

CloseUp SIX x-clear Ltd

Late settlement and buy-in guide

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1.0 Introduction

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

1. Late settlement procedures consisting of

- Securities lending and borrowing
- Late settlement fee

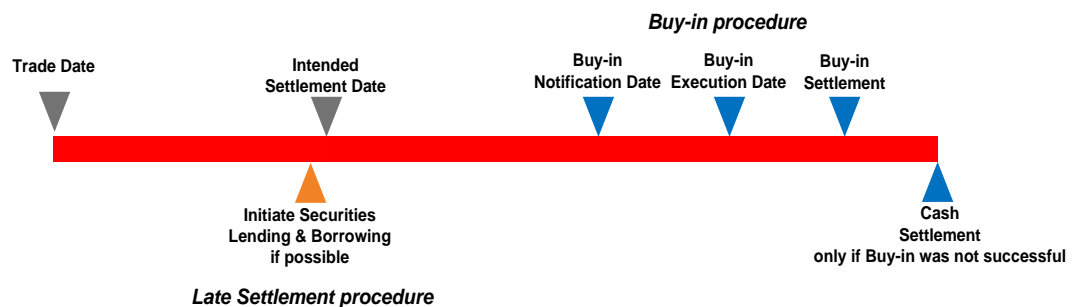
2. Buy-in procedure

A late settlement fee for a specific execution venue will only be introduced if the settlement process is not satisfactory for this execution venue. An according clearing notice will be issued in due time to announce the start of the late settlement fee regime.

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

A buy-in regime is in place for all execution venues from the start. The buy-in periods and schedules may change over time and may vary from venue to venue. Any deviations from the schedule in this document are announced in due time via clearing notices.

The chart below shows a generic overview of the schedule for these procedures.



If settlement is not expected for the intended settlement date (ISD), SIX x-clear may use securities lending and borrowing to enable the trade to settle despite the non-delivery on the part of the seller.

A late settlement fee may be charged to the SIX x-clear member in question (seller). Half of this fee is 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 the securities in time, a buy-in process will be started after a certain market-specific period of time. SIX x-clear, as the formal counterparty to the buyer, will acquire the missing securities in the market and pass on the costs incurred to the seller.



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that has failed to fulfill the transaction. The aim of performing a buy-in process is to ensure liquidity in the market and to fulfill agreed trades in a reasonable timeframe.

Currently, established rules (market practice) for buy-ins differ significantly in local markets. Harmonizing these rules would increase the efficiency and transparency of the buy-in process and benefit market participants (Giovannini Barrier 6). Negotiations have started aimed at replacing the current market practice with more standardized terms. Therefore, buy-in rules currently regarded as market practice are presented in this document, and should be viewed alongside SIX x-clear's market-specific user guides. If market standards change, SIX x-clear may decide to align its processes with those of the market in order to offer an optimal service to clients. 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 the non-delivery of securities by 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.

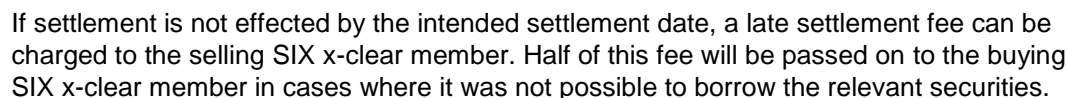
The damage caused through a delay by the selling SIX x-clear member can be compensated with a fee for "delayed/failed settlement". The introduction of such a fee for a specific venue will be announced in due time via a clearing notice.

In the event that securities lending and borrowing as well as a buy-in facility (see below) are not successful, the transaction that 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 4.0 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 SIX SIS participant, SIX x-clear will acquire the required securities on SIX SIS's 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 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.

3.0 Buy-in procedure

3.1 Overview

If the selling SIX x-clear member does deliver securities after a certain market-specific amount of days beyond the intended settlement date (ISD), a buy-in procedure will be started. The schedules detailing 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 4.0 Buy-in schedule per market.

SIX x-clear is also entitled to charge the selling SIX x-clear member external costs (expenses, commissions and other charges) where buy-ins are used. However, SIX x-clear does not charge 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 securities lending and borrowing or the buy-in facility are not successful, the transaction that 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. A corresponding buy order will be placed with an external securities broker. The broker will then execute the order in the market, using the venue with the highest liquidity in line with best execution principles.

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

If the buy-in is not successful due to a lack of liquidity in the market, the 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 SIX x-clear and the buying SIX x-clear member with respect to the securities that are lacking become void (closed out) and an additional cash compensation

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claim is due as described below. This will only happen if securities lending in the late settlement process was not used.

The cash compensation to be paid by the selling SIX x-clear member to SIX x-clear amounts to 20% of the settlement amount (purchase price at the time of matching, or, if the market price has risen, the purchase price on 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+3	ISD+4
Belgium	T+3	ISD 12:30	ISD+7	ISD+8
Czech Republic	T+3	ISD 12:30	ISD+6	ISD+7
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
Hungary	T+3	ISD 12:30	ISD+2	ISD+3
Ireland	T+3	ISD 12:30	ISD+14	ISD+15
Italy	T+3	ISD 12:30	ISD+4	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				
- SETS	T+3	ISD-1 19:30	ISD+30	ISD+35
- IOBE	T+3	ISD-1 19:30	ISD+30	ISD+35

T = Trade date

ISD = Intended settlement date

London Stock Exchange (LSE):

SETS=Stock Exchange Electronic Trading Service

IOBE=International Order Book (Euroclear Bank)

5.0 Appendices

The following appendices explain any special handling or special cases that differ from the standard procedures. Different platforms and/or asset classes may require different or additional processes and timings.

Where there are deviations from the standard procedures as described above, those are noted as such in the according appendix and take precedence.



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6.0 Appendix: SIX Swiss Stock Exchange (SSE)

6.1 Buy-in schedule

The blue chip segment (formerly SWX Europe, or virt-x) of SIX Swiss Stock Exchange follows a more stringent buy-in schedule.

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

6.2 Securities lending & borrowing

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

6.3 Late settlement fee

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

6.4 Cash compensation

The cash compensation for late trades concluded on SIX Swiss Exchange where neither securities lending and borrowing nor buy-ins were successful is executed on T+20 and amounts to 30% of the settlement amount (purchase price at the time of matching, or, if the market price has risen, the purchase price on the date of cash compensation). The amount 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.

7.0 Appendix: London Stock Exchange (LSE)

7.1 Securities lending and borrowing

In the United Kingdom market, securities lending and borrowing is not used.

7.2 Buy-in schedule for non-UK securities

For all securities traded on the LSE, the UK market buy-in schedule (see 4.0) applies.



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8.0 Appendix: greenmarket

8.1 Buy-in schedule

A buy-in for greenmarket will only be conducted for on- and off- orderbook trades.

Market	Intended settlement date (ISD)	Late at [CET]	Notification	Execution
On-exchange/ On-orderbook	T+1	ISD 12:30	ISD+1	ISD+2
On-exchange/ Off-orderbook	T+0	ISD 18:00	ISD+1	ISD+2

8.2 Securities lending and borrowing

For greenmarket, securities lending and borrowing will not be engaged.

8.3 Late settlement fee

For the late settlement of trades concluded on greenmarket, a late settlement fee will be charged. Please refer to the SIX x-clear website for the late settlement fee schedule (Services > Pricing SIX x-clear > Settlement Services > Late/failed settlements).

8.4 Cash Compensation

The cash compensation for late trades concluded on greenmarket where the buy-in was not successful is executed on ISD +10 and amounts to 30% of the settlement amount (purchase price at the time of matching, or, if the market price has risen, the purchase price on the date of cash compensation). The amount 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.

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