

FrontLine SIX x-clear Ltd

T2S settlements

Migration of T2S MW4 markets to T2S platform

1.0 Overview

T2S Migration Wave 4 CSDs (Clearstream Banking Germany, OeKB Austria, KELER Hungary, Lux-CSD Luxembourg, CDCP Slovakia, KDD Slovenia) are scheduled to go live with TARGET2-Securities on 6 February 2017.

SIX x-clear Ltd, as a participant of the Clearstream Banking Germany and OeKB Austria markets, will be adapting to the T2S requirements for the T2S Wave 4 markets and using the services of SIX SIS as its settlement agent. SIX x-clear members must provide updated settlement standing instructions and perform tests.

2.0 Effective date

6 February 2017.

3.0 Impact on participants

General information:

Below are the standard settlement instruction (SSI) details of SIX x-clear Ltd for T2S Wave 4 market settlements at T2S:

Description	Germany	Austria
Place of settlement	DAKVDEFFXXX	OCSDATWWXXX
Receiving / Delivering agent	INSECHZZTRA	INSECHZZTRA
Buyer / Seller	CLRXCHZZXXX	CLRXCHZZXXX

All settlement instructions eligible to settle in T2S Wave 4 markets traded in EUR will settle via the T2S platform as per market practice.

T2S-eligible settlement instructions will not be instructed as pre-matched instructions to T2S and bilateral matching is required at T2S.

Settlement instructions of SIX x-clear eligible to settle at CBF and OEKB will be routed as eligible for partial settlement with the partial indicator "PARQ". In the member's matching instructions against SIX x-clear at T2S, it is mandatory to input settlement instructions with the partial indicator "PARQ" to support partial settlement.

SIX x-clear counterparties must be participants of T2S Wave 4 markets either directly or through an agent (irrespective of the T2S connectivity type ICP/DCP) for T2S settlements. SIX x-clear does not support T2S settlements against participants other than the respective CSD's participant in T2S.

The migration of open settlement transactions that are eligible to settle at T2S will follow the market approach.

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Impact on messaging

In cases where members have given SIX x-clear a power of attorney (POA) to send a copy of the settlement instructions to their settlement agent, the below enhancements are included in the MT54x instructions to members' settlement agents:

- The partial indicator flag will be reported as :22F::STCO/COEX/PARQ in free-of-payment and versus-payment instructions. This is applicable for all T2S market settlements.
- For cross-venue netted settlement instructions, the trade place code will be reported as :94B::TRAD//VARI for instructions settling at CBF@T2S only.

Required actions:

SIX x-clear clearing members must provide their standard settlement instruction (SSI) details applicable for T2S Wave 4 markets at T2S to the SIX Solutions and Onboarding team on or before 30 December 2016.

SIX x-clear members are requested to perform mandatory testing of updated settlement instructions, as further outlined below

4.0 Reference

Updates to the SIX x-clear settlement User Guide will be published by considering proposed changes to post-trade processing. SIX x-clear will share further communications on the updated documents planned to be published.

5.0 Testing

It is mandatory for the clients operating in the settlement markets to perform testing and provide a sign-off.

SIX x-clear provides a test window to support the testing of post-trade services using T2S as below:

Settlement market	Start date	End date	Time (in CET)
Germany	2 January 2017	20 January 2017	09:00 to 17:00
Austria	2 January 2017	20 January 2017	09:00 to 17:00

The scope of the testing is to ensure the correctness of the settlement functionality.

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The test support team can be contacted through the e-mail ID ClientTesting@sisclear.com for the below:

- Testing-related clarifications
- Incident management

Please specify the BP ID in the subject line of the e-mail to the test support team.

Clearing members of SIX x-clear settling in these markets have to perform testing and provide test sign-off documents as available on the SIX x-clear website www.six-securities-services.com > Clearing > Member Information > Forms > Confirmation of technical and operational readiness to SIX Solutions and Onboarding team to the e-mail ID solutions.onboarding@six-securities-services.com. The test sign-off form must be provided on or before 25 January 2017.

The availability of test services at the trading venue and/or place of settlement location/settlement agent must be ensured by the clearing member.

The scope of testing excludes volume testing in order to provide a good test system experience to all parties using the test system. In order to perform volume tests, please coordinate with your respective Relationship Manager.

6.0 Contact

If you have any further questions, please contact your Relationship Manager. The contact details are mentioned in the list of SIX SIS contacts published at www.six-securities-services.com > Login > SIX SIS Private > Contacts > List of SIX SIS contacts.

Interested non-members should contact our Global Sales and Relationship Management team. The contact details are published at www.six-securities-services.com/en/home/clearing/contacts.html

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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