX x-clear Settlement Netting”).

- In case of opting for SIX SIS settlement netting, the existing procedure remains unchanged and cross-venue settlement netting is not available.
- In case of SIX x-clear settlement netting, members can also opt for cross-venue settlement netting.

#### **2.0 Effective date**

The effective date will be 29 March 2016, subject to the necessary regulatory approvals.

#### **3.0 Benefits for members**

##### **Clearing for Nasdaq Nordic trades**

Members can use the services of SIX x-clear for the clearing of trades executed on Nasdaq Nordic trading platforms. Settlement will take place in the relevant home market of the securities, which are Denmark, Finland, Norway and Sweden.

##### **Settlement netting for SSX trades by CCPs (SIX x-clear Settlement Netting)**

SIX x-clear members on the SECOM platform can opt for SIX x-clear settlement netting, which allows them to select cross-venue settlement netting for trades executed on SSX.

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With the introduction of these new services, SIX x-clear members will further benefit from the following:

#### 1. Pricing

- Reduced post-trade costs for settlement and late settlement charges thanks to cross-netting;
- Opportunity to further reduce fees against clearing transactions due to the tiered pricing structure; and
- Potential for further cross-rebate benefits.

#### 2. Cross-venue settlement netting (optional)

- Members on the SECOM platform can opt for the cross-netting of trades executed on Nasdaq Nordic and SSX with trades executed on other trading venues to minimize and optimize liquidity requirements;
- Members on the CLARA platform can opt for settlement netting services in Norwegian securities for trades executed on Oslo Børs, Nasdaq Stockholm including First North Sweden; and
- Operational efficiencies based on a reduced number of settlement deliveries

#### 3. Cross-margining

- Optimized margin requirement on SECOM or CLARA respectively, due to cross-margining across all equity trades including Nasdaq Nordic, cleared by SIX x-clear; and
- Minimized or avoided collateral fragmentation and optimized collateral efficiency.

#### 4. Reporting

- Members can continue to use the existing reporting interface with SECOM and CLARA, respectively, for using the new services offered.

## 4.0 Details

### 4.1 Clearing for Nasdaq Nordic trades

SIX x-clear will be providing clearing services for the following cash equity instruments:

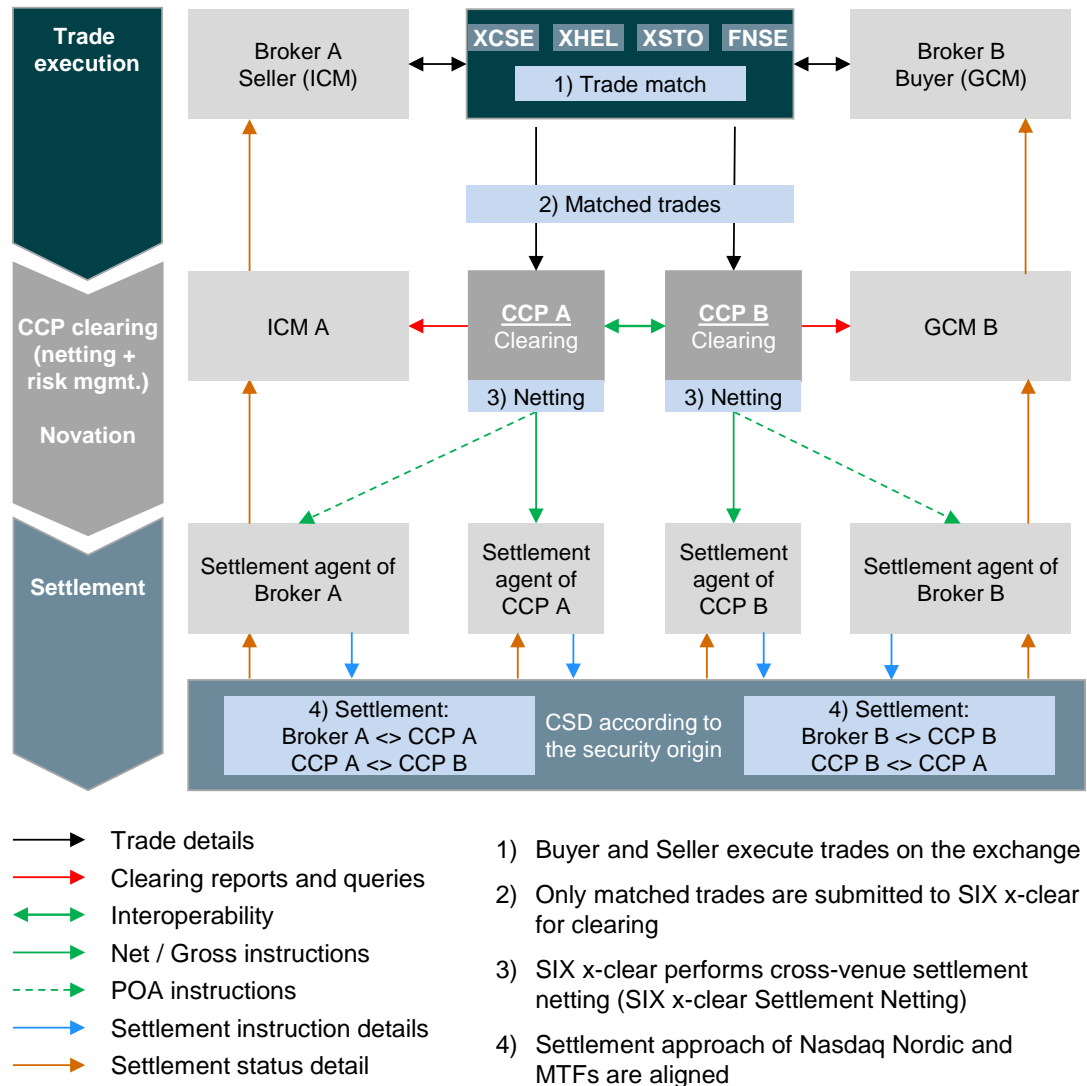
- Nasdaq Copenhagen (XCSE): OMXC20, Large Cap and Mid Cap shares
- Nasdaq Helsinki (XHEL): OMXH25, Large Cap, Mid Cap and Small Cap shares as well as ETFs
- Nasdaq Stockholm (XSTO): OMXS30, Large Cap and Mid Cap shares and ETFs; market segment for Norwegian ETFs
- First North Sweden (FNSE, operated by Nasdaq Stockholm): market segment for Norwegian shares

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### Interoperable clearing model for transactions executed on Nasdaq Nordic exchanges

The following standard interoperable clearing model is applicable for members both on the SECOM and CLARA platform.



Functionally, the clearing procedure as well as the trade and settlement reporting for Nasdaq Nordic markets will be the same as the existing ones (e.g. for MTFs or Oslo Børs). More details or further references are provided in section 4.4.

#### 4.2 Optional cross-venue settlement netting by SIX x-clear for SSX trades

SIX x-clear will offer a netting service for equity trades executed on SSX and cleared by SIX x-clear to members on the SECOM platform. Members can opt for SIX SIS Settlement

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Netting or for the new SIX x-clear settlement netting. Below are the key features of the SIX x-clear Settlement Netting process.

1. Members can consolidate all their MTF and SSX trade flows and cross-net the trades to reduce the settlement volume.
2. Members can choose between bilateral matching and a POA service for routing and matching settlement instructions at SIX SIS.
3. Members will receive unified trade and settlement reporting for MTFs and SSX trades using the same interface with SIX x-clear.
4. Members can settle on a gross or net basis.

There is no change in service offering for SIX SIS Settlement Netting services and the service will be continued as it is today.

Members consider to use SIX x-clear Settlement Netting services for SSX trades or propose to change from SIX SIS Settlement Netting to SIX x-clear Settlement Netting for SSX trades, have to submit the relevant instruction (see section 4.4).

### 4.3 Market coverage and cross-venue settlement netting eligibility with new services in the equity-like segment

Trading Platform <sup>1)</sup> with MIC Code	Aquis	BATS Chi-X	Equiduct	GET Matched	Liquidnet H2O	London Stock Exchange	Nasdaq Nordic exchanges	Oslo Børs	SIX Sw iss Exchange	SIX Sw iss Exchange Liquidnet Service (SLS)	Tralana - Harmony	Turquoise	UBS MTF	
<b>Primary settlement market</b>	<b>PSET</b>	AQXE	BATE, CHX	XEQT	XOTC	LIQU	XLON	XCSE, XHEL, XSTO, FNSE	XOSL	XSWX, XVTX	XSWX	TRAI	TROX	XLBS
Austria	OCSDA TWWXXX		✓			✓					✓	✓	✓	✓
Belgium	CKBBEBBXXX	✓	✓	✓	✓	✓					✓	✓	✓	✓
Clearstream Banking Luxembourg (CBL)	CEDELULLXXX													
Czech Republic	UNY CZPPXXX											✓	✓	✓
Denmark	VPODKKIKXXX	✓	✓	✓	✓	✓	✓	✓			✓	✓	✓	✓
Euroclear Bank	MGTCBEBEEL	✓	✓	✓	✓	✓						✓	✓	✓
Finland	APKEFIHXXX	✓	✓		✓	✓	✓	✓			✓	✓	✓	✓
France	SICV FRPPXXX	✓	✓	✓	✓	✓					✓	✓	✓	✓
Germany	DAKV DEFFXXX	✓	✓	✓	✓	✓					✓	✓	✓	✓
Hungary	KELRHUHBXXX											✓	✓	✓
Ireland	CRSTGB22XXX	✓	✓			✓					✓	✓	✓	✓
Italy	MOTITIMXXX	✓	✓	✓	✓							✓	✓	✓
Netherlands	NECINL2AXXX	✓	✓	✓	✓	✓					✓	✓	✓	✓
Norway	VPSNNOKKXXX	✓	✓	✓	✓	✓	✓	✓	✓			✓	✓	✓
Portugal	IBLSPTPPXXX	✓	✓	✓	✓	✓					✓	✓	✓	✓
Sweden	VPCSSESSXXX	✓	✓		✓	✓	✓	✓			✓	✓	✓	✓
Sw itzerland	INSECHZZXXX	✓	✓	✓	✓	✓			✓	x	✓	x	✓	✓
United Kingdom	CRSTGB22XXX	✓	✓	✓	✓	✓					✓	✓	✓	✓

Members on the SECOM platform: ✓ settlement netting eligible, x Settlement netting by the CSD - SIX SIS  
 Members on the CLARA platform: ✓ settlement netting eligible, Cross-venue settlement netting not applicable

<sup>1)</sup> "Trading Platform" means an exchange or MTF or matching service in respect of which x-clear provides clearing (see section 1.1. of the General Terms and Conditions of Business of SIX x-clear).

### 4.4 References

#### Business Partner Specifications

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- The Business Partner Specifications for the SECOM platform are provided on the website of SIX Securities Services under the following path: [www.six-securities-services.com](http://www.six-securities-services.com) > Login > SIX SIS Private > SECOM > Business Partner Specifications > SIX SIS Business Partner Specifications - Volume 5 > Member Specifications
- The Business Partner Specifications for the CLARA platform are available under the following path: [www.six-securities-services.com](http://www.six-securities-services.com) > Clearing > Member Information > Guides > SIX x-clear Norwegian branch > CLARA External interface for Equities ([direct link](#))

There are no changes to the above-mentioned documentation resulting from the implementation of the extended clearing services.

#### Test-relevant documents

The test-relevant documents as forms and Settlement User Guides can be requested from your Relationship Manager. The currently valid forms and Settlement Guides are provided under the following paths:

- Forms of SIX x-clear: [www.six-securities-services.com](http://www.six-securities-services.com) > Clearing > Member Information > Forms ([direct link](#) for SIX x-clear members on the SECOM platform; [direct link](#) for SIX x-clear members on the CLARA platform)
- Forms of SSX: Members consider to use SIX x-clear Settlement Netting services for SSX trades or propose to change from SIX SIS Settlement Netting to SIX x-clear Settlement Netting for SSX trades, have to submit the form “CCP SIX x-clear: Clearing and Settlement Standing Instructions (CSSI) Notification Form”. The form can be downloaded under the following path:

[www.six-swiss-exchange.com](http://www.six-swiss-exchange.com) > Participants > Participation > Forms > Clearing & Settlement > Clearing & Settlement Standing Instructions (CSSI) - SIX x-clear ([direct link](#))

- Settlement User Guides for the relevant markets: [www.six-securities-services.com](http://www.six-securities-services.com) > Clearing > Member Information > Market Information > User Guides ([direct link](#))

#### Document updates

Updates to the SIX x-clear documentation related to service offerings, rules and regulations etc. due to the enhanced services will be published in due time on the SIX x-clear website.

#### 4.5 Enrolment for the service

Members who wish to enroll for these services are invited to contact their Relationship Managers.

#### 4.6 Testing

Service	Test start date	Test end date
Clearing services for Nasdaq Nordic cash equity markets for SIX x-clear members on the SECOM platform	25 January 2016	25 March 2016

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Service	Test start date	Test end date
Clearing services for Nasdaq Nordic cash equity markets for clients of SIX x-clear members on the CLARA platform	22 February 2016	22 March 2016
SIX x-clear Settlement Netting for trades from SSX for SIX x-clear members on the SECOM platform	25 January 2016	25 March 2016

SIX x-clear members who wish to use the new services have to perform mandatory testing and confirm the successful testing of their technical and operational readiness. Form 003 “Confirmation of technical and operational readiness” has to be returned by 25 March 2016. The form can be downloaded via the following path: [www.six-securities-services.com](http://www.six-securities-services.com) > Clearing > Member Information > Forms > Forms SIX x-clear > Form 003 ([direct link](#)).

#### 5.0 Contact

Should you have any further questions, please contact your Relationship Manager.

##### **For SIX x-clear members on the SECOM platform**

The contact details members on the SECOM platform are mentioned in the list of SIX SIS contacts published under the following path: [www.six-securities-services.com](http://www.six-securities-services.com) > Login > SIX SIS Private > Contacts > List of SIX SIS contacts

##### **For SIX x-clear members on the CLARA platform**

SIX x-clear members on the CLARA platform can contact the Relationship Management Nordics of SIX x-clear under the following path: [www.six-securities-services.com](http://www.six-securities-services.com) > Clearing > Contacts > Relationship Management Nordics ([direct link](#)).

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.

##### **Article 9a GTC of SIX SIS Ltd:**

“The participant is responsible for ensuring that it is in compliance with the applicable law (e.g. tax, foreign exchange, stock market and company regulations) in Switzerland and abroad (cf. Art. 27 c and f of SIX SIS's GTC). The participant shall be liable to SIX SIS for any loss or damage arising as a result of a breach of Swiss or foreign law or market rules on the part of the participant.”

##### **Article 27c GTC of SIX SIS Ltd:**

“If the safekeeping of securities with a foreign sub-custodian or of foreign securities with SIX SIS entails administrative tasks for SIX SIS (e.g. to represent participants in insolvency proceedings) that exceed the scope of SIX SIS's contractual obligations, the participant shall fulfil these obligations or instruct SIX SIS to do so against compensation. In such cases, the obligation of SIX SIS is limited to passing on the information it receives.”

In this context, SIX x-clear Ltd draws the Members' attention to clauses **7.1 lit. f. and 25.3** of the 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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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/or SIX x-clear Ltd have neither provided nor processed the contents of the sources in question. Furthermore, SIX SIS Ltd and/or SIX x-clear Ltd have not verified, reviewed or updated the contents of these sources and therefore disclaims all liability for the information contained therein.