

CloseUp

Clearing of transactions in CHF bonds

July 2009



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1.0 Introduction

This CloseUp affects all participants active in the market for CHF bonds listed on SIX Swiss Exchange. The functionalities laid out in this document have already been implemented with the SECOM June Release 2009.

These functionalities will be introduced at a productive level when SIX x-clear begins its role as Central Counterparty for the CHF bond market on 19 October 2009.

2.0 R4280 – Clearing services for fixed income securities – SIX Swiss Exchange

2.1 Risk model updates

Area:	Risk model updates
Message type:	n.a.
SECOM version update:	No

With the implementation of this request, the risk model based on asset class is introduced.

SIX x-clear's risk model contains a product-specific margining model which considers the risk factors of equities and bonds. The open positions and margins for equities and bonds are calculated by SIX x-clear separately.

For further details, please refer to the Service Description *Central Counterparty for clearing bonds on SIX Swiss Exchange* published on 6 July 2009, which can be found at www.ccp.sisclear.com > Services.

2.2 Reporting to members – Print format

Area:	Reporting to members – Print format
Message type:	n.a.
SECOM version update:	No

With the implementation of this request, the report below is enhanced to be in line with the risk model based on asset class.

Report name and description	Enhancement
RPXL100 – Report on NCM open position details	<u>Current reporting:</u> Reporting at risk bucket level <u>Enhancement:</u> Reporting at asset class and risk bucket level

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2.3 Reporting to members – Data format

Area:	Reporting to members – Data format
Message type:	MT598-405
SECOM version update:	n.a.

This is a new report which provides clearing members with details of their open positions in SIX x-clear accounts (own and client holdings).

The following reporting options are available:

- Reporting open position statement for asset class – equities
- Reporting open position statement for asset class – bonds
- Reporting open position statement for all asset classes

For MT598-405 message specification details, please refer to the Business Partner Specifications (Volume 4), which can be found at www.six-sis.com > Private > SECOM > Business Partner Specifications.

2.4 Online query – MT598-883

Area:	Online query
Message type:	MT598-883
SECOM version update:	n.a.

This is a new query aimed at getting the details of the open positions of a clearing member at asset class level, at clearing account level and at unit stock level.

For further details please refer to Business Partner Specifications (Volume 4), which can be found at www.six-sis.com > Private > SECOM > Business Partner Specifications.

2.5 Online query – MT598-885

Area:	Online query
Message type:	MT598-885
SECOM version update:	n.a.

This is a new query aimed at getting the bucket margin details of a clearing member at asset class level.

For further details please refer to Business Partner Specifications (Volume 4), which can be found at www.six-sis.com > Private > SECOM > Business Partner Specifications.



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2.6 Online query – MT598-886

Area:	Online query
Message type:	MT598-886
SECOM version update:	n.a.

This is a new query aimed at getting the asset class level open position details of a clearing member at clearing account, risk bucket and unit stock level.

For further details please refer to Business Partner Specifications (Volume 4), which can be found at www.six-sis.com > Private > SECOM > Business Partner Specifications.

2.7 Trade acceptance/cancellation intimation

Area:	Trade acceptance/cancellation intimation
Message type:	MT548
SECOM version update:	n.a.

With the implementation of this request, the acceptance of SIX Swiss Exchange bond trades cleared at SIX x-clear will be intimated with order status 101.

The cancellation of SIX Swiss Exchange bond trades cleared at SIX x-clear will be intimated with order status 401.

Members can continue to receive these intimations by means of C/C link with SIX SIS.

For further details please refer to Business Partner Specifications (Volume 4), which can be found at www.six-sis.com > Private > SECOM > Business Partner Specifications.

2.8 Status intimation for SIX x-clear instructions

Area:	Status intimation for SIX x-clear instructions
Message type:	MT548/MT 54X
SECOM version update:	n.a.

With the implementation of this request, SIX x-clear will perform trade date netting at the end of each clearing day for SIX Swiss Exchange bond transactions cleared by SIX x-clear. Netting is optional.

After netting of a netting-eligible transaction, SIX x-clear will send a net settlement instruction to SIX SIS.

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In the case of a transaction settling on a gross basis or a transaction received by SIX x-clear after closing of the clearing window in an exceptional scenario, SIX x-clear will send a gross settlement instruction to SIX SIS.

SIX x-clear will instruct settlement with SIX SIS as the place of settlement. The member leg is instructed, followed by a matching SIX x-clear leg. The member is informed of the acceptance of the member leg instruction, followed by a "Matched" intimation. SIX SIS will provide intimation for any change in the status from then onwards.

Members can continue to receive the status of settlement instructions by means of C/C link with SIX SIS.

To allow SIX x-clear to send settlement instructions to SIX SIS on behalf of a member, the member needs to provide a power of attorney to SIX x-clear.

For further details please refer to Business Partner Specifications (Volume 4), which can be found at www.six-sis.com > Private > SECOM > Business Partner Specifications.

2.9 Custody/Money accounts for settlement

Area:	Custody/Money accounts for settlement
Message type:	n.a.
SECOM version update:	No

The member can specify the custody and money account to be used in the settlement instruction to SIX SIS. If not specified at SIX x-clear, the member's custody and money arrangements with SIX SIS for settlement of SIX Swiss Exchange trades will be used.

2.10 Gross versus net order reporting

Area:	Gross versus net order reporting
Message type:	MT537
SECOM version update:	No

This end-of-day report (RDXO422) provides the details of gross versus net orders for the business day after netting by SIX x-clear. This report includes gross versus net details for trades cleared and netted by SIX x-clear irrespective of the trading platform.

3.0 Contact

Should you have any questions regarding the new functionalities then please contact the following person at SIX x-clear:



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