



SIX x-clear Ltd

Q&A CSDR Settlement Discipline Regime

July 2020



SIX x-clear Ltd

Q&A CSDR Settlement Discipline Regime

Table of contents

1.0	General	4
1.1	Question 1 – Impact of CSDR on SIX in general	4
1.2	Question 2 – Impact of CSDR’s Settlement Discipline Regime on SIX x-clear	4
1.3	Question 3 – Affected products	5
1.4	Question 4 – EACH CSDR Settlement Discipline Framework	5
1.5	Question 5 – SIX x-clear CSDR Settlement Discipline Framework	5
1.6	Question 6 – Timeline	6
1.6.1	Question 6a – Date of entry into effect	6
1.6.2	Question 6b – Implementation	6
1.6.3	Question 6c – Testing	6
1.6.4	Question 6d – Message specifications	6
1.7	Question 7 – Amendment to internal rules and regulations	7
1.8	Question 8 – Clarifications in the market	7
1.9	Question 9 – Delegation of CCP obligations under Article 19 RTS to CSDs	8
2.0	Penalties	8
2.1	Question 1 – Collection and distribution of penalties	8
2.2	Question 2 – Level of application	8
2.3	Question 3 – Eligibility	8
2.4	Question 4 – Payment of penalties (collection and distribution)	9
2.4.1	Question 4a – Payment method	9
2.4.2	Question 4b – Non-feasibility of direct debit	9
2.4.3	Question 4c – Dedicated cash accounts	9
2.4.4	Question 4d – Identification of penalty payments	10
2.4.5	Question 4e – Payment instructions	10
2.4.6	Question 4f – Partial distribution payment	10
2.4.7	Question 4g – Non-payment of a penalty not considered as a default case	10
2.4.8	Question 4h – Timing	11
2.5	Question 5 – Currency	11
2.6	Question 6 – Overnight positions	11
2.7	Question 7 – Penalty mutualization	12
2.8	Question 8 – Daily penalties reporting	12
2.9	Question 9 – Monthly penalties report	12
2.10	Question 10 – Additional tariffs/fees	13
2.11	Question 11 – SME growth market trades	13
2.11.1	Question 11a – General	13
2.11.2	Question 11b – Netting rules	14
2.12	Question 12 – Population of settlement instructions	14
2.12.1	Question 12a – Place of Trade	14
2.12.2	Question 12b – Transaction (instruction) type	15
2.12.3	Question 12c – Place of Clearing	15
2.13	Question 13 – Strange nets	16
2.14	Question 14 – Trade date netting	16
2.15	Question 15 – Appeals	16

SIX x-clear Ltd

Q&A CSDR Settlement Discipline Regime

2.15.1	Question 15a – Submission of appeals	16
2.15.2	Question 15b – Notification of a successful appeal	16
3.0	Buy-in	17
3.1	Question 1 – Harmonization of the buy-in processing across Europe	17
3.2	Question 2 – Details on the buy-in process	17
3.2.1	Question 2a – General	17
3.2.2	Question 2b – Buy-in pre-information	17
3.2.3	Question 2c – Notification of initiation of buy-in process	18
3.2.4	Question 2d – Final delivery window	18
3.2.5	Question 2e – Launching of the buy-in process	18
3.2.6	Question 2f – Delivery using the original instruction	18
3.2.7	Question 2g – Cancellation of the failing transaction after a successful buy-in	19
3.2.8	Question 2h – Hold and release	19
3.2.9	Question 2i – Recourse if an instruction is not put on hold	19
3.2.10	Question 2j – Communication of the results of the buy-in	20
3.3	Question 3 – Notification of the Member that a buy-in is not possible	20
3.4	Question 4 – SME growth market trades	20
3.4.1	Question 4a - SME growth market trades settling on different SME growth markets	20
3.4.2	Question 4b – SME growth market trades settling against non-SME growth market trades	21
3.5	Question 5 – Partial buy-In	21
3.5.1	Question 5a – Mandatory application of partial settlement	21
3.5.2	Question 5b – Penalties due to a successful partial buy-in	21
3.5.3	Question 5c – Cancelling original settlement instructions in case of a partial buy-in	22
3.6	Question 6 – Buy-in in the Swiss market	22

SIX x-clear Ltd

Q&A CSDR Settlement Discipline Regime

1.0 General

1.1 Question 1 – Impact of CSDR on SIX in general

How is SIX affected by CSDR in general?

Answer:

Both SIX SIS and SIX x-clear Ltd (SIX x-clear) are affected by CSDR, though to varying degrees:

- a. SIX SIS has initiated the process for third-country recognition for LI, D and NL for its CSD services in those countries;
- b. SIX SIS intends to adapt its rules to certain aspects of the Regulatory Technical Standards on Settlement Discipline (SD RTS) to guarantee a smooth running of the cross-border business; and
- c. SIX x-clear as a third-country CCP participating in EU/EEA-domiciled CSDs within the EU is implementing all required changes mandated by the EU's Settlement Discipline Regime.

1.2 Question 2 – Impact of CSDR's Settlement Discipline Regime on SIX x-clear

What is the impact of the SD RTS on SIX x-clear?

Answer:

As a CCP, SIX x-clear clears a range of EU and European Economic Area (EEA) trade venues for Members whose trades will settle in the EU/EEA area. For all trades settling in the EU/EEA area, SIX x-clear aims to fully comply with its duties as a clearing service provider under CSDR and support the EU and EEA CSDs in which it participates to fulfil their legal obligations under CSDR, thereby ensuring the highest degree of settlement efficiency for its Members.

SIX x-clear also aims to align its solution with interoperating Co-CCPs in order to maintain efficiency and a high settlement service level for our clients in EU/EEA interoperating markets.

For all settlements taking place at SIX SIS (place of settlement), SIX x-clear will continue to adhere to the current Settlement Discipline Regime.

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Q&A CSDR Settlement Discipline Regime

1.3 **Question 3 – Affected products**

Which products are affected by the regulation?

Answer:

According to CSDR, the following instruments are in scope:

- a. CSD-eligible MiFID II/MiFIR financial instruments admitted to trading or traded on an EU trading venue; or
- b. Instruments cleared (or eligible for clearing) by an EU CCP.

Shares whose principal trading venue is located in a third country are excluded.

1.4 **Question 4 – EACH CSDR Settlement Discipline Framework**

Does SIX x-clear intend to follow all aspects of the European Association of CCP Clearing Houses (EACH) CSDR Settlement Discipline Framework (available at <https://www.eachccp.eu/wp-content/uploads/2020/07/EACH-CSDR-Settlement-Discipline-Framework-Updated-Version-20200708.pdf>)?

Answer:

SIX x-clear has been heavily involved in the drafting of the EACH CSDR Settlement Discipline Framework (available at <https://www.eachccp.eu/wp-content/uploads/2020/07/EACH-CSDR-Settlement-Discipline-Framework-Updated-Version-20200708.pdf>) and aims to comply with its recommendations for trades settling in the EU/EEA area.

1.5 **Question 5 – SIX x-clear CSDR Settlement Discipline Framework**

Does SIX x-clear intend to publish its own Settlement Discipline Framework?

Answer:

Wherever possible, SIX x-clear refers to the EACH CSDR Settlement Discipline Framework (available at <https://www.eachccp.eu/wp-content/uploads/2020/07/EACH-CSDR-Settlement-Discipline-Framework-Updated-Version-20200708.pdf>). For questions applying only to SIX x-clear, clients are informed via our usual channels i.e. FrontLines and Business Partner Specifications. SIX x-clear has also published a Red Paper “The Impact of CSDR Settlement Discipline on SIX x-clear” to summarize SIX x-clear's position. These Q&A are updated on a regular basis to reflect the current state of knowledge.

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1.6 **Question 6 – Timeline**

1.6.1 **Question 6a – Date of entry into effect**

Will any changes to SIX x-clear’s current penalty / buy-in process be effective prior to the implementation date of CSDR?

Answer:

No.

1.6.2 **Question 6b – Implementation**

Will any changes be effective prior to the implementation date of the SD RTS?

Answer:

The activation of the changes in production prior to the implementation date of the SD RTS is not foreseen.

1.6.3 **Question 6c – Testing**

Can you share any details SIX x-clear has regarding the testing phase for any changes SIX x-clear will implement in accordance with the SD RTS?

Answer:

Please refer to our FrontLine published on 27 March 2020.

SIX x-clear will take part in the testing activities of various CSDs and with trade venues. A comprehensive testing concept including Member testing is currently being created. Members will be informed of testing requirements and will be provided with a detailed testing schedule in due course.

1.6.4 **Question 6d – Message specifications**

When will the message specifications be published?

Answer:

As of now, the detailed process has not yet been fully confirmed by the markets. The detailed technical message specifications are to be published in due course.

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1.7 **Question 7 – Amendment to internal rules and regulations**

Each CCP will need to amend its rules and regulations. What is their planned publication date?

Answer:

The changes in the Contractual Relationship of SIX x-clear with its Members (i.e. Rulebook and Operational Manual) and the relevant Business Partner Specifications will be published in due course before the final provisions of CSDR with regard to Settlement Discipline become effective.

1.8 **Question 8 – Clarifications in the market**

Some topics are still under clarification among EACH, ECSDA and ESMA. What are the specific outstanding points in SIX x-clear's view?

Answer:

Many points are indeed still being discussed intensively among market participants and within the industry associations. SIX x-clear is heavily involved in the discussions between EACH and ECSDA regarding the detailed implementation of the SD RTS. The main points under discussion are the following:

- a. identification of a CCP transaction by a CSD (when is Article 17 RTS applied, when Article 19 RTS);
- b. late matching fees for settlement instructions deleted and resent after the intended settlement date (ISD);
- c. liquidity status of instruments (especially ETFs);
- d. testing schedule and operational implementations of certain functions; and
- e. reporting of buy-ins and cash compensations from CCP to CSD.

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Q&A CSDR Settlement Discipline Regime

1.9 **Question 9 – Delegation of CCP obligations under Article 19 RTS to CSDs**

Where does the discussion on the Delegation of CCP obligations under Article 19 RTS to CSDs currently stand?

Answer:

The handling of collection and distribution of penalties in one uniform process for cleared and non-cleared transactions (delegation of obligations under Article 19 RTS from CCPs to CSDs) has unfortunately been abandoned. Although SIX x-clear is still in favor of a unified process as it would be beneficial for the whole market, the EU authorities were unable to give CSDs and CCPs sufficient legal comfort in time for the delegation to be feasible for the implementation by 1 February 2020. CSDs and CCPs have therefore agreed to implement Articles 17 and 19 RTS as specified by the law.

2.0 **Penalties**

2.1 **Question 1 – Collection and distribution of penalties**

Does SIX x-clear intend to operate in accordance with Articles 19(b) and 19(c) RTS in respect of SIX x-clear's Members?

Answer:

Yes, SIX x-clear will collect from and distribute penalties to the Members who caused and are affected by the settlement fails, respectively, as detailed in Articles 19(b) and (c) of the SD RTS.

2.2 **Question 2 – Level of application**

At what level will SIX x-clear apply the penalties? To SIX x-clear's Member, or, where applicable, their clearing client? At level of the entity, LEI, BIC, participant securities account, or other?

Answer:

SIX x-clear will collect from and distribute penalties to the Members (GCM and ICM).

2.3 **Question 3 – Eligibility**

Will SIX x-clear be making its own eligibility determination for CSDR penalties or relying on the CSD's? Will SIX x-clear be reconciling any of the CSD's penalty calculations?

Answer:

The calculation and the reporting of penalties is the CSD's responsibility. SIX x-clear will not actively reconcile these penalty calculations.

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2.4 **Question 4 – Payment of penalties (collection and distribution)**

2.4.1 **Question 4a – Payment method**

What payment method does SIX x-clear foresee for the distribution of penalties? What payment method does SIX x-clear foresee for the collection of penalties?

Answer:

For the distribution of penalties, SIX x-clear foresees a direct credit method. SIX x-clear is planning the use of direct debits and credits of a Member's SIX SIS cash accounts wherever possible.

For the collection of penalties, SIX x-clear foresees a direct debit method. SIX x-clear is planning the use of direct debits and credits of a Member's SIX SIS cash accounts wherever possible.

Special provisions may be applicable to CLARA Members.

2.4.2 **Question 4b – Non-feasibility of direct debit**

CSDR states that when 'no direct debit is feasible' for the monthly penalty fees, the CCP participants must credit the CCP's dedicated cash account at the latest by 10:00 (CET) on the 17th business day of the month. Are there any scenarios that SIX x-clear anticipates where SIX x-clear would not be able to direct debit the Member's account?

Answer:

If the Member does not have an account in the currency in which the penalty is calculated by the CSDs, then SIX x-clear will not be able to use a direct debit or credit method. The member must therefore set up an account in each of the currencies for which they will receive a penalty in.

2.4.3 **Question 4c – Dedicated cash accounts**

Are Members required to set up dedicated cash accounts for managing the direct debit and credit of penalties?

Answer:

Where Members already have cash accounts in the penalty currency with SIX SIS, Members are free to use their existing accounts or they can open up dedicated cash accounts for this purpose. This is up to each Member.

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Q&A CSDR Settlement Discipline Regime

2.4.4 **Question 4d – Identification of penalty payments**

How can Members identify penalty payments? Will there be a specific reference?

Answer:

There will be a way for Members to identify penalty payments. The usage of a specific reference is currently being analyzed.

2.4.5 **Question 4e – Payment instructions**

According to Question 4a above, SIX x-clear will distribute the penalties via direct debit. Will SIX x-clear use the PFOD instruction?

Answer:

No. When using direct credit and debit, participants' cash accounts at SIX SIS will be booked directly.

2.4.6 **Question 4f – Partial distribution payment**

Will SIX x-clear only pay the full amount or is there an intention for partial distribution of the penalties?

Answer:

According to SIX x-clear's current plans, it can be expected that SIX x-clear will always fulfil its penalty obligations towards its Members, irrespective of the fulfilment of any penalty obligations of failing Members towards SIX x-clear.

2.4.7 **Question 4g – Non-payment of a penalty not considered as a default case**

Will the non-payment of a penalty by a Member be considered under the default rules of the CCP?

Answer:

SIX x-clear will consider any non-payment of penalties as a potential Event of Default indicating a Member's inability to fulfill its financial obligations as a Member.

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Q&A CSDR Settlement Discipline Regime

2.4.8 **Question 4h – Timing**

By when will Members be informed of the aggregated penalty amounts? By when must the payments be made? By when will the credit payments be made?

Answer:

SIX x-clear is planning to use the calendar agreed upon between the interoperable CCPs. The credit or debit of penalty amounts must be made on the 17th business day of the following month. Clearing Members will receive aggregated penalty amounts for each market and currency on the 15th business day.

2.5 **Question 5 – Currency**

In which currency will SIX x-clear book the penalties?

Answer:

SIX x-clear will credit and debit the penalties in the same currency that the penalty was reported from the CSD.

2.6 **Question 6 – Overnight positions**

In the event that SIX x-clear is left holding securities overnight resulting in a mismatch of penalties incurred vs due, what approach will SIX x-clear adopt to remedy any cash penalty costs incurred?

Answer:

Please refer to Chapter 4.4.2.1 “CCP holding securities overnight” of the EACH CSDR Settlement Discipline Framework (available at <https://www.eachccp.eu/wp-content/uploads/2020/07/EACH-CSDR-Settlement-Discipline-Framework-Updated-Version-20200708.pdf>).

SIX x-clear reserves the right to cover the deficit arising from such a scenario by mutualizing the cost among our Members on the basis of the settlement efficiency of each Member in the respective market.

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2.7 **Question 7 – Penalty mutualization**

As per the EACH CSDR Settlement Discipline Framework (available at <https://www.eachccp.eu/wp-content/uploads/2020/07/EACH-CSDR-Settlement-Discipline-Framework-Updated-Version-20200708.pdf>), where a CCP ends up holding securities that they are unable to deliver, they will either mutualize the cost among their Members on a fair basis or establish clear rules to assign the costs. In such an event, how will SIX x-clear distribute these costs? Will the debit of the penalty mutualization process be included in the monthly penalty charge or will they be charged separately?

Answer:

This will not be included in the CSDR penalty amounts. In case any mutualization is applied, these amounts will be charged separately.

2.8 **Question 8 – Daily penalties reporting**

Does SIX x-clear intend to provide participants with a daily penalties report? If so, by what method/format will SIX x-clear provide Members with the daily penalties report?

Answer:

It is SIX x-clear's understanding that the daily reporting from CSDs to the participants will include all cleared and non-cleared transactions. SIX x-clear envisages that the CSD account holder will reconcile their penalties using the daily reports received from the CSD covering all penalties, including CCP-cleared transactions. SIX x-clear intends not to replicate or forward the daily reports provided by the CSDs.

2.9 **Question 9 – Monthly penalties report**

By what method does SIX x-clear intend to provide Members with the monthly aggregated penalty reports? And when will the monthly summary of penalties be provided?

Answer:

SIX x-clear will be providing Members with an aggregated penalty report for each market and currency as received from the CSDs on the 15th business day of each market. The aggregated amounts shown in this report are considered final and will be subject to reconciliation and monitoring. SIX x-clear intends to offer the possibility to Members to choose between receiving the penalty reports in either MT537 format (standard SWIFT format) or *.csv format. The monthly penalty report serves as a pre-advice. The "Net Penalty Amount per currency per market" will be booked on the reported "Due Payment date" (in MT537 98A qualifier PAYD: Payment Date).

SIX x-clear Ltd

Q&A CSDR Settlement Discipline Regime

If there are no penalties, SIX x-clear will be offering to send a monthly report with amounts equal to zero.

2.10 **Question 10 – Additional tariffs/fees**

Will there be any additional charges/fees on top of the penalties outlined in the CSD regulation for administration of the CSDR process?

Answer:

Yes. SIX x-clear's current CCP late/failed settlement regime will remain in place.

SIX x-clear supports the goal of CSDR's Settlement Discipline Regime to reduce the number of settlement fails. To this aim, SIX x-clear currently has no plans to abandon the late settlement regime in place today.

The operational burden to monitor, provide information and handle the impact on corporate action issues due to late/failed settlements has increased over recent years and CCPs need to be reimbursed for their efforts and related costs due to failed transactions. Therefore, failing selling Members will continue to be charged with the current CCP late/failed settlement fees to cover the costs and push for optimization in settlement efficiency. In this way, SIX x-clear intends to set an incentive at CCP level to increase high settlement efficiency in the respective settlement markets.

Such compensation will form an additional fee and must be distinguished from the penalty required by CSDR. The CSDR-based penalty is set to compensate the non-failing party and will be redistributed by the respective CSD or CCP.

2.11 **Question 11 – SME growth market trades**

2.11.1 **Question 11a – General**

Is SIX x-clear providing clearing services on any such markets? If so, please list the ones SIX x-clear serves.

Answer:

Yes. SIX x-clear is planning on offering clearing services for LSE AIM MTF (AIMX), First North Denmark SME Growth Market (Segment DSME), First North Sweden SME Growth Market (Segment SSME) and First North Finland SME Growth Market (Segment FSME). SIX x-clear currently has no plans to offer cross-venue netting for SME growth market transactions. For transactions in SME growth markets, the Place of Trade will always carry the actual SME Segment MIC, i.e. the segment the original transaction actually took place on (e.g. DSME).

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Q&A CSDR Settlement Discipline Regime

2.11.2 **Question 11b – Netting rules**

Which of the three solutions outlined in the EACH CSDR Settlement Discipline Framework (available at <https://www.eachccp.eu/wp-content/uploads/2020/07/EACH-CSDR-Settlement-Discipline-Framework-Updated-Version-20200708.pdf>) will SIX x-clear apply in the event of:

- Trades settling in the same SME growth market;
- Trades settling in different SME growth markets; and
- Trades settling in both an SME growth and non-SME growth market?

Answer:

SIX x-clear (in cooperation with our interoperable Co-CCPs) is envisaging the use of the actual Segment MIC as the Place of Trade for SME growth market transactions. This means that no cross-venue netting will be applicable for SME growth market transactions.

SIX x-clear is planning on covering the potential deficit arising from such a scenario by mutualizing the cost among our Members on the basis of the settlement efficiency of each Member in the respective market.

2.12 **Question 12 – Population of settlement instructions**

2.12.1 **Question 12a – Place of Trade**

How will SIX x-clear populate the Place of Trade field in its settlement instructions to the CSDs?

Answer:

For transactions in SME growth markets, the Place of Trade will always carry the actual SME Segment MIC, i.e. the segment the original transaction actually took place on (e.g. DSME). For non-SME growth market transactions, the population of the Place of Trade will remain unchanged from the existing setup.

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Q&A CSDR Settlement Discipline Regime

2.12.2 Question 12b – Transaction (instruction) type

The transaction (instruction) type is not a matching field. Can SIX x-clear list all indicators (list of values) they intend to use if any?

Answer:

The list of indicators used as transaction type (qualifier SETR) is limited to TRAD and NETT towards SIX x-clear’s Members. A third indicator (NETE) is only used for transactions between CCPs. For the full list of qualifiers and indicators, please refer to the vol. 5 BP Specs: www.six-group.com > Login > Securities Services Private > Quick Links > Business Partner Specifications > SIX x-clear Business Partner Specifications - Volume 5.

This field will identify the type of transaction.		
Data Source Scheme	Indicator	Description
SETR	M	
--	TRAD	This field relates the transaction to the settlement of trade.
--	NETT	For Spanish market instructions against members, SETR//NETT will be sent.
IBRC	NETE	For Spanish market instructions against Co-CCPs, SETR/IBRC/NETE will be sent.

2.12.3 Question 12c – Place of Clearing

Is Place of Clearing a mandatory field? If so, should Members use the BIC code or the LEI code?

Answer:

SIX x-clear understands that the Place of Clearing is not a mandatory field. However, SIX x-clear will include its BIC (CLRCHZZXXX) in the Place of Clearing field for all cleared transactions.

The CSDs will also expect the Place of Clearing in all cleared instructions. SIX x-clear will populate the Place of Clearing with the BIC in their own instructions as well as in Members’ instructions that are created by SIX x-clear under a PoA agreement. For Members that do not have a PoA in place with SIX x-clear, the Member itself or the Member’s settlement agent shall be responsible for populating the Place of Clearing.

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Q&A CSDR Settlement Discipline Regime

2.13 **Question 13 – Strange nets**

How will SIX x-clear apply penalties in the event of a strange net?

Answer:

Please refer to Chapter 4.4.2.3 “Strange nets and resulting penalties” of the EACH CSDR Settlement Discipline Framework (available at <https://www.eachccp.eu/wp-content/uploads/2020/07/EACH-CSDR-Settlement-Discipline-Framework-Updated-Version-20200708.pdf>).

SIX x-clear is planning on covering any deficits arising from such scenarios by mutualizing the cost among our Members on the basis of the settlement efficiency of each Member in the respective market.

2.14 **Question 14 – Trade date netting**

Will SIX x-clear support trade date netting (TDN) or settlement date netting (SDN)?

Answer:

SIX x-clear will continue to apply TDN.

2.15 **Question 15 – Appeals**

2.15.1 **Question 15a – Submission of appeals**

How does a Member submit an appeal to dispute a penalty, and what information should be included?

Answer:

SIX x-clear currently assumes that appeals are to be directed by the affected Member directly to the relevant CSD if they are a direct participant, or to their settlement agent if they are not.

The relevant CSDs should be able to provide their participants with this information.

2.15.2 **Question 15b – Notification of a successful appeal**

How will Members be notified of a successful appeal?

Answer:

The relevant CSDs should be able to provide their participants with this information.

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Q&A CSDR Settlement Discipline Regime

3.0 Buy-in

3.1 Question 1 – Harmonization of the buy-in processing across Europe

Please outline the activities the CCP community is undertaking to harmonize the buy-in processing across Europe.

Answer:

Within its industry association, SIX x-clear is strongly involved in the Securities Operations Working Group of EACH, which is striving to harmonize the buy-in process among all market participants. Furthermore, SIX x-clear is in constant dialogue with interoperable CCPs in order to harmonize buy-in processing rules within the interoperable markets.

3.2 Question 2 – Details on the buy-in process

3.2.1 Question 2a – General

Can SIX x-clear provide details of the buy-in process for the following scenarios including timing and the protocol for the failing Member to deliver securities to the buy-in agent

- a. via a buy-in agent; and
- b. via auction?

Answer:

SIX x-clear already has a buy-in process in place. The process will broadly remain unchanged. SIX x-clear will continue to use a buy-in agent. Please refer to the pertinent chapter of the Operational Manual for more details.

3.2.2 Question 2b – Buy-in pre-information

In addition to the fails trade report, will SIX x-clear inform Members of failing trades eligible for buy-in before the end of the buy-in extension period?

Answer:

Yes. SIX x-clear will continue to provide the Member with a buy-in pre-information notice on the last day of the buy-in extension period (e.g. ISD+4 for liquid shares).

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Q&A CSDR Settlement Discipline Regime

3.2.3 **Question 2c – Notification of initiation of buy-in process**

How will SIX x-clear notify its Members of each step in the buy-in process?

Answer:

In addition to the current process, in accordance with Art. 27 SD RTS, Members will be notified via e-mail that a buy-in has been initiated. The buy-in will be initiated at 15:00 (CET) on the business day following the expiry of the extension period, as is the case today under SIX x-clear's current practice. The failing Member shall ensure that any relevant settlement instruction relating to the settlement fail is put on hold.

3.2.4 **Question 2d – Final delivery window**

Please advise the timing for the window the failing Member has to deliver the financial instruments to SIX x-clear at the latest?

Answer:

The financial instruments need to be delivered by 15:00 (CET) on the business day following the expiry of the extension period.

3.2.5 **Question 2e – Launching of the buy-in process**

What time of day on the day following the expiry of the extension period will SIX x-clear launch an auction or appoint a buy-in agent?

Answer:

The buy-in will be initiated via a buy-in agent at 15:00 (CET) on the business day following the expiry of the extension period, as is the case today under SIX x-clear's current practice.

3.2.6 **Question 2f – Delivery using the original instruction**

Where a Member of SIX x-clear is the non-failing Member, will SIX x-clear deliver the bought-in securities using the original instruction?

Answer:

Yes.

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Q&A CSDR Settlement Discipline Regime

3.2.7 **Question 2g – Cancellation of the failing transaction after a successful buy-in**

Where a Member of SIX x-clear is the failing Member, will SIX x-clear allow the original instruction to settle or will SIX x-clear and the failing Member have to bilaterally cancel the instruction?

Answer:

SIX x-clear will no longer deliver the bought-in securities to the failing Member nor allow the original failing instruction to settle. SIX x-clear will deliver the bought-in securities directly to the receiving Member and will advise the failing Member to cancel the original instruction once the bought securities have been delivered to the receiving Member.

3.2.8 **Question 2h – Hold and release**

Where a Member of SIX x-clear is the failing Member, will SIX x-clear offer the functionality to automatically put instructions on hold?

Answer:

SIX x-clear is analyzing whether to offer this functionality to Members with a Power of Attorney (PoA) agreement in place with SIX x-clear. For Members that do not have a PoA agreement in place with SIX x-clear, the Member itself or the Member's settlement agent will be responsible for setting the instruction on hold.

3.2.9 **Question 2i – Recourse if an instruction is not put on hold**

What recourse will SIX x-clear take in the event a failing instruction is not put on hold as per 5.5.1 "Placing the failing instruction on hold" of the EACH CSDR Settlement Discipline Framework (available at <https://www.eachccp.eu/wp-content/uploads/2020/07/EACH-CSDR-Settlement-Discipline-Framework-Updated-Version-20200708.pdf>)?

Answer:

Should a Member fail to put their instruction on hold on time and should that fail incorrectly settle, SIX x-clear will require the failing Member to buy back any bought-in shares from SIX x-clear. The failing Member will be required to compensate SIX x-clear for any charges incurred in this process. SIX x-clear is also considering charging an additional fee to compensate for the manual effort arising from the Member failing to put the transaction on hold. SIX x-clear will amend its rules and regulations accordingly before the implementation of the SD RTS.

SIX x-clear Ltd

Q&A CSDR Settlement Discipline Regime

3.2.10 **Question 2j – Communication of the results of the buy-in**

Please advise how the results of the buy-in will be communicated to the failing and receiving Members.

Answer:

SIX x-clear already has a buy-in process in place. The communication process will remain unchanged. Please refer to the pertinent chapter of the Operational Manual for more details.

3.3 **Question 3 – Notification of the Member that a buy-in is not possible**

In accordance with Article 26.2 of the SD RTS, how does SIX x-clear intend to notify Members if a buy-in is not possible?

Answer:

If a buy-in is not possible, SIX x-clear will initiate a cash compensation and notify all relevant Members following the existing communication process.

3.4 **Question 4 – SME growth market trades**

3.4.1 **Question 4a - SME growth market trades settling on different SME growth markets**

As per the EACH CSDR Settlement Discipline Framework (available at <https://www.eachccp.eu/wp-content/uploads/2020/07/EACH-CSDR-Settlement-Discipline-Framework-Updated-Version-20200708.pdf>), we understand that SIX x-clear will create separate netted instructions for SME growth markets. Can SIX x-clear confirm that where there is a product traded on multiple SME venues, will SIX x-clear net these together (as long as the SME venues have the same extension period)?

Answer:

No, for SME growth market transactions, SIX x-clear will not be offering cross-venue netting.

SIX x-clear Ltd

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3.4.2 **Question 4b – SME growth market trades settling against non-SME growth market trades**

What is the buy-in flow with regards to ISINs which are tradeable on SME growth markets and regular ones? Is there anything specific which we need to consider in that regard, such as delays due to inter-CCP settlements because of the different buy-in periods?

Answer:

As outlined above, SIX x-clear will not be netting SME growth market transactions with non-SME growth market transactions. SIX x-clear (as well as the other interoperable CCPs) will apply the buy-in regime as foreseen in the regulation on every transaction.

3.5 **Question 5 – Partial buy-In**

3.5.1 **Question 5a – Mandatory application of partial settlement**

How will Article 23 (Mandatory application of partial settlement) of the SD RTS be supported on the business day following the end of the extension period?

Answer:

SIX x-clear will accept partial deliveries up until the Member is instructed by SIX x-clear to put the failing transaction on hold.

3.5.2 **Question 5b – Penalties due to a successful partial buy-in**

How are new instructions from partially successful buy-ins going to be shielded from back-dated cash penalties?

Answer:

Please refer to Chapter 4.4.1 “Re-instructions of settlement transactions placed after ISD” in the EACH CSDR Settlement Discipline Framework (available at <https://www.eachccp.eu/wp-content/uploads/2020/07/EACH-CSDR-Settlement-Discipline-Framework-Updated-Version-20200708.pdf>).

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Q&A CSDR Settlement Discipline Regime

3.5.3 **Question 5c – Cancelling original settlement instructions in case of a partial buy-in**

Under 5.5.2 “Cancelling the failed instruction and new settlement instructions in case of partial buy-in” of the EACH CSDR Settlement Discipline Framework (available at <https://www.eachccp.eu/wp-content/uploads/2020/07/EACH-CSDR-Settlement-Discipline-Framework-Updated-Version-20200708.pdf>), in the event of a partial buy-in execution, how are Members required to enter a new on-hold settlement instruction and cancel the original instruction? Will the Member be required to perform this manually themselves or will SIX x-clear manage this process on the Member’s behalf for Members that have a PoA agreement in place with SIX x-clear?

Answer:

SIX x-clear is analyzing whether to offer this functionality to Members with a Power of Attorney (PoA) agreement in place with SIX x-clear.

3.6 **Question 6 – Buy-in in the Swiss market**

What changes are foreseen with regard to buy-ins where the PSET is at SIX SIS?

Answer:

Currently, no changes to SIX x-clear's existing buy-in process in the Swiss market are foreseen. However, the market maker extension period will be reduced from ISD+11 to ISD+8.


In this context, SIX x-clear Ltd draws the Members’ attention to **clause 7.1 and chapter 16.0** (liability) of the Rulebook of SIX x-clear Ltd stipulating that the Member is responsible for compliance with the applicable laws (in particular domestic and foreign tax, foreign exchange and stock market regulations as well as with company law and articles of association) with respect to the Clearing services obtained from SIX x-clear Ltd.

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A decorative graphic at the bottom of the page consisting of several overlapping, semi-transparent red shapes. The shapes are primarily horizontal bands and curved forms, creating a layered, abstract effect. The colors range from a deep, dark red to a lighter, more vibrant red.