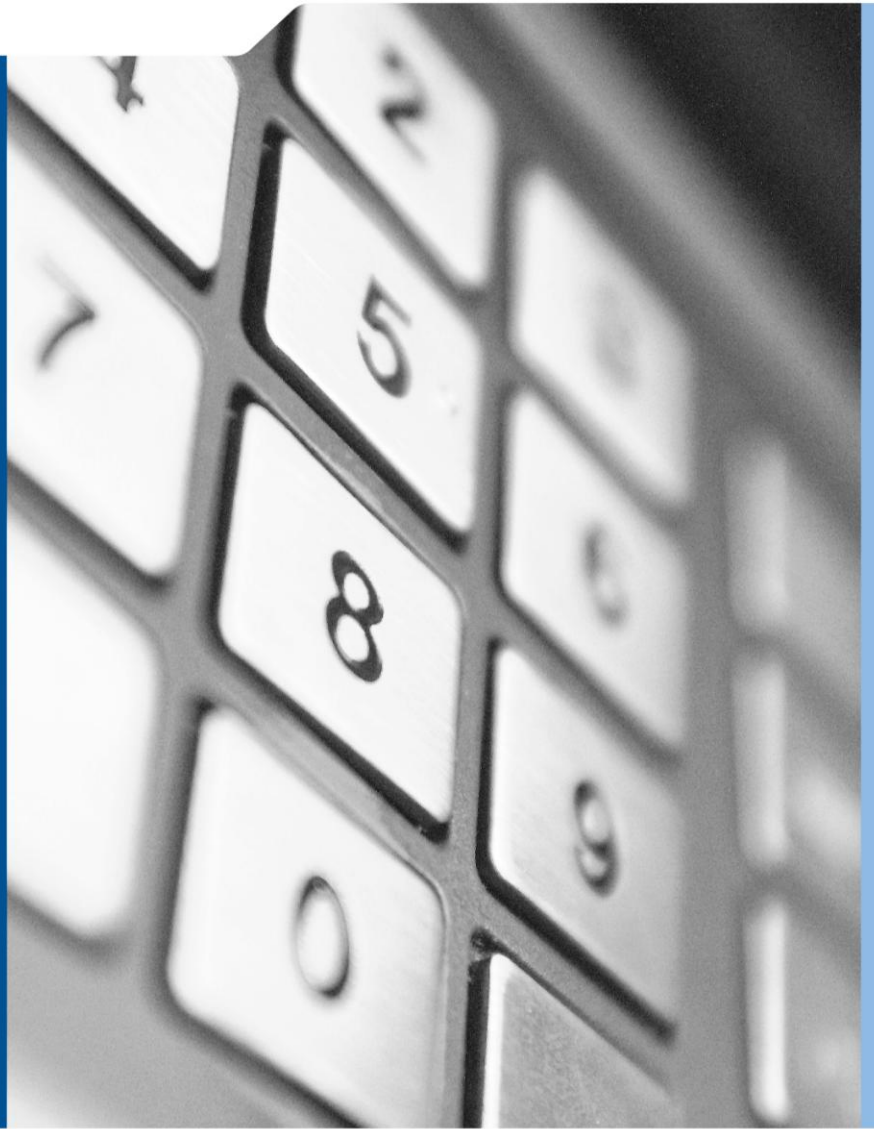


## User Guide SIX x-clear Ltd

**Germany**

June 2011





# User Guide SIX x-clear Ltd

Germany

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### 1.0 Market overview

Description	Details															
Settlement Institution of SIX x-clear	SIX SIS Ltd (INSECHZZXX)															
Local Custodian	None, SIX SIS is a direct member of the local CSD (Clearstream Banking Frankfurt CBF) resp. Clearstream Banking Luxembourg CBL.															
Place of Settlement	CBF (DAKVDEFFXXX) resp. CBL (CEDELULLXXX)															
Participant ID	CBF account for domestic securities: 7121 CBL account for non-domestic securities: 67121															
Beneficiary ID	CH112114 This BP ID of SIX x-clear has to be mentioned in the instruction as it is a mandatory matching field in the German market.															
Cash Account EUR	88801 Cash account with Swiss Euro Clearing Bank GmbH, Frankfurt (BIC: SECGDEFF)															
Market Deadlines (CET)	<table border="0"> <tr> <td>Overnight</td> <td>S-1</td> <td>18:15</td> </tr> <tr> <td>SDS1</td> <td>S</td> <td>09:15</td> </tr> <tr> <td>SDS2</td> <td>S</td> <td>12:30</td> </tr> <tr> <td>RTS</td> <td>S</td> <td>15:30 (advised DVP/RVP)</td> </tr> <tr> <td>FOP (DFP/RFP)</td> <td>S</td> <td>17:30</td> </tr> </table>	Overnight	S-1	18:15	SDS1	S	09:15	SDS2	S	12:30	RTS	S	15:30 (advised DVP/RVP)	FOP (DFP/RFP)	S	17:30
Overnight	S-1	18:15														
SDS1	S	09:15														
SDS2	S	12:30														
RTS	S	15:30 (advised DVP/RVP)														
FOP (DFP/RFP)	S	17:30														

### 2.0 Settlement guide

#### 2.1 Settlement process

Transactions free of payment: shares will be transferred from one CBF participant to another. For the account 7121, the beneficiary must always be mentioned (account at the CSD).  
Transactions versus payment: Both parties (receiver and deliverer of securities) need to instruct their trade in the system of CBF (CASCADE), receive and delivery need to match before the trade can be settled. Matching takes place at beneficiary level.

#### 2.2 Handling of unmatched trades

Trades should be matched on T+1 at 14:00 (CET) to make sure settlement can be executed during the overnight batch before settlement date. SIX x-clear will contact missing/failing counterparties after 14:00 (CET) (T+1) and ask for instructions. SIX x-clear will contact missing counterparties twice at the most.



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#### 2.3 Handling of unsettled trades

Trades are expected to settle in the overnight cycle. SIX x-clear will not cancel or amend instructions. SIX x-clear will contact delayed counterparties on settlement date twice at the most. In respect of late settlement, please refer to the “late settlement and buy-in guide” of SIX x-clear.

#### 2.4 Specialities

Trades that are eligible for a specific entitlement, e.g. dividends / rights for trades settled over ex date, need to be reported and claimed at SIX x-clear Settlement (contact details see below).

### 3.0 Income and corporate action guide

#### 3.1 Ex date

The CSD instructs payment based on settlement instructions held as of the evening prior to ex date. For German equities typically ex date is identical to the pay date and is paid on the business day following the annual general meeting of the issuing company of the respective equities.

#### 3.2 Record date

The record date is not relevant for the German market.

#### 3.3 Pay date

The corporate event proceeds are credited to the participant’s accounts on pay/available date based on the holdings registered as of ex date (BOD).

#### 3.4 Compensation rules (dividends)

The CSD handles all trades executed at a trading venue which are cleared by SIX x-clear as OTC trades between the clearing member and SIX x-clear. For income dividends there will be two compensation runs. The first compensation run is on ex date and the second on ex date +5.

For OTC trades, the CSD compensates dividend distributions, which were executed before the ex date automatically. This functionality includes all against payment instructions matched in CASCADE prior to 19:00 (CET) on the evening before payment date.

The payment date of the additional compensation run equals six days after the ex date in case the original payment date is equal to or smaller than five days after ex date. If the original payment date of the custody event is greater, both values are equal.

Trades which were traded before ex date, but settled after ex date +5 and trades that have been traded before ex date, but were instructed after ex date and settled after ex date + 5

A small image of a computer keyboard, showing keys with numbers 7, 5, 8, and 4.

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must be regulated by the parties to the trade by means of a market claim. This means that SIX x-clear, as counterparty to every trade, will handle the manual claim with the clearing members.

#### 3.5 **Compensation rules (distribution of same ISIN)**

For OTC trades, the CSD compensates distributions (new = old ISIN [i.e. bonus, stock dividend etc]), which were executed before the ex date automatically. This functionality includes all against payment instructions matched in CASCADE prior to 19:00 (CET) on the evening before payment date.

For all other OTC trades, a separate settlement instruction (RFP or DFP) for the additional securities has to be created by both SIX x-clear and the counterparty (to be agreed bilaterally).

#### 3.6 **Compensation rules (distribution of other ISIN)**

For OTC trades, the CSD does not compensate distributions where the new ISIN is not equal to the old ISIN (i.e. rights distribution, spin-off etc). For these OTC trades, a separate settlement instruction (RFP or DFP) for the distributed securities has to be created by both SIX x-clear and the counterparty (to be agreed bilaterally).

#### 3.7 **Cancel/Regeneration (same ISIN)**

For OTC trades, which were executed before the ex date, the CSD will adjust the settlement instructions automatically according to the corporate actions (i.e. split, reverse split). This functionality includes all against payment instructions matched in CASCADE prior to 19:00 (CET) on the evening before payment date.

For all other OTC trades, SIX x-clear will cancel the old settlement instruction and will send a new settlement instruction with the new quantity. The same procedure needs to be followed by the counterparty.

#### 3.8 **Cancel/Regeneration (other ISIN)**

For OTC trades, which were executed before the ex date, the CSD does not adjust settlement instructions where the new ISIN is not equal to the old ISIN (i.e. conversions, mergers etc).

For these OTC trades, SIX x-clear will cancel the old settlement instruction and will send a new settlement instruction with the new ISIN and new quantity. The same procedure needs to be followed by the counterparty.

#### 3.9 **Source tax**

The standard rate for dividend payment is 26.375 pct.



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#### 3.10 **Currency**

The currency most commonly distributed in the German market is EUR. There is a possibility that the CSD will not distribute the announced original currency. In this case SIX x-clear will credit the currency received from the custodian.

#### 3.11 **Mandatory corporate actions**

The most common mandatory events are dividend payments, splits etc.

In general, dividends on stocks are paid once a year. Interest payments on bonds are made according to the issuing conditions of the bond (in most cases once a year).

#### 3.12 **Voluntary/mandatory corporate action with options**

The most common events in the German market are capital increases and tender offers. The market deadline can differ from event to event and will be officially announced.

#### 3.13 **Buyer election**

There is neither a buyer election nor a buyer protection facility in the German market.

The buyer has to send his choice by fax (a template can be downloaded on the website under [www.six-x-clear.com](http://www.six-x-clear.com) > Forms to SIX x-clear Settlement no later than 10:00 am (CET) one business day after the market deadline (election) date. SIX x-clear will forward the buyer's choice to the failing seller until 18:00 (CET) one business day after the market deadline. The seller is obliged to execute the instruction and to deliver the outcome according to the buyer's choice. The cancellation of the original trade and the new instruction(s), according to the relevant corporate action terms, need to be agreed bilaterally by both SIX x-clear and the counterparty. The settlement dates of the new outturn will generally be the payment date of the corporate action transaction.

A seller shall deliver the rights/shares no later than 5 business hours before the market deadline. A buyer / SIX x-clear is not obliged to accept delivery of rights/shares after such time. Therefore the rights/shares could be returned to the seller. The seller still has the obligation to fulfil the executable buyer's choice.

## 4.0 **Contact details**

SIX x-clear Settlement  
c/o SIX SIS Ltd  
Settlement Client Desk x-clear / SECX  
Baslerstrasse 100  
CH-4600 Olten

Phone +41 58 399 6555  
Fax +41 58 499 1316  
Email [sett.xclear@sisclear.com](mailto:sett.xclear@sisclear.com) resp.



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