



Securities Services

## **General Terms and Conditions of SIX SIS Ltd**

**Version June 2015**

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**A General information****0 Status of SIX SIS Ltd (SIX SIS)**

- a) SIX SIS is a bank in accordance with Art. 1<sup>bis</sup> Swiss Federal Act on Banks and Savings Banks (Swiss Banking Law) of 8 November 1934 and a securities depository in accordance with Art. 4 para. 2 (d) of the Federal Intermediated Securities Act (FISA) of 3 October 2008.
- b) As a bank, SIX SIS is subject to supervision by the Swiss Financial Market Supervisory Authority (FINMA). Moreover, as the operator of a system that is vital for the stability of the financial system, SIX SIS is supervised by the Swiss National Bank (SNB).
- c) Money Laundering and Terrorist Financing in the Financial Sector (Money Laundering Law, AMLA) of 10 October 1997 and, as such, subject to supervision by FINMA (Ordinance of FINMA of 8 December 2010 on the Prevention of Money Laundering and Terrorist Financing [FINMA Anti-Money Laundering Ordinance, AMLO-FINMA]).
- d) SIX SIS participates in the settlement platform TARGET2-Securities (T2S) which is operated by the Eurosystem (as part of an internal distribution of work within the Eurosystem, it will be operated by the central banks of Germany, France, Italy and Spain). In this capacity, SIX SIS must comply with the obligations of the T2S Framework Agreement. Securities and money settlements in T2S are subject to the rules in Annex 2 of these General Terms and Conditions (GTC).

**1 Participants of SIX SIS****1.1** Participants may be natural persons or legal entities commercially active in securities trading or settlement for third parties as:

- a) banks in accordance with the Swiss Banking Law, as amended;
- b) foreign banks that are subject to an adequate degree of regulation and supervision as well as adequate money laundering regulations and supervision at the time of their admission as participants and during their period of participation;
- c) securities traders as defined by the provisions of the Swiss Law on Stock Exchanges and Securities Trading of 24 March 1995 (Stock Exchange Law, as amended);
- d) foreign securities traders that are subject to an adequate degree of regulation and supervision as well as adequate money laundering regulations and supervision at the time of their admission as participants and during their period of participation;
- e) clearing houses recognized as such in accordance with the law of their countries of domicile as well as central securities depositories (CSD) which are subject to an adequate degree of regulation and supervision as well as adequate money laundering regulations and supervision at the time of their admission and for the entire duration of their participation;

- f) administrative units governed by public law or semi-public enterprises that hold in custody, administrate or book securities in the context of their business activity;
- g) other organizations active in the settlement, safekeeping or booking of securities, in particular settlement organizations, stock exchanges and nominee companies. Such participants, too, must be subject to an adequate degree of regulation and supervision as well as adequate money laundering regulations and supervision.

There are no restrictions for participants under lit. a) to g) with respect to the services provided by SIX SIS.

1.2 For Collateral Management and Securities Financing Services and related services, SIX SIS can also admit as participants natural persons or legal entities of the categories under lit. a) to e). The services and products concerned are determined and described in the rules and regulations pursuant to Art. 10 of SIX SIS's GTC.

- a) Institutions pursuant to the Swiss Law on Occupational Retirement, Survivors' and Disability Pension Plans (LOB).
- b) Collective investment schemes as defined in the Swiss Law on Collective Investment Schemes (CISA) and foreign collective investment schemes (e.g. pursuant to UCITS or AIFMD).
- c) Insurance companies.
- d) Foreign state funds and other institutions governed by public law.
- e) Custodians of collective investment schemes (limited to SIX SIS's services in connection with transactions on off-exchange markets operated by SIX Repo Ltd or Eurex Zurich Ltd).

Art. 1.3 lit. b) is not applicable in the event that no money settlement is required for the provision of the service concerned. Foreign participants pursuant to Art. 1.2 must be subject to an adequate degree of regulation and supervision as well as adequate money laundering regulations and supervision at the time of their admission and for the entire duration of their participation.

1.3 Further requirements for participation comprise:

- a) Signing of the SIX SIS services contract.
- b) Membership of SIC, maintenance of a CHF account with SIX SIS and/or a correspondent institution that is a SIC member to enable settlement of the money side of securities transactions.
- c) Confirmation that technical and operational requirements are being met at the time of admission as well as, without interruption, during the period of participation. The rules and regulations pursuant to Art. 10 of SIX SIS's GTC contain more details on these requirements



and on the authorization of SIX SIS to verify during the period of participation whether these conditions of participation are met.

- d) The request for admission as participant must be submitted to SIX SIS in writing. No entity has a right to be a participant. SIX SIS grants or denies admission at its own discretion.

## **2 Suspension and termination of participation**

2.1 SIX SIS is entitled to suspend participation until the fault has been rectified in the following cases:

- a) There are indications that the participant has been granted participant status on the basis of incorrect information.
- b) There are indications that the participant no longer fulfils the criteria for membership, and if this measure is deemed appropriate.

With the exception of urgent cases, SIX SIS informs the participant about the suspension in advance.

2.2 The participant's participation expires:

- a) Upon termination by either of the contracting parties subject to a period of notice of 30 days at the end of each month. The termination notice must be in written and sent by registered letter.
- b) With immediate effect if the responsible supervisory authority withdraws the participant's licence. The participant is obliged to inform SIX SIS immediately of such licence withdrawal.
- c) With immediate effect if bankruptcy proceedings or proceedings before the magistrate in bankruptcy are initiated against the participant by a Swiss court or a responsible foreign body, or if an equivalent measure is undertaken, or if an order for liquidation (Art. 25 para. 1 (c) in conjunction with Art. 33 et seq. of the Swiss Banking Law and the relevant provisions of the Ordinance of 30 June 2005 of FINMA on the Bankruptcy of Banks and Securities Dealers [FINMA Bank Bankruptcy Ordinance, BBO-FINMA]) of the participant is issued by the Swiss supervisory body, or if an equivalent measure is undertaken by a responsible foreign supervisory body in respect of the participant.
- d) If the participant violates grossly its duties towards SIX SIS or another company of SIX Group Ltd, SIX SIS shall, after granting a short period for restoring the lawful status, decide at its own discretion whether or not the participation is to expire and the time of such expiration.
- e) If there are reasonable doubts regarding the continuance of the participant, e.g. due to initiation of bankruptcy proceedings or proceedings before the magistrate in bankruptcy against its parent company, SIX SIS shall, after granting a short period for a statement, decide at its own discretion whether or not the participation is to expire and the time of such expiration.

- f) Should the responsible Swiss supervisory body order a protective measure pursuant to Art. 26 or 28 – 32 of the Swiss Banking Law, or should a responsible foreign supervisory body order equivalent measures to be taken, SIX SIS shall decide at its own discretion whether or not the participation is to expire and the time of such expiration.
- g) Should one or more of the reasons for expiry mentioned above under items b) – f) become applicable to SIX SIS, the participant is also entitled to let its participation in SIX SIS expire with immediate effect by informing SIX SIS accordingly by registered letter.
- h) Trades accepted by SIX SIS's system before suspension or termination of the participation or before the notice of termination of the participation takes effect will be settled. No new transactions may be instructed after suspension or termination of the participation.
- i) If the participation expires, SIX SIS shall inform, within the framework of its contractual obligations, stock exchanges of all types, recognized clearing houses as well as CSDs with which SIX SIS cooperates or will cooperate. Moreover, SIX SIS shall inform the SNB and FINMA of this fact.

### **3 Use of participants' safekeeping accounts and money accounts by third parties (assigned business partner, ABP)**

- a) A bank authorized by a participant or a securities trader authorized by a participant which does not have its own contractual relationship with SIX SIS and does not maintain its own money and safekeeping accounts with SIX SIS may be admitted as an ABP by SIX SIS subject to a written application from the participant.
- b) The ABP status allows for securities settlement via the safekeeping account of a participant.
- c) In this context, the money-side transactions are settled via the SIC connection of the respective participant, the ABP or a correspondent bank or via an account kept by the respective participant with SIX SIS.
- d) A participant can be the ABP of another participant in order to avail of specific services (such as securities lending and borrowing or repo).
- e) A participant cannot be its own ABP.
- f) SIX SIS shall decide at its discretion as to whether an ABP may avail of additional services or exercise special functions (such as the function of main paying agent).
- g) Only participants may authorize ABPs. It is not permissible for ABPs to have ABPs.
- h) The ABP, too, must meet the participation requirements set out under Art. 1.1 of SIX SIS's GTC.
- i) All legal effects of the ABP's actions and instructions have a direct impact on the participant. The obligations arising therefrom towards SIX SIS must be met by the participant as if they were its own obligations.

#### **4 Securities and money accounts**

The participant shall hold one or more custody accounts or money accounts in its name. In justified cases, particularly if required by domestic or foreign legislation or market rules, SIX SIS may require a participant to hold its own holdings and client holdings in separate custody accounts.

##### **5a Disposition authority and verification of legitimation**

- a) All disposition authorizations/authorized signatures made known to SIX SIS in writing are valid exclusively towards SIX SIS and until such time as their revocation is communicated to SIX SIS in writing, deviating register entries and publications notwithstanding.
- b) SIX SIS shall check the authenticity of each order placed by the participant. The signatures on the backup forms are verified by spot checks only.
- c) Damage resulting from a failure to detect a lack of legitimation, e.g. due to forged signatures or documents, or misuse of telefax or other electronic transmission systems, shall be borne by the participant exclusively, provided that SIX SIS is not guilty of any negligence.
- d) In its communication with the participant and the persons authorized by the participant, SIX SIS is entitled to take the measures it deems appropriate to verify legitimation at all times. Damage incurred by any delays caused by the said measures are to be borne by the participant, provided that SIX SIS is not guilty of any negligence.

##### **5b Verification of securities, orders and instructions**

- a) SIX SIS may verify securities delivered by the participant or by third parties for the account of the participant for authenticity and blocking notices or have such verification being made by domestic or foreign third parties. In particular, SIX SIS will execute orders, instructions and administrative actions only after a verification and a possible change of registration are completed. If orders or instructions are executed late or not executed due to a verification or a possible change of registration, any damage is borne by the participant, provided that SIX SIS is not guilty of any negligence.
- b) SIX SIS may verify orders and instructions of the participant with regard to their cover by available holdings of, as applicable, securities or money by the participant. In case of shortage SIX SIS may determine at its own discretion and independently of date and time of receipt to which extent it will execute orders or instructions completely or partially. SIX SIS reserves its rights under Art. 37a and Annex 4 of SIX SIS's GTC.

#### **6 Eligible securities**

SIX SIS shall determine which securities are eligible for settlement, safekeeping, custody or booking.

## 7 Disclosure of data to third parties

- a) The bodies, employees and authorized representatives of SIX SIS are under a statutory obligation to maintain secrecy towards third parties regarding the securities settled, booked or held in custody by SIX SIS. Information of any kind may only be issued to authorized persons. Exceptions are only granted as far as required by the law or official decrees, where the SNB or FINMA request the data to fulfill their legal mandate, or where necessary for other special – namely settlement-specific – reasons. The special reasons must be defined in the rules and regulations pursuant to Art. 10 of SIX SIS's GTC.
- b) Data of any kind may generally only be divulged to third parties given the participant's approval. However, specific legal provisions and official decrees on the disclosure of data may prevail over the provisions set out in this GTC.
- c) SIX SIS is entitled, and has the consent of the participant, to outsource data processing and other services to third parties in Switzerland and abroad, including in particular the companies of SIX Group Ltd, e.g. SIX SIS Ltd, SIX Systems Ltd and SIX Group Services Ltd, and, if required, other companies legally affiliated to SIX Group Ltd. If data processing or other services are to be outsourced abroad, SIX SIS shall inform the participant sufficiently in advance of such a measure.
- d) Irrespective of items a) - c), SIX SIS shall be entitled to disclose information to companies forming part of SIX Group (group companies), provided that the group company concerned is bound by similar confidentiality provisions as stipulated in SIX SIS's GTC.
- e) Subject to c), disclosure of participant data, in particular to third parties abroad, is only permitted when communicating with persons and companies that are essential for the fulfillment of SIX SIS's contractual obligations, such as subcustodians.

If a subcustodian requires further information, which SIX SIS has not available (e.g. regarding the background of a transaction), SIX SIS will contact the participant. If the participant refuses the delivery of the required information, it bears the sole responsibility for damage that the participant, customers of the participant or third parties may suffer due to this refusal. The participant holds SIX SIS completely harmless in this connection.

- f) In addition, participant data may be passed on to domestic and foreign bodies in connection with bankruptcy proceedings or proceedings before the magistrate in bankruptcy, as well as to persons appointed by the said bodies under these proceedings.
- g) Subject to legal provisions that stipulate otherwise as well as official decrees and ordinances, SIX SIS informs the participant of requests for information from domestic and foreign bodies as well as of the scope of the data disclosed.
- h) SIX SIS is entitled to put lists of participants in the protected area of its website.
- i) SIX SIS shall take the necessary measures to guarantee the integrity and security of the data.

## 8 Communication

- a) Orders, messages or instructions from the participant to SIX SIS and messages from SIX SIS to the participant shall be sent online. If an online connection cannot be established, specific backup media set out in further rules and regulations pursuant to Art. 10 of SIX SIS's GTC may be used, subject to notification and agreement on the communication medium to be used.
- b) SIX SIS's communication with its participants is binding and, in principle, takes place via computer-to-computer link, SWIFT and e-mail. Details of the said communication are governed by SIX SIS's rules and regulations pursuant to Art. 10 of SIX SIS's GTC (in particular Business Partner Interface Specifications 3 and 4) and any specific contracts, such as the Service Level Agreement (SLA) with the participants.
- c) The participant knows and takes into account that – notwithstanding all due diligence measures – the confidentiality, integrity and authenticity of data cannot be guaranteed in messages sent by SIX SIS to the participant via open means of transmission and communication (such as the Internet and the related web services) SIX SIS shall not be liable towards the participant for any damage resulting from the use of the above-mentioned means of communication.
- d) The participant acknowledges and accepts that communication from SIX SIS to the participant and from the participant to SIX SIS via open means of communication is not binding, subject to the provisions of further rules and regulations pursuant to Art. 10 of SIX SIS's GTC.
- e) Orders, instructions etc. issued by the participant must be unconditional. SIX SIS does not correct errors or carry out special checks.
- f) Orders and messages authenticated as correct are binding on the participant.
- g) The participant shall bear the consequences of using or transmitting data. SIX SIS reserves its rights under Art. 47 of SIX SIS's GTC.
- h) The participant shall ensure that in the event of loss or destruction of data it can provide SIX SIS with a copy of the data for processing.
- i) The participant's orders are regarded as accepted by SIX SIS only upon dispatch of a notice of acceptance (order acceptance via notification of status Accepted).
- j) SIX SIS and the participant give their consent to the recording of their telephone conversations.

## 9 Compliance with the law, obligation to provide assistance and pay costs in the event of judicial or administrative proceedings against SIX SIS

- a) 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.

- b) To the extent that SIX SIS depends on the participant's assistance in complying with the law in Switzerland and abroad, the participant shall support SIX SIS.
- c) In the event of any judicial or administrative proceedings which are impending or have been already initiated against SIX SIS in Switzerland or abroad in which SIX SIS is involved instead of the participant/beneficial owner or in addition to these, the participant, on behalf of whom SIX SIS has acted, is obliged to provide SIX SIS with assistance to the extent the latter is reliant on it.

SIX SIS is entitled to disclose data relating to a participant with the participant's approval or in the case that SIX SIS risks punishment. If SIX SIS faces the risk of serious disadvantage should it fail to supply this data (such as the initiation or continuation of court or administrative proceedings, through which considerable financial or reputation associated disadvantages impend) and the participant refuses a corresponding disclosure or SIX SIS is not discharged from the proceedings despite a disclosure, the participant shall be obliged to indemnify SIX SIS. This indemnification is made for costs in connection with the representation of interests of the participant as well as of legitimate interests of SIX SIS. The reimbursement includes all costs incurred by SIX SIS in relation to such proceedings (e.g. legal fees, costs in relation to expert consultations, other third party costs, internal costs etc.). Regardless of any disclosure, a corresponding liability of indemnity shall exist for external costs upon receipt of the complaint. SIX SIS stipulates the costs to be borne in the rules and regulations pursuant to Art. 10.

## **10 Annexes to these GTC and additional rules and regulations binding on participants**

10.1 The Annexes to these GTC form an integral part of these GTC.

10.2 In addition to SIX SIS's GTC, the contractual relationship between SIX SIS and the participants is also governed by additional rules and regulations (current editions), to be found on the SIX SIS website [www.six-securities-services.com](http://www.six-securities-services.com). Prices and interest charges, including any adjustments thereof, are valid in the version most recently communicated to the participant pursuant to Art. 11a lit. a) of SIX SIS's GTC, unless they are published on the SIX SIS website. These rules and regulations form an integral part of the Services Contract between the participant and SIX SIS.

- a) The rules and regulations comprise the following documents (and their updates):
  - MarketGuide with references
  - ServiceGuide/ProductGuide
  - FrontLine
  - CloseUp

- Urgent Message
  - Information on Business Partner Interface Specifications
  - Information of a binding nature made available to participants on web-based tools.
  - Prices and interest charges
  - and all updates thereof.
- b) Where the individual contractual elements contradict each other, the following descending order of priorities shall apply:
- Services contract (incl. pertaining SLAs) and any other individual agreements between SIX SIS and the participant
  - General Terms and Conditions
  - Market Guide/ServiceGuide/ProductGuide with references;
  - Information of a binding nature made available to participants on web-based tools.
  - CloseUp
  - FrontLine
- c) SIX SIS notifies its participants of the rules and regulations, as well as changes to the rules and regulations, either in writing, by CD or via publication on the SIX SIS website and a respective notification sent to the participant via e-mail. The participant acknowledges that communications are equally binding whether in writing or in electronic or other form.
- d) SIX SIS is authorized to change rules and regulations at any time. New rules & regulations as well as changes to these are deemed to have been approved by the participant unless it raises objections within 14 days of receipt of notification of the change by registered letter. SIX SIS determines the effective date of new or changed rules & regulations. In the event that the rules & regulations do not contain any provision with regard to the effective date, they shall enter into force upon notification according to c. If a participant files objections to the new or changed rules and regulations, their effectiveness shall lapse retroactively for the respective participant. This shall not apply if the rules & regulations implement Swiss or foreign law or market rules which require an urgent implementation. In the event of objection, SIX SIS shall be authorized to terminate the service affected by the change by registered letter, with effect from the expiry of the deadline for filing objections. Moreover, SIX SIS shall be authorized to terminate the entire contractual relationship with the participant where the termination of an individual service or the continuation of other contracts would not make any sense without this service. In case of termination of the entire contractual relationship, the notice periods stipulated in the individual contracts are decisive.

- 10.3 With respect to the relationship between the Central Counterparty and SIX SIS, the following applies:
- a) Delays in securities delivery in the settlement of transactions cleared by SIX x-clear Ltd are subject to the provisions set out by the Central Counterparty.
  - b) In general, the settlement provisions set out in the contractual documents of SIX x-clear Ltd, including the agreement on settlement netting between the SIX x-clear member and SIX x-clear Ltd, shall prevail over SIX SIS's GTC.

#### 11a Pricing

- a) SIX SIS determines the prices for its services. SIX SIS can change the amounts of prices at any time. It will notify the participant of changes (does not apply to third party costs) either in writing, by e-mail, by CD or by publishing the information on the SIX SIS website, in which case it will send information to this effect to the participant via e-mail. The participant acknowledges that communications are equally binding whether in writing or in electronic form. Interest charges are calculated according to standard market interest rates, subject to special contractual agreement between the participant and SIX SIS. Participants are made aware of interest charges by means of a billing statement pursuant to Art. 11a lit. d) of SIX SIS's GTC.
- b) Changes in prices shall be deemed to have been approved by the participant unless it raises objections by registered letter within 40 days of receipt of the change notice. Changes in the interest charges (Art. 42 of SIX SIS's GTC) will enter into force immediately. The interest charges shall be deemed to have been approved by the participant unless it raises objections pursuant to Art. 11a lit. f) of SIX SIS's GTC.
- c) The participant's objection to changes in the amount of prices and interest charges shall entitle SIX SIS to terminate the service affected by the change and, where the termination of this individual service or the continuation of other contracts would not make any sense, to terminate the entire contractual relationship.
- d) Participants will receive a monthly invoice from SIX SIS detailing the services provided to the participant as well as the interest charges. All invoice amounts are indicated in CHF. All prices are stated exclusive of value-added tax (VAT).
- e) For the settlement of invoices from SIX SIS, participants have the choice between the direct debit procedure (LSV) and the debit of a cash account (CHF, EUR, GBP or USD) held with SIX SIS. When opting for a debit of the cash account, the participant instructs and authorizes SIX SIS to debit the cash account(s) designated by the participant with the invoice amount, third-party fees and interest charges.
- f) A monthly invoice is regarded as accepted by the participant unless the participant raises its objections in writing within 40 days of receipt of the invoice.



**11b Costs and expenses**

If SIX SIS incurs costs and expenses in connection with the provision of services, SIX SIS is entitled to charge these to the corresponding participant. This applies also in case that an appointed third party charges costs and expenses to SIX SIS.

**12 Separate regulations**

- a) For special services, SIX SIS reserves the right to issue regulations (in rules and regulations pursuant to Art. 10 of SIX SIS's GTC or separate agreements) that deviate from SIX SIS's GTC.
- b) The order of priorities pursuant to Art. 10.2 lit. b) of SIX SIS's GTC is not thereby affected.

**13 Place of performance**

The place of performance is Zurich, the place for physical remittances and withdrawals is at the SIX SIS vault in Olten, unless a different provision applies pursuant to Art. 16.

**B Remittance of physical securities****14 Issuance, condition and deliverability**

- a) Only certificated securities may be remitted that, in respect of issuance and delivery, fulfill the conditions and practices of the stock exchange in question or the country of origin.
- b) The certificated securities must constitute "good delivery" and may not be stopped or already drawn.
- c) The actual certificates must be deposited in good condition. If they are heavily soiled or damaged or lacking important features, they will be accepted only if they are accompanied by a declaration of validity from a body of the local stock exchange or validated by the signature of an official paying agency or of the issuer. SIX SIS shall issue specific directives for foreign certificates as the situation arises.
- d) The certificates must be deposited with all non-matured claims.
- e) In case of disputes about deficiencies or the number of certificates remitted, the participant must prove its assertion.

**15 General information Remitter's warranty**

- a) The participant is liable to SIX SIS for all visible or concealed deficiencies of the certificated securities remitted by it, irrespective of the time of discovery, in keeping with the established practices of the stock exchange governing regularity and deliverability. Unlisted certificated securities are governed by the national or international regulations and practices of securities trading.

- b) Any remittance credited irregularly shall be debited to the participant's custody account without delay. If there is an insufficient position in this custody account, the participant is obliged to provide immediate replacement. Otherwise, SIX SIS can arrange for substitute purchase at the expense of the participant.
- c) The participant's obligations of warranty do not expire with the end of the contractual relationship with SIX SIS.

#### **16 Place of remittance and withdrawal**

- a) As a rule, remittances and withdrawals of certificated securities deliverable in Switzerland shall be at SIX SIS's vault in Olten.
- b) SIX SIS can instruct domestic and foreign subcustodians to act as points of remittance and withdrawal on its behalf.

#### **17 Return of erroneously remitted certificated securities**

If participants have remitted certificated securities by mistake, SIX SIS does not guarantee that the certificates returned will bear the identical numbers.

#### **18 Procedure after remittance**

- a) On remittance of certificated securities deliverable in Switzerland, SIX SIS shall verify the correctness, completeness and deliverability of the remitted certificates. If the result of verification is positive, the certified securities will be booked. Such booking will be electronically indicated to the participant. If the result of verification is negative, the remittance remains pending and SIX SIS contacts the participant to discuss further steps.
- b) Subject to Art. 15, remittance shall be regarded as definitive when booked by SIX SIS.
- c) The remittance of certificated securities deliverable abroad is subject to local practices or the rules and regulations issued by SIX SIS pursuant to Art. 10 of SIX SIS's GTC.

#### **19 Promise of delivery for new issues**

- a) To facilitate trading in newly issued securities, the issuer or the members of the underwriting syndicate may remit substitute documents to SIX SIS in the form of promises of delivery for a period not exceeding three months prior to the remittance of the definitive certificates. The promise of delivery is only permissible if the securities (global or individual certificates) have already been created and the participant is in possession of the relevant physical certificate(s) at the time of the promise being made.
- b) SIX SIS shall enter in its books securities based on delivery promises as intermediated securities as if the underlying certificated securities for collective safekeeping or the global certificates had already been deposited with SIX SIS.

- c) SIX SIS shall not enter any positions in its books if the definitive document or promise of delivery is not forthcoming. This is subject to the regulations on the admission of uncertificated securities.
- d) If the definitive securities are not delivered in spite of a reminder from SIX SIS, the latter reserves the right to remove from the books the positions entered without any definitive basis and to simultaneously notify SIX Swiss Exchange and the participants who hold respective positions.
- e) All attendant costs shall be borne by the members of the underwriting syndicate, which assume joint and several responsibility. The participant who has made the promise of delivery is liable to SIX SIS for any damages resulting from a promise of delivery not being kept.

## **C Safekeeping of certificated securities**

### **20a Collective safekeeping of certificated securities (Art. 973a Swiss Code of Obligations)**

- a) SIX SIS shall hold fungible certificated securities of different participants in custody together with other participants' holdings, except if the participant explicitly requests separate safekeeping of its certificated securities.
- b) When a participant delivers fungible certificated securities (own and client holdings) to SIX SIS for collective custody, the participant or its client on whose behalf the custody account is held acquires a right of co-ownership over all certificated securities of the same kind held in collective custody. The participant's interest shall be proportional to the nominal value or, failing such value, to the quantity of the securities deposited by the participant.
- c) The participant may at any time and without the cooperation or agreement of any other participants require the delivery of certificated securities from the collective deposit at SIX SIS in proportion to its interest.
- d) Legal provisions or issuing provisions relating to a security shall remain reserved.

### **20b Global certificates (Art. 973b Swiss Code of Obligations (CO))**

A global certificate deposited by a participant and held in safe custody at SIX SIS is a certificated security of the same kind as the rights it represents. The depositors (the participant's clients or the participant with respect to its own holdings) have a co-ownership interest in the global certificate in proportion to their respective interests.

## **D Separate safekeeping of assets not participating in collective safe custody at SIX SIS**

### **21 Special provisions and agreements**

Special provisions and contractual agreements govern the separate safekeeping of assets deposited with SIX SIS but not participating in collective custody at SIX SIS. The application of SIX SIS's GTC is in compliance with these special provisions and contractual agreements.

Contracting parties that do not meet the conditions of participation pursuant to Art. 1 of SIX SIS's GTC are also entitled to deposit such assets with SIX SIS.

**E Deleted**

**F Creation, conversion and extinction of intermediated securities at SIX SIS**

**23 Creation of intermediated securities at SIX SIS**

Intermediated securities are created at SIX SIS:

- a) when certificated securities are deposited for collective safe custody and credited to one or several participant accounts;
- b) when global certificates are deposited and credited to one or several participant accounts;
- c) when uncertificated securities are registered in a main register kept by SIX SIS and credited to one or several participant accounts. Details regarding the management of intermediated securities holdings based on uncertificated securities, as well as of the main register are regulated by the special contractual agreements.
- d) The creation and management of positions in registered shares that are issued in the form of uncertificated securities are subject to the provisions of Annex 1 A of SIX SIS's GTC.

**24a Disposition of intermediated securities**

- a) Intermediated securities are disposed of by SIX SIS upon instruction from the participant to transfer the intermediated securities and credit them to the acquiring participant's custody account.
- b) When the required credit has been made, the disposition is completed. At the same time, the disposing participant loses its rights in the intermediated securities.
- c) SIX SIS has neither the right nor the duty to investigate the legal basis of booking or transfer instructions.

**24b Extinction of intermediated securities**

- a) The participant may have its intermediated securities withdrawn from the SIX SIS system at any time. If the underlying of the intermediated securities to be withdrawn are uncertificated securities, SIX SIS shall no longer be obliged, within the scope of the intermediated securities to be withdrawn, to continue maintaining the main register or the uncertificated securities book if it has maintained these in the past.
- b) SIX SIS shall ensure that intermediated securities are only withdrawn after intermediated securities of the same type and amount have been debited to the custody account(s) of the participant concerned. SIX SIS shall not be subject to any further obligations.

- c) The withdrawal of certificated securities and global certificates is regulated in Art. 35 of SIX SIS's GTC.

## **G Sub-custody**

### **25 Authorization for sub-custody**

- a) SIX SIS entrusts the safe custody of certificated securities, global certificates, uncertificated securities or intermediated securities to suitable subcustodians it chooses in Switzerland and abroad. The participant's consent is not required. The participant's express consent is nonetheless required where the foreign subcustodian is not subject to adequate regulatory supervision.
- b) The selection of subcustodians shall take place in line with internal guidelines that have been approved by FINMA (SIX SIS Directive). However, such guidelines shall not apply for direct links to transfer agents in relation to the safekeeping/administration of fund units (e.g. hedge funds and offshore funds).
- c) SIX SIS regularly publishes a list of subcustodians commissioned by it.

### **26 Effects of sub-custody**

- a) SIX SIS credits to the custody account of its participant the intermediated securities which the subcustodian has credited to the SIX SIS account in favour of SIX SIS or its participants.
- b) If the custody of securities with a foreign subcustodian is not governed by the FISA, the credit confers upon the participant rights that are at least equal to the rights acquired by SIX SIS with the subcustodian.
- c) If SIX SIS is authorized to hold in custody or book certificated securities, global certificates and uncertificated securities or intermediated securities with a subcustodian in Switzerland or abroad, it shall only be liable for the care with which it chose and instructed the subcustodian and for the verification of the continued compliance with the selection criteria. Any further liability of SIX SIS is excluded.
- d) If the participant has expressly designated a subcustodian for the custody of intermediated securities contrary to SIX SIS's advice, SIX SIS shall exclude any liability. The disclaimer shall also apply with respect to the safekeeping/administration of fund units by SIX SIS for a participant by means of a direct link to a transfer agent.
- e) The participant concerned shall bear any transfer risk. SIX SIS shall be obliged to recognize a participant's right to claim restitution only if such right exists and is transferable.
- f) The participant shall accept any set-off agreements and retention or foreclosure rights contractually agreed between SIX SIS and the subcustodians, provided that such rights do not exceed the scope of the corresponding rights in the relationship between SIX SIS and the participant (cf. Art. 48a of SIX SIS's GTC).

## **H Management of securities**

### **27 Scope of management functions**

- a) SIX SIS shall assume the management of securities (safeguarding rights arising out of securities in custody or booked) pursuant to SIX SIS's GTC and provisions set out in special written contracts concluded with the participant and the rules and regulations pursuant to Art. 10 of SIX SIS's GTC. The right to apply other practices is reserved.
- b) SIX SIS is obliged to assert the rights of owners of certificated securities in custody, in as far as this is necessary.
- c) If the safekeeping of securities with a foreign subcustodian 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 fulfill 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.
- d) Based on special agreements with the issuers of Swiss securities, SIX SIS may assume the function of main paying agent for such securities. More details are laid down in the rules and regulations pursuant to Art. 10 of SIX SIS's GTC.
- e) Participants may order from SIX SIS entrance cards or other confirmations for general meetings or creditors' meetings. If the participant instructs SIX SIS to exercise voting rights attached to securities held with a subcustodian, SIX SIS shall delegate this task to the subcustodian and simultaneously block the corresponding positions in the participant's custody account. The securities will be released after the general meeting. If the deposition of securities or the disclosure of numbers is required, the securities in question must be withdrawn from SIX SIS custody.
- f) It is the exclusive responsibility of the participant to comply with all domestic and foreign legislation (e.g. tax, foreign exchange and stock market regulations or company law) or statutory provisions with respect to securities held in custody or booked for the participant. This is subject to actions which SIX SIS has a legal obligation to perform or has expressly undertaken to perform in the rules and regulations pursuant to Art. 10 of SIX SIS's GTC or in contractual agreements with the participant concerned.
- g) Corporate actions on Swiss securities are executed on pay date (beginning of day) for eligible holdings as at record date (end of day), provided that the issuer has not published any information to the contrary. For foreign securities, corporate actions are executed in accordance with market regulations as described in the relevant MarketGuide.

### **28 Corporate actions**

- a) SIX SIS shall collect, on behalf of the participant and without special instruction from the latter, the dividends, interest, cash distributions and compensation of claims and other corporate actions due to the participant. If required, SIX SIS shall also be in charge of

detaching coupons or stamping securities certificates. The collection of physical coupons is excluded.

- b) The participant's account shall be credited subject to receipt of payment. Collection certificates can be issued for certain securities or special distributions. SIX SIS reserves the right to reverse pre-financed distributions in case of non-payment as well as distributions that are reversed against SIX SIS with respect to the latter's participants.
- c) The entitlement of participants is based on the holdings on the ex date (beginning of day) or on the record date (end of day), depending on market regulations. Payments are made on actual or contractual basis depending on the market. The applicable market regulations are described in the relevant MarketGuide.

### **29 Repayments and drawing of bonds by lot**

- a) SIX SIS shall take care of any administration in connection with redemptions or partial redemptions of bonds within the framework of its contractual obligations.
- b) The amounts redeemed shall be credited to the participant on an actual or contractual basis. The applicable market regulations are described in the relevant MarketGuide. The participant's account shall be credited subject to receipt of payment. SIX SIS reserves the right to reverse against its participants pre-financed distributions in case of non-payment as well as distributions that are reversed against SIX SIS.
- c) SIX SIS shall distribute among the participants securities held in custody or booked with it that are drawn by lots. The securities drawn by lots are distributed either using a fixed quota or randomly based on participants' positions.
- d) SIX SIS shall debit each participant with the holdings drawn by lot and credit the position type "drawn by lot" with the corresponding securities. The participant shall be notified.

### **30 Detachment of coupons and claims**

- a) Any coupons existing on ex date are regarded as detached.
- b) Disposition orders received by SIX SIS on ex date are executed without coupon.
- c) SIX SIS shall credit the holdings of rights to the entitled participants on pay date (beginning of day).
- d) Compensation among the participants shall be effected in accordance with the rules and regulations pursuant to Art. 10 of SIX SIS's GTC.

### **31 Nominee certificates**

- a) In the event of share splits, SIX SIS shall credit each participant on the pay date (beginning of the day), usually one day after record date, with the number of shares due to it and request the corresponding certificates from the nominee companies.

- b) Stock dividends shall be treated pursuant to the provisions of the nominee companies.

### **32 Termination of rights and fraction positions**

As a rule, the rights and fraction positions terminate 20 bank working days after the close of subscription or completion of the action. Residual holdings are transferred to the syndicate management in favour of the participants entitled to them.

### **33 Other actions**

Any further actions shall be carried out upon agreement with and in the best interests of the participants, who shall be notified thereof. If necessary, the local stock exchange bodies and the paying agents shall be consulted as advisory bodies.

## **I Disposition of securities positions**

The provisions of I also apply to non-intermediated securities.

### **34a Instructions from participants**

- a) The participant can dispose of securities positions held with SIX SIS in particular by means of disposition orders and instructions to SIX SIS. Further types of orders are stipulated in the rules and regulations pursuant to Art. 10 of SIX SIS's GTC. The numerical data alone are relevant for the processing of instructions.
- b) SIX SIS is obliged to execute the participant's instructions concerning the disposal of its securities positions as provided for in SIX SIS's GTC, in further provisions of the rules and regulations pursuant to Art. 10 of SIX SIS's GTC and in any special contracts with the participant.
- c) SIX SIS has neither the right nor the duty to investigate the legal basis of instructions.
- d) The participant shall determine the time of execution of the order by entering the value date.
- e) After execution of the order and subsequent confirmation by means of the daily statement, SIX SIS is released from further obligations towards the instructing participant.
- f) Orders forwarded to SIX SIS are fulfilled after they have been booked.
- g) Orders that are received after a time specified by SIX SIS will be processed on the following working day.

### **34b Revocability of participant instructions**

- a) The participant can revoke instructions sent to SIX SIS until the moment in which SIX SIS debits the participant's custody account pursuant to the instruction. If the participant revokes an instruction after the custody account has been debited, SIX SIS shall not respond to this revocation.



- b) An instruction of a participant shall be legally binding and effective against third parties even in the event of winding-up proceedings against the instructing participant, provided that the instruction was accepted by SIX SIS's system before the commencement of such proceedings or it was accepted by SIX SIS's system after the commencement of such proceeding and carried out on the day of commencement, if SIX SIS can prove that it was not aware, nor should have been aware, of the commencement of such proceedings.
- c) As far as the instructions concern securities kept in final custody abroad or do not concern intermediated securities pursuant to FISA, revocability is determined by the following principles:
  - aa) The instruction can be revoked depending on the technical processing status and according to the rules in force for the country in question;
  - bb) in the case of DVP delivery instructions, the revocation does not lead to a situation in which one party is simultaneously in possession of both securities and cash.
- d) More details are laid down in the rules and regulations pursuant to Art. 10 of SIX SIS's GTC.

#### **34c Finality of participant instructions**

- a) The transfer of securities positions effected due to an instruction is completed when a custody account has been credited accordingly. The transfer is final with the credit; the disposing participant loses its rights in the intermediated security that was disposed of.
- b) After execution of the instruction and subsequent confirmation by SIX SIS through status intimations, SIX SIS is released from further obligations towards the instructing participant.
- c) Instructions that are received after a time specified by SIX SIS will be processed on the following working day.
- d) The details on bookings are set out in detail in the rules and regulations pursuant to Art. 10 of SIX SIS's GTC

#### **35 Special provisions concerning withdrawal instructions**

- a) The participant may at any time require SIX SIS to deliver or instruct the delivery of certificated securities of the kind corresponding to the intermediated securities credited to the participant's custody account, provided that SIX SIS or a subcustodian is holding certificated securities on behalf of the participant.
- b) The same right is granted to the participant, provided that the participant can request the issuer to issue certificated securities of the same kind for the intermediated securities that were created at SIX SIS by depositing a global certificate or by entering uncertificated securities in a main register.
- c) As a rule, withdrawals shall take place at SIX SIS or the subcustodian. SIX SIS will specify the points of withdrawal in one of the bodies of rules and regulations pursuant to Art. 10 of

SIX SIS's GTC. The participant shall bear the costs incurred by the issue and delivery of certificated securities pursuant to items a) and b) above.

- d) The participant is entitled to the delivery of certificated securities in accordance with the practices of the market in which these securities are traded. If it is not possible to determine these market practices (e.g. due to multiple listings), the practices of the stock exchange with the first listing shall be applicable. Complaints about deliveries must be addressed to SIX SIS within two bank working days after receipt of the certificated securities.
- e) SIX SIS can determine that certain certificates may be delivered only to the lead institution.
- f) Until SIX SIS announces the time of receipt of the definitive certificates representing the securities of an issue, its obligation to physically withdraw is suspended.
- g) Provided that the terms of issue or the issuer's articles of association do not provide that the participant may request the intermediated securities created by depositing a global certificate or by entering uncertificated securities into a main register to be replaced by the issuance of certificated securities, SIX SIS shall be released from its obligation to withdraw. In lieu of physical withdrawal, securities are taken off the books.
- h) SIX SIS can decree special provisions if owing to their form or because of statutory or contractual provisions the withdrawal of securities is subject to restrictions or special conditions.
- i) The participant shall bear the risk for withdrawals or returns. SIX SIS shall not assume any liability. In the case of consignments by courier or post, SIX SIS shall insure the cost of amortization and reproduction. The participant shall bear the costs of transport and insurance.

## **36 Transfer instructions**

- a) Transfer instructions enable the participant to transfer intermediated securities from one participant to another or its client (internal settlement), or from one participant to a third party or its client, via a subcustodian or vice versa (external settlement). In the case of uncertificated securities, the only effect of the transfer instruction is that the securities are booked as collective security holdings of the participant concerned. SIX SIS shall debit the custody account of the participant or credit that of the beneficiary. Swiss law governs the legal relationship between the participant and SIX SIS in transfers expressly and exclusively. Confirmation of the transfer shall be sent to both parties.
- b) The participant shall recognize as its own transfer instructions those instructions transmitted to SIX SIS from a recognized stock exchange, a recognized trading platform, a subcustodian or a recognized clearing house with whom SIX SIS has respective contractual agreements.
- c) SIX SIS is generally authorized to effect the corresponding bookings based on such instructions without the need for a special power of attorney.

- d) The transfer instructions can be issued as orders for delivery versus payment (DVP) or for delivery free of payment (DFP).
- e) External settlement shall be effected via the appropriate subcustodians.
- f) The participant recognizes the partial deliveries effected due to settlement netting agreements with a Central Counterparty as partial fulfilments of the existing delivery obligation.
- g) Transfer instructions are subject to Art. 34a-c and Art. 35 of SIX SIS's GTC.
- h) The participant shall be liable to SIX SIS and other participants for any loss or damage resulting from instructions concerning securities of which it has no holdings or insufficient holdings at the time the instruction is issued. In particular, this includes losses or damage resulting from the transfer of securities which, with respect to their ancillary rights, are not equal to the securities that are transferred (e.g. cum/ex dividends).
- i) This is subject to further rules and regulations issued by SIX SIS pursuant to Art. 10 of SIX SIS's GTC, as well as special agreements with participants.

**37a Non-executable instructions as a result of shortfalls in securities holdings**

- a) The participant to be debited must ensure that at the time of booking there is sufficient cover (securities or money). If this is not the case, SIX SIS shall be entitled to compensation through the acquisition of securities to the amount corresponding to the shortfall positions the day after the settlement date and at the expense of the participant(s) having caused the shortfall.
- b) SIX SIS may effect such compensation by securities borrowing or covering the shortfall.
- c) Transfer instructions remain pending until sufficient cover is provided in the money or custody account.
- d) If a security/cash position can be partially delivered, SIX SIS may make a partial delivery where this is permitted in the relevant market (partial settlement).
- e) SIX SIS shall report unexecuted or partially executed instructions immediately to the participant concerned. Non-executable or partially executable instructions that have been transmitted to SIX SIS via a stock exchange or a clearing agent shall be reported to the stock exchange or the clearing agent in accordance with the applicable regulation or practice.
- f) Special provisions related to the execution of instructions regarding securities that are held via foreign custodians can be found in Annex 4 of SIX SIS's GTC as well as in the rules and regulations pursuant to Art. 10 of SIX SIS's GTC.

**J SIX SIS's rights to use the securities deposited/booked at SIX SIS****37b SIX SIS's rights of use**

- a) A participant can assign to SIX SIS the right to dispose of the participant's securities deposited with SIX SIS for SIX SIS's own account and in SIX SIS's own name. Such right of disposition of SIX SIS concerns, in particular, securities lending and borrowing, repo trading and the further use of securities as collateral for SIX SIS transactions.
- b) The assignment of such rights of use shall only be legally valid if respective contracts are signed between the participant and SIX SIS.

**37c Return of collateral**

Where the participant has transferred securities collateral to SIX SIS, and where SIX SIS used these securities as collateral on its part, SIX SIS shall return to the participant securities in the same quantity and of the same kind at the latest on the due date for the performance of the secured obligation.

**37d Creation of security interests by the participant**

- a) A security interest in intermediated securities may be created, and becomes effective against third parties, when the participant and SIX SIS irrevocably agree that SIX SIS shall carry out instructions from the secured party without any further consent or cooperation of the participant creating the security interest. The details of such agreement between SIX SIS and the participant are stipulated in separate regulations.
- b) A security interest may pertain to specific intermediated securities, all intermediated securities credited to a participant's custody account or part of the intermediated securities credited to a participant's custody account up to a specified value.

**K Money settlement****38 General regulations**

- a) DVP orders shall be executed on the condition of matching delivery and payment orders.
- b) The securities shall be booked through SIX SIS. At the same time, money settlement shall be handled through SIC accounts or accounts held at SIX SIS. Possible SIC connections include:
  - the account of the participant itself,
  - the account of an assigned business partner,
  - the account of a correspondent bank.
- c) The participant authorizes SIX SIS to handle money settlement of other services in the same manner. Revocation of this power of attorney shall be by registered letter to SIX SIS and the SNB.

- d) To enable settlement of transactions involving minor differences in amounts, SIX SIS shall set tolerance limits.
- e) Payment instructions issued by the participant become irrevocable as soon as the payment amount has been debited to the instructing participant's account.
- f) When the payment amount is credited to the account of the payee participating in SIX SIS, the payment becomes final.
- g) Art 38 d) and e) shall apply to all payment orders issued by the participant in connection with the settlement of securities.
- h) Information that a participant receives about payments or deliveries entered by the counterparty but not yet processed (transactions pending for lack of cover, or pre-value-dated transactions) is not binding. In particular, it is not considered as acceptance of an instruction and, until settlement, can in principle be revoked by the counterparty under the terms of the provisions in the handbooks and directives. The same applies if – as in the settlement of locked-in trades – the information was already obvious to the participant outside the SIX SIS system and the recipient of the instructions had stipulated a corresponding conditional acceptance.

#### **39 Participant with own SIC account**

Money settlement shall be entered through the SIC accounts of the participant at the SNB. The participant to be debited must ensure that at the time money settlement is booked in SIC there is sufficient cover. If there are not sufficient funds at the time payment is booked, the order will be held pending for a period laid down in the rules and regulations pursuant to Art. 10 of SIX SIS's GTC. Within this period the order shall be automatically executed as soon as there are sufficient funds in the SIC account. Orders for which the necessary amount in Swiss francs is not covered within the period laid down in one of the bodies of rules and regulations pursuant to Art. 10 of SIX SIS's GTC shall not be executed and shall be cancelled. The participant shall bear the costs arising from this.

#### **40 Participant with a SIX SIS CHF account**

Participants who do not have their own SIC account can arrange for money settlement of DVP SIX SIS transactions and other debits and credits arising from participation in SIX SIS through one or several accounts held in their name with SIX SIS.

#### **41 Participant with CHF account at a correspondent bank**

- a) Participants who do not have their own SIC account with the SNB can arrange for Swiss franc money settlement of SIX SIS transactions and other debits and credits arising from participation in SIX SIS through the SIC account of a bank.
- b) The respective bank recognizes the payment instructions of the respective participant as its own.

- c) Participants and banks can set a maximum amount to be made available to the participant per settlement day, which, if communicated to SIX SIS, would result in the non-execution of the participant's SIX SIS orders that exceed the maximum amount. The participant shall bear the costs arising from this procedure.

#### **42 Current account transactions**

- a) Crediting or debiting of interest, commissions, expenses and tax shall be effected on the due date.
- b) SIX SIS reserves the right to change its interest and commission rates at its discretion to adjust to changes in money market conditions, subject to special contractual agreements between the participant and SIX SIS. Depending on the respective money market conditions, SIX SIS may also charge the participant negative interest.
- c) The orders shall be executed in the order received or at the set execution time.

#### **43 Currency accounts**

- a) Participants may hold foreign currency accounts or accounts for precious metal holdings that are not physically delivered in their own name to settle DVP transactions as well as other debits and credits arising from participation in SIX SIS. Credits to the accounts of precious metal holdings that are not physically delivered are treated in the same way as foreign currencies.
- b) The assets of SIX SIS that correspond to participants' foreign currency balances shall, whenever possible, be invested in the same currency inside and outside the country that uses the foreign currency in question. The participant shall bear a proportional share of the effects of economic and legal consequences on the total balances of SIX SIS in the country of the currency in question or the investments as a result of official measures.
- c) SIX SIS shall fulfil payment obligations arising from foreign currency accounts exclusively through a credit in the country of the currency in question at the correspondent bank of SIX SIS or a bank determined by the participant.
- d) For receipts of payments in currencies for which the participant has no account, SIX SIS shall, if necessary and at the participant's request and cost, open an account for the participant in the corresponding currency.
- e) An order for payment shall not be executed if the account of the corresponding currency is overdrawn or drawn to its limit, regardless of any other credit balance in an account in another currency.

#### **44 Short-term financing**

SIX SIS and the participant can sign a special agreement on short-term financing in Swiss and foreign currencies with maturity not exceeding one bank working day.

**45 Deleted****L Controls and reconciliations****46 Participant's duty of control**

- a) The participant must carefully check every notice it receives from SIX SIS and report any discrepancies without delay. Notification by telephone must be confirmed in writing.
- b) Custody and money account statements must be checked by the participant without delay. If SIX SIS does not receive from the participant a complaint within 30 days of posting the statements, the statements sent to the participant shall be deemed to be approved by the latter.

**M Liability****47 Liability**

- a) The participant is responsible for any damage arising from improper fulfillment or non-fulfillment of contractual duties on the part of SIX SIS as a result of the loss, destruction or deficient transmission of instructions, except for intent or negligence on the part of SIX SIS. SIX SIS shall not accept wider liability on the basis of any legal claims whatsoever.
- b) Damages arising from illegible or not fully legible, forged or improper instructions shall be borne by the instructing participant. The participant alone is responsible for the authenticity, correctness and completeness of transmitted instructions, provided that SIX SIS is not guilty of any negligence.
- c) SIX SIS shall not accept any liability for damage if, for reasons that are not its responsibility, it was hindered in the correct and punctual fulfillment of the contract. SIX SIS is liable for damage arising from disturbances, delays, omissions, errors of any nature and other reasons only if SIX SIS is guilty of negligence.
- d) Excluded in particular is any liability for damage arising from acts of God, turmoil, war or natural catastrophes or through functional disturbances (such as interruptions, delays, other errors etc) in automated, notably technical or electronic systems (such as electronic data processing).
- e) SIX SIS shall not be liable for the behavior of third parties acting on its behalf if it has practised due diligence in selecting, instructing and – where necessary – supervising them.
- f) Finally, SIX SIS shall not accept any liability for wider claims, notably compensation for indirect or consequential damages, loss of profit or earnings, unrealized savings, additional expense and damage from loss of data, regardless of the legal basis.

**N Lien, right of retention and right of set-off****48a Right of retention and foreclosure**

- a) SIX SIS shall be entitled to retain and foreclose on securities credited to a custody account, provided a debt owed by the participant as the account owner is due and arises out of the custody of the securities or the financing of their acquisition by SIX SIS. The right of foreclosure of SIX SIS is likewise applicable in cases where securities of the participant are booked in a suspense account.
- b) The right of retention and foreclosure shall cease when SIX SIS credits the securities to the custody account of another participant.

**48b Pledge**

For its claims, SIX SIS is entitled to a lien and foreclosure on all securities held in custody or booked for the participant as the participant's own holdings and on money claims of the participant against SIX SIS. The lien clause in the services contract concluded with the participant is considered as agreement between the participant and SIX SIS pursuant to Art. 26 para. 1 of the FISA.

**48c Right of set-off**

SIX SIS is entitled to set off or claim individually the balances of all accounts of the participant, irrespective of their currency or their maturity, at any time.

**O Applicable law, place of jurisdiction****49 Applicable law, place of jurisdiction**

- a) Swiss law – exclusive of its conflict of law rules – is applicable to all disputes in connection with the legal relationships between SIX SIS and its participants, namely due to SIX SIS's GTC, the services contract, the special contracts and the rules and regulations pursuant to Art. 10 of SIX SIS's GTC. This choice of law is also valid for property law issues insofar as a choice of law is admissible with respect to the said issues (see Art. 104 et seq. Swiss Federal Act on International Private Law [IPRG]). Art. 4 para. 1 HWpUe is applicable to this place of jurisdiction clause.
- b) Place of jurisdiction is the city of Zurich for all proceedings and disputes arising from SIX SIS's GTC, the services contract, the special contracts and the rules and regulations pursuant to Art. 10 of SIX SIS's GTC. Zurich is simultaneously the place of collection for participants domiciled abroad. However, SIX SIS is entitled to bring claims against a participant in any responsible court in the participant's domicile country, or – in the case of participants domiciled abroad – in any other responsible court.

**50 Changes to the General Terms and Conditions (GTC)**

- a) SIX SIS reserves the right to make changes to the GTC at any time.



- b) The changed GTC of SIX SIS are dispatched to participants by registered letter. The changes to SIX SIS's GTC are regarded as accepted by the SIX SIS participant unless the latter raises its objections in a registered letter within 30 days of receiving the new SIX SIS GTC. The changes shall come into force pursuant to the dates announced in the dispatch, or 40 days after the dispatch of the changed GTC at the earliest. Should a participant object to the SIX SIS GTC being changed, SIX SIS is entitled to terminate the business relationship with the said SIX SIS participant by sending a corresponding notice by registered letter, effective as of the date on which the new GTC of SIX SIS comes into force.

**P Transitional provisions to the General Terms and Conditions**

**1 Ad Art. 10: Additional rules and regulations binding on participants**

This version of SIX SIS's GTC enters into force on 22 June 2015 and is binding for all participants. Regardless of the establishment of the legal relationship or of any claim, the legal relationships and claims which exist between SIX SIS and the participants will in all respects be assessed solely on the basis of this June 2015 version of SIX SIS's GTC and the rules and regulations pursuant to Art. 10 thereof.

## **Annex 1 A**

Special provisions for registered shares issued as uncertificated securities (book-entry securities).

### **1 Admissible assets**

Registered shares of a Swiss joint stock company (hereinafter called a "joint stock company") which were issued as uncertificated securities (hereinafter called "registered shares") can be entered in the SIX SIS clearing system and thus become intermediated securities, subject to the existence of an agreement between SIX SIS and the joint stock company concerned.

### **2 Legal basis and claims**

- a) Holdings are booked with SIX SIS on the basis of a contractual relationship to provide a service in the form of a central booking system for registered shares.
- b) In the absence of physical certificates for corresponding intermediated securities booked in the SIX SIS system, there is no collective custody and hence no joint-ownership.
- c) A booking with SIX SIS does not establish a legal claim on the part of the participant or its customers to registered shares or the corresponding intermediated securities. Rather, it assumes that the participant or its customers have vested rights through title deed to the number of intermediated securities entered. A booking with SIX SIS provides only proof of holdings corresponding to the participant's booking orders.
- d) Irrespective of the booking, the sole rights vis-à-vis the joint stock company attaching to and arising from the booked intermediated securities or registered shares are those anchored in the law and the by-laws of the company.
- e) The delivery of physical shares, i.e. certificates, is regulated by Art. 35 of the GTC.

### **3 Remittances**

- a) SIX SIS shall not take delivery of any certificates evidencing registered shares.
- b) Registered shares can only be booked with SIX SIS after any existing share certificates have been voided. The latter must be delivered to the joint stock company, not to SIX SIS.

### **4 Bookkeeping**

- a) SIX SIS shall keep book entries of all intermediated securities based on registered shares per participant and per share category. For each participant, a nominal distinction is made between the following collective holdings:

The collective holdings designated as "dispo" are the holdings of all registered shares sold or to be transferred by the former shareholders but not yet entered in the name of the new

purchaser. The shares remain with the participant as "dispo" until they have either been transferred to "registered holdings", "dispo static", "dispo SIX SIS nominee" or "TS".

The collective holdings designated as "dispo static" or "dispo SIX SIS nominee" are the total holdings of those dispo units for which, even after expiry of a set period, registration in the name of a new purchaser has not been requested.

The collective holdings designated as "registered holdings" are the holdings of registered shares for which entry of the participant or its customer in the share register has been completed.

If required in connection with securities settlement in T2S, registered shares may be kept in collective holdings designated as "TS".

- b) Shares are booked at SIX SIS purely on a volume basis. SIX SIS has no knowledge of the names of the shareholders (bank customers). The holdings booked for each participant at SIX SIS comprise not only the holdings that belong to the participant itself, but also customer holdings held with the participant as book entries.

## **5 Dispositions**

- a) SIX SIS bookings are executed solely on the basis of and in accordance with the orders of the participant and notices of the joint stock companies.
- b) The participant appoints and authorizes SIX SIS to effect in the participant's name, with each transfer order, the transfer or credit of the corresponding shares or intermediated securities in favour of the beneficiary participant and to notify the joint stock company on behalf of the participant.
- c) For the rest, the participant shall ensure that the entry and transfer orders and the orders to take entries off the books correspond to the material entitlement to the registered shares or intermediated securities and, in particular, compliance with the legal, statutory and contractual provisions of transfer. SIX SIS does not undertake any examination in this respect.

## **6 Withdrawals**

- a) Any withdrawal of physical share certificates by the joint stock company is conditional upon the participant issuing SIX SIS an order to take the corresponding shares off the books.
- b) Pursuant to Art. 24b of the General Terms and Conditions, the participant may demand at any time that shares be withdrawn from the SIX SIS system. Where physical certificates evidencing the shares taken off the books are to be delivered to the shareholder by the joint stock company, the participant shall be responsible for arranging this.



**7 Confirmation and controls**

Confirmation of new bookings, transfers and withdrawals shall be promptly sent by SIX SIS to the participants concerned, and, if necessary, to the relevant joint stock company.

**8 Reconciliation of holdings**

SIX SIS shall reconcile participants' holdings with the joint stock companies on a regular basis.

**9 Responsibility**

Subject to Art. 9 of the General Terms and Conditions, SIX SIS is responsible only for correct booking in accordance with the participant's booking and disposition orders. SIX SIS does not accept any liability for ensuring that the participant or its customers do in effect have vested rights to the number of registered shares or intermediated securities booked.

## Annex 1 B

### Special provisions for the management of registered shares based on intermediated securities holdings "Dispo SIX SIS nominee"

#### 1 Eligibility

As a service to companies and participants under the SIX SIS registered share model (Annex 1A), SIX SIS offers the SIX SIS nominee model. SIX SIS shall duly inform participants of the companies participating in the SIX SIS nominee model.

#### 2 Participation

Companies are free to take advantage of the service offered by SIX SIS to hold collective accounts as "SIX SIS nominee disposable holdings". Should the Company opt for this service, the following provisions shall apply.

#### 3 Position management

Holdings shall be managed globally per participant. The companies shall be informed daily of total net additions and withdrawals for all participants collectively as well as on the basis of the individual transactions. A participant may only add to or withdraw from its own disposable holdings.

#### 4 Withdrawals

SIX SIS nominee securities cannot be printed and withdrawn as such.

#### 5 Deleted

#### 6 Information about the shareholder structure

Companies have a legitimate interest in a certain degree of transparency about their shareholders. This also applies to SIX SIS nominee securities. To comply with statutory provisions (in particular those governing banking secrecy), participants who keep SIX SIS nominee holdings are obliged to provide the companies with at least the following information on request:

Shareholdings of the individual customer custody accounts	Number of deposits	Number of shares
1 to 1000 *)	A	B
1001 to 10000 *)	C	D
10001 to 50000 *)	E	F
More than 50000 *)	G	H
Total, of which:	U	V
Clients domiciled in Switzerland	W	X
Clients domiciled abroad	Y	Z

\*) so-called parameters or deposit levels



Companies may determine the four parameters (deposit levels) themselves. **As soon as there is any possibility of making inferences about individual customers from the custody account structure, the bank (the participant) must refuse to divulge such details.** The company and the individual bank may reach a bilateral agreement on access to further information, subject to observation of this principle.

## **Annex 2**

### **Special provisions for money and securities settlement in T2S**

#### **1 Subject**

T2S allows money and securities settlement in Central Bank Money concerning the currencies made available for settlement in T2S by the relevant central bank (e.g. Euro). SIX SIS uses T2S for money and securities settlement in the currencies available in T2S in the role of an Issuer CSD for securities issued with SIX SIS and, in the event SIX SIS makes securities issued with another CSD available for settlement in T2S, in its role of a technical Issuer CSD. SIX SIS may use T2S for money and securities settlement in the role of an Investor CSD for any other security issued with another CSD and made available for settlement in T2S, provided SIX SIS maintains a direct link to this CSD in T2S. Details on the concerned transactions, securities and markets are laid down in the rules and regulations pursuant to Art. 10 of these GTC.

#### **2 General provisions**

- a) Money and securities settlements in T2S are governed by the provisions of this Annex 2.
- b) The provisions of this Annex 2 are applicable in addition to the other provisions of these GTC (incl. Annexes). In the event of conflicting terms, the provisions of this Annex 2 shall prevail.
- c) The participant shall ensure that it fulfills the technical and operational requirements for settlements in T2S. Details on the requirements are laid down in the rules and regulations pursuant to Art. 10 of these GTC.

#### **3 Securities and money accounts**

- a) The participant will need one or more participant accounts in T2S in its name for securities settlement in T2S. SIX SIS shall open a participant account in T2S at the participant's request.
- b) The participant will need one of the following money accounts for money settlement in T2S:
  - a money account in the settlement currency with a central bank participating in T2S;
  - a money account in the settlement currency with SIX SIS; or
  - a money account with a correspondent bank which has itself a money account in the settlement currency with a central bank participating in T2S.
- c) Bookings in T2S are legally binding. Bookings in T2S and the corresponding records in SIX SIS' Girossystem shall be subject to synchronization by SIX SIS, as far as possible on a real-time basis.

#### **4 Assigned Business Partners (ABP)**

Settlements in T2S will be effected via money and securities accounts of the respective participant pursuant to this Annex 2.

#### **5 Disclosure of information**

The participant acknowledges and accepts that in connection with securities and money settlements in T2S, information referring to the participant (e.g. transaction data) will be stored and processed abroad. The participant acknowledges and accepts that the Eurosystem as the operator of T2S has access to such information and is entitled to disclose it to third parties in and outside of the European Union in connection with outsourcing or subcontracting its obligations or in connection with the audit of the T2S Services by an external Auditor (External Examiner).

SIX SIS shall inform the participant, if possible in advance, about such instances of outsourcing or subcontracting, provided that SIX SIS itself is entitled to receive such information from the Eurosystem.

#### **6 Disposition of intermediated securities**

Intermediated securities are disposed of upon instruction from the participant to SIX SIS to transfer the intermediated securities and a credit to the acquirer's securities account in T2S.

#### **7 Securities transfer instructions**

- a) Transfer instructions enable the participant to transfer intermediated securities from one participant to another (In-CSD Settlement) or from one participant to a participant of another CSD or vice versa (Cross-CSD Settlement). SIX SIS credits or debits the relevant participant account of the participant in T2S. Each participant shall receive a confirmation of the transfer from SIX SIS.
- b) The participant must ensure there is sufficient cover in the relevant participant account at the time of booking.
- c) T2S allows partial settlement. Art. 37a lit. d) GTC is applicable.

#### **8 Revocability and finality of instructions**

- a) An instruction from a participant shall be legally binding and effective against third parties even in the event of winding-up proceedings against the instructing participant, provided that the transfer instruction was positively validated by the T2S system before commencement of such proceedings.
- b) The participant can revoke instructions sent to SIX SIS unilaterally until the moment in which the status "Matched (MTCH)" is reached in T2S. Bilateral cancellation is possible until the moment pursuant to Art. 8 lit. c) of this Annex 2.



- c) The instruction from a participant sent to SIX SIS is irrevocable and becomes final with the booking in T2S.

## **9 Money settlement**

- a) For participants that use their money account with a central bank participating in T2S or a money account with a correspondent bank which has itself a money account with a central bank participating in T2S, money settlement in T2S is effected through the dedicated cash account of the central bank in T2S which it maintains for the participant or the correspondent bank.

The participant must ensure there is sufficient cover in the relevant dedicated cash account in T2S at the time of booking and ensure that access to the account is available.

- b) Participants for which money settlement in T2S is handled through a money account with SIX SIS must ensure there is sufficient cover in the relevant money account with SIX SIS. If sufficient cover is provided after a time specified by SIX SIS, SIX SIS may not be able to comply with the T2S settlement cycles and settlement schedules.
- c) The revocability and finality of payment instructions is governed by the contractual provisions of the central banks participating in T2S.

## **10 Non-executable instructions as a result of insufficient cover (securities or money)**

- a) By way of derogation from Art. 37a and Annex 4 of these GTC, transfer instructions will not be executed when there is not sufficient cover available on the participant account in T2S or the dedicated cash account in T2S at the time of booking. If the money settlement is handled by SIX SIS, SIX SIS will keep transfer instructions in T2S on hold until sufficient cover is provided on the relevant money account with SIX SIS.
- b) Transfer instructions which have reached the status "Matched (MTCH)" in T2S remain pending until sufficient cover is provided on the participant account in T2S or the dedicated cash account in T2S.

## **11 CSDs participating in T2S**

A CSD with a direct technical access to T2S and direct contractual relationship with the Eurosystem (T2S Framework Agreement) may, as an Investor CSD, maintain a direct link to SIX SIS in T2S for money and securities settlement in T2S for securities issued with SIX SIS or securities for which SIX SIS acts as a Technical Issuer CSD.

### **Annex 3**

#### **Special provisions for SIX Swiss Exchange collateral custody accounts**

##### **1 Sub-account for external entities**

For participants of SIX Swiss Exchange Ltd, SIX SIS can open custody accounts designated "sub-account for external entities" with the sub-designation "SWX". This custody account is used to deposit securities as collateral for outstanding obligations of participants of SIX Swiss Exchange Ltd to SIX Swiss Exchange Ltd as well as to cover outstanding obligations of participants of SIX Swiss Exchange Ltd to other participants of SIX Swiss Exchange Ltd. The custody account is held in the participant's name. SIX SIS manages the securities pursuant to its General Terms and Conditions.

##### **2 Remittances**

Only securities recognized and designated as collateral by SIX Swiss Exchange can be delivered to the SIX Swiss Exchange collateral custody account. Only the participant can arrange for bookings to the SIX Swiss Exchange custody account through a DFP order.

##### **3 Withdrawals**

SIX SIS accepts orders for withdrawals of securities from the SIX Swiss Exchange collateral custody account solely from SIX Swiss Exchange. The participant draws up the withdrawal order and forwards it to the clearing department of SIX Swiss Exchange. The latter checks the order and, if satisfied, directs it to SIX SIS for execution.

#### Annex 4

##### **Cross-border transactions; temporary shortfall in securities when managing positions at foreign custodians (shortfalls)**

- a) The safekeeping/booking of securities at custodians abroad (Art. 25 of SIX SIS's GTC) is usually carried out per security in collective custody. Collective custody is undertaken in the name of SIX SIS but for the account of participants holding relevant corresponding securities with SIX SIS.
- b) DVP orders from participants of securities held at custodians in accordance with a) in favor of recipients who are not SIX SIS participants or do not settle the market of the securities to be delivered via SIX SIS are executed by booking the securities out of the participant's custody account at SIX SIS and out of SIX SIS's corresponding collective holding at the custodian in question. For this to occur, the participant must have sufficient securities available at SIX SIS, with the participant's expected holdings at the time of the settlement being taken into account (settlement based on projected balance). Thus, the following securities are deemed to be available:
  - i. the participant's securities actually booked with SIX SIS and
  - ii. freely available claims of the participant entered in SECOM at the time of the DVP order for the delivery of securities (e.g. RVP or RFP instruction) by no later than the settlement date of the DVP order (intended settlement date; ISD).

If, in line with i. and ii. above, the total amount of securities is insufficient to fully settle the DVP, the order shall be held as pending and will not be transmitted to the foreign custodian in accordance with a). If the total amount of securities is sufficient, the instruction of the participant shall be forwarded insofar as the collective holdings of all participants actually available to SIX SIS at the foreign custodian allow the order to be executed and insofar as the applicable legal provisions permit to do so. Due to the forwarding of the instruction and the subsequent execution of the order and by way of derogation from Art. 37a of SIX SIS's GTC, there may be a temporary shortfall in the collective holdings actually held at the foreign custodian in the name of SIX SIS against the total of the collective holdings of the corresponding securities held at SIX SIS for all other participants ("shortfall") if, despite the projected balance of the participant, there is insufficient coverage on the settlement date.

- c) If the participant does not make up the shortfall by the eighth day following the ISD (ISD+8), SIX SIS shall notify the participant of the process for covering the shortfall. If the open positions are not closed by the second day after the announcement (ISD+10), SIX SIS shall initiate the process for covering the shortfall on the third day after the announcement (ISD+11) on principle. If there is a reason for suspension or termination of participation (Art. 2 of SIX SIS's GTC), the covering of the shortfall can be carried out independently of these dead lines and without announcement.

Until the securities account has been cleared, incoming payments resulting from the settlement at the foreign custodian ("suspense amount") will remain at the sole disposal of SIX SIS in a separate account ("suspense account"). In the event of a covering of a shortfall,

SIX SIS will use the suspense amount to obtain replacement securities including the costs of the covering of the shortfall. The participant shall also be liable to SIX SIS for payment of the costs of the covering of the shortfall which are not covered by the suspense amount. If SIX SIS cannot obtain the securities required to clear the shortfall, the suspense amount, less any costs from SIX SIS for replacement measures, will be at the proportional disposal of the participants whose holdings in the relevant security have been reduced by the shortfall. If this compensation payment does not cover the value of the securities booked out at the time at which the payment is credited to the participant, the participant responsible for the shortfall must compensate the difference. If necessary, for this purpose, SIX SIS is also entitled to use the securities pledged in connection with the covered settlement limit for the settlement of cross-border transactions (STLC) granted by SIX SIS to the participant. If the compensation payment is in excess of the value of the securities booked out at the time the payment is credited, this remains in full with the participants whose securities were booked out.

The compensation payment and any other difference payments result in participants with reduced holdings having no further claims against SIX SIS.

- d) The participant shall be liable to SIX SIS and other affected participants for any loss or damage it causes through using the settlement based on the projected balance, namely for any loss or damage resulting from shortfalls which it has caused and their rectification.
- e) SIX SIS may exclude from this service participants who are not able to participate in settlement based on projected balance due to applicable legal or regulatory provisions or due to other reasons and who submit to SIX SIS a justified request in writing. To execute DVP orders, such participants must in any case make available the corresponding securities as soon as possible in their custody account at SIX SIS so that these securities can be blocked for the execution of the order and thus remain in the participant's custody account until settlement (settlement on actual balance). The securities holdings of such participants are not available to cover shortfalls of other participants and SIX SIS shall at all times keep sufficient holdings of the securities in question at custodians pursuant to a) so as to meet the claims of such participants.

All other participants declare that they agree to waive any claim to preferential settlement, segregation or withdrawal of securities at any time, including in particular in the event of the bankruptcy of SIX SIS, in favor of participants pursuant to para. 1 above insofar as and so long as the latter have unsatisfied claims vis-à-vis SIX SIS and its custodians to preferential settlement, segregation or withdrawal of securities as a result of a shortfall.

- f) Further details relating to temporary shortfalls as described in this Annex will be laid down in one of the bodies of rules and regulations pursuant to Art. 10 of these GTC.