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Addendum to the Clearing Terms Late Settlement and Buy-In Guide

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1.0 Introduction

To support the settlement discipline and fulfill the settlement obligations, SIX x-clear may engage the following procedures:

Late settlement procedures:

- Securities lending and borrowing
- Late settlement fee

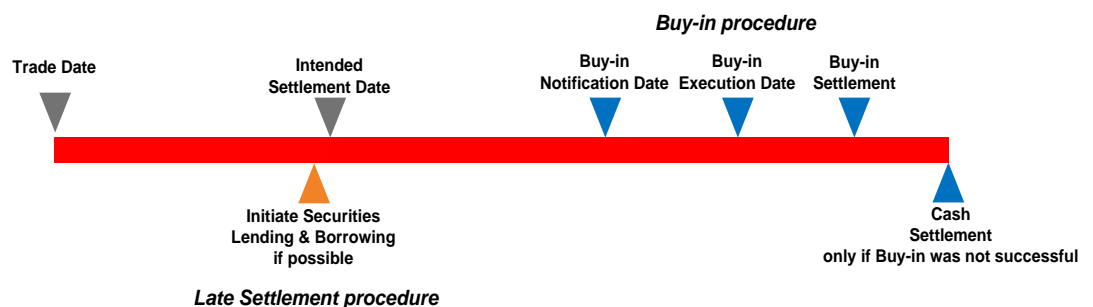
Buy-in procedure

A late settlement fee for a specific execution venue will only be introduced if the settlement discipline is not satisfactory for this execution venue. A corresponding Clearing Notice will be issued in due time to announce the start of the late settlement fee regime.

Securities lending and borrowing can be engaged to settle the buyer's trade despite non-delivery of the seller.

A buy-in regime is in place from the start for all execution venues. The buy-in periods and schedules may change over time and may be different from venue to venue. Any deviations from the schedule mentioned in this document are announced in due time by means of Clearing Notices.

The graphic below shows a generic overview of the schedule of these procedures:



If settlement is not anticipated for the intended settlement date (ISD), SIX x-clear may engage securities lending and borrowing to enable the trade to settle despite the seller's non-delivery.

A late settlement fee may be charged to the failing SIX x-clear Member (seller). Half of this fee would be passed on to the buying SIX x-clear Member in cases where it was not possible to borrow the relevant products.

If the seller has not delivered securities in time, a buy-in process will be started after a certain market specific time period. SIX x-clear, as the formal counterparty to the buyer, will acquire

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the missing securities in the market and pass on the costs incurred to the failing seller. The aim of performing a buy-in process is to ensure liquidity in the market and to fulfill agreed trades within a reasonable timeframe.

Currently, established rules (market practice) for buy-in differ significantly in local markets. Harmonizing the rules applied would increase the efficiency and transparency of the buy-in process and benefit market participants (Giovannini Barrier 6). Negotiations have started with the aim to replace current market practice by more standardized terms. Therefore, buy-in rules currently regarded as market practice are presented in this document; as a complement to SIX x-clear's market specific user guides. If the market standards change, SIX x-clear may decide to align proceeding with the market in order to offer an optimal service to its Members. Any changes to this document are announced in due time via Clearing Notices.

2.0 Late settlement procedure

2.1 Overview

Where the selling SIX x-clear Member is late in delivering the securities, SIX x-clear may use securities lending and borrowing. Late settlement can be caused by non-delivery of securities through the seller as well as non-matching instructions in a bilateral input model.

SIX x-clear is entitled to charge the selling SIX x-clear Member external costs (expenses, commissions and other charges) where securities lending is used.

The payment obligations of the SIX x-clear Member, based on the securities lending and borrowing effected by SIX x-clear, are due, performable and payable with immediate effect.

The damage caused through a delay by the selling SIX x-clear Member can be compensated with a fee for "delayed/failed settlement". Introduction of such a fee on a specific venue will be announced by Clearing Notice.

In the event that securities lending and borrowing as well as a buy-in facility (see below) are not successful, the transaction which is not performed will be cancelled and replaced by a payment for compensation.

2.2 Procedure

Where the contractual delivery of the securities is not made by the time indicated as late (see buy-in schedule per market) on the intended settlement date, SIX x-clear has the right, at the selling SIX x-clear Member's expense, to acquire the securities that are lacking by means of securities lending and borrowing in order to guarantee delivery to the buying SIX x-clear Member. As a participant of SIX SIS, SIX x-clear will acquire the required securities on SIX SIS standard terms for securities lending and borrowing.

The cost of borrowing securities will be charged to those sellers who failed to deliver their securities to SIX x-clear by 5.00 p.m. CET on the intended settlement date (ISD).



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If settlement is not effected by the intended settlement date, a late settlement fee can be charged to the selling SIX x-clear Member. Half of this fee will be passed on to the buying SIX x-clear Member in cases where it was not possible to borrow the relevant securities.

In the event that both SIX x-clear and the SIX x-clear Member are late in delivering the same securities with the same due date, the SIX x-clear Member will not be liable to pay a late settlement fee to SIX x-clear.

At the present, the borrowing option is offered by SIX SIS only. In principle, this option may be taken for all securities insofar as they are available and the market rules and regulations allow it.

3.0 Buy-in procedure

3.1 Overview

If the selling SIX x-clear Member is not delivering securities after a certain market specific amount of days beyond the intended settlement date (ISD), a buy-in procedure will be started. The schedules when a buy-in notification will be sent to the selling party and the execution of the buy-in will be started is market specific and is summarized in the Buy-In schedule per market.

SIX x-clear is entitled to additionally charge the selling SIX x-clear Member external costs (expenses, commissions and other charges) where buy-ins are used. However SIX x-clear is not charging a buy-in fine.

The payment obligations of the SIX x-clear Member, based on the buy-in effected by SIX x-clear, are due, performable and payable with immediate effect.

In the event that security lending and borrowing as well as buy-in facility are not successful, the transaction which is not performed will be cancelled and replaced by a payment for compensation.

3.2 Procedure

A buy-in will be initiated by SIX x-clear Risk Management. An corresponding buy order will be placed with an external securities broker. The broker subsequently will execute the order in the market, using the venue with the highest liquidity and engaging best execution principles.

Incurred commissions, fees and other charges have to be carried by the failing seller.

In case the buy-in is not successful due to lack of liquidity in the market, buy-in will be repeated according to market specific schedules. If the buy-in attempts of SIX x-clear are not successful after a market specific time, the two single contracts in which there is a lack of securities are to be cancelled, i.e. the single contracts between the selling SIX x-clear Member and SIX x-clear and between the buying SIX x-clear Member and SIX x-clear with

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respect to the securities that are lacking become void (close out) and an additional cash compensation claim is due as described in the following. This will only happen if security lending in the late settlement process was not engaged.

The cash compensation to be paid by the selling SIX x-clear Member to SIX x-clear amounts to 50% of the settlement amount (purchase price at the time of matching, or, in the event the market price has risen, purchase price at the date of cash compensation) and is forwarded in full to the buying SIX x-clear Member. No further claims arise for the buying SIX x-clear Member towards SIX x-clear from the respective single contract.

4.0 Buy-in schedule per market

Market	Intended settlement date (ISD)	Late at [CET]	Notification	Execution
Austria	T+3	ISD 12:30	ISD+2	ISD+3
Belgium	T+3	ISD 12:30	ISD+7	ISD+8
Denmark	T+3	ISD 12:30	ISD+7	ISD+8
Finland	T+3	ISD 12:30	ISD+7	ISD+8
France	T+3	ISD 12:30	ISD+7	ISD+8
Germany	T+2	ISD 12:30	ISD+4	ISD+5
Ireland	T+3	ISD 12:30	ISD+14	ISD+15
Italy	T+3	ISD 12:30	ISD+7	ISD+8
Netherlands	T+3	ISD 12:30	ISD+7	ISD+8
Norway	T+3	ISD 12:30	ISD+15	ISD+16
Portugal	T+3	ISD 12:30	ISD+7	ISD+8
Spain	T+3	ISD 12:30	ISD+1	ISD+1
Sweden	T+3	ISD 12:30	ISD+7	ISD+8
Switzerland	T+3	ISD 12:30	ISD+3	ISD+4
United Kingdom	T+3	ISD-1 19:30	ISD+30	ISD+35

T Trade date

ISD Intended settlement date



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5.0 Exceptions and market / execution venue specific rules

5.1 SIX Swiss Exchange (SSE)

5.1.1 Buy-in schedule

The Blue Chip Segment (former SWX Europe, also known as virt-x) of SIX Swiss Exchange uses a more stringent buy-in schedule:

Market	Intended settlement date (ISD)	Late at [CET]	Notification	Execution
SIX Swiss Exchange Blue Chip Segment (former SWX Europe, also known as virt-x)	T+3	ISD 12:30	ISD+1	ISD+2
SIX Swiss Exchange Small & Mid Cap Segment (former SWX)	T+3	ISD 12:30	ISD+3	ISD+4

5.1.2 Security lending and borrowing

For late settlement of trades concluded on SIX Swiss Exchange, securities lending and borrowing will automatically be engaged.

5.1.3 Late settlement fee

For late settlement of trades concluded on SIX Swiss Exchange, a late settlement fee will be charged.

5.1.4 Cash compensation

The cash compensation for late trades concluded on SIX Swiss Exchange where neither security lending and borrowing nor buy-in was successful is executed on T+20 and amounts to 30%.

5.2 Market United Kingdom – securities lending and borrowing

In the market United Kingdom, securities lending and borrowing will not be engaged.

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