

FrontLine

Appendix

1.0 Simplified pricing model for late/failed settlements from 1 March 2009

The current methods of calculation for late/failed settlements will be replaced by a simplified, uniform pricing model from 1 March 2009.

Timely settlements increase the settlement rate and enhance system security considerably.

Calculation as of 1 March 2009

For transactions that are not settled on the value date (late/failed settlements), a simplified, two-staged approach will be implemented.

The following approach is valid for each settlement and on each day, whereas the approach with the settlement amount must be multiplied. A minimum amount is charged per settlement and per day. For settlement amounts over CHF 50 m, both of the stages below must be passed through, i.e. the part up to CHF 50 m will be charged using the higher and the rest with the lower approach.

Designation	VAT	Code
Late/failed settlement (x-clear)	0.00%	11'801, 11'802

Level	Percentage	Lower limit for volumes in CHF	Upper limit for volumes in CHF
1	0.070%	0	50'000'000
2	0.040%	> 50'000'000	
A minimum fee of CHF 100.00 is debited.			

It must be noted that SIX x-clear passes on the costs for securities lending and borrowing (SLB) additionally.

Compensations for late settlements

Half of the amount received (as outlined above) will automatically be credited as compensation to the respective counterparty in accordance with the following table if timely delivery is not possible.

Designation	VAT	Code
Compensation late/failed settlement (x-clear)	0.00%	11'820

Level	Percentage	Lower limit for volumes in CHF	Upper limit for volumes in CHF
1	0.035%	0	50'000'000
2	0.020%	> 50'000'000	
A minimum amount of CHF 50.00 is credited.			

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Calculation until 28 February 2009

For transactions that are not settled on the value date (late/failed settlements), two different pricing models apply.

The following approach is valid for each settlement and on each day, whereas the approach with the settlement amount must be multiplied. A minimum amount is charged per settlement and per day. For amounts exceeding CHF 50 m, all three levels must be passed through.

Designation	VAT	Code
Late/Failed Settlement no SLB (xcl)	0.00%	11'801

Level	Percentage	Lower limit for volumes in CHF	Upper limit for volumes in CHF
1	0.10%	0	50'000'000
2	0.05%	50'000'000	100'000'000
3	0.03%	100'000'000	> 100'000'000
A minimum fee of CHF 150.00 is debited.			

Reduced pricing (with automated securities lending and borrowing):

Designation	VAT	Code
Late/failed settlement with SLB (xcl)	0.00%	11'802

Level	Percentage	Lower limit for volumes in CHF	Upper limit for volumes in CHF
1	0.05%	0	50'000'000
2	0.025%	50'000'000	100'000'000
3	0.015%	100'000'000	> 100'000'000
A minimum fee of CHF 75.00 is debited.			

Conditions for reduced pricing (with automated securities lending and borrowing):

1. Settlement must take place at SIX SIS.
2. The member in question must have set up automated SLB and fulfil all conditions for its use.
3. Settlement has failed due to a lack of securities, i.e. the respective member was unable to avert settlement failure.

It must be noted that SIX x-clear passes on the costs for securities lending and borrowing (SLB) additionally.

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Compensations for late settlements

Designation	VAT	Code
Compensation late/failed settlement (x-clear)	0.00%	11'820

Level	Percentage	Lower limit for volumes in CHF	Upper limit for volumes in CHF
1	0.05%	0	50'000'000
2	0.025%	50'000'000	100'000'000
3	0.015%	100'000'000	> 100'000'000
A minimum amount of CHF 75.00 is credited.			