

ServiceGuide SIX SIS Ltd

COSI – Collateral-Secured Instruments

September 2017



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COSI – Collateral-Secured Instruments

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1.0 Introduction

SIX SIS assumes responsibility for the Triparty Collateral Management of Collateral-Secured Instruments (COSI) for parties having signed the “Framework Agreement for Collateral-Secured Instruments” of SIX Swiss Exchange and SIX SIS.

This ServiceGuide regulates the service offered by SIX SIS with regard to COSIs as well as the functionalities with respect to the Collateralization of these financial instruments implemented in collaboration with SIX Swiss Exchange. Further documentation can be downloaded from www.six-securities-services.com > Login > Securities Services Private > Services > COSI.

The following means of communication with SIX SIS are in place: SIS Web Services (“SWS”), SWIFT and C/C interfaces. The Guarantor can log in to SIS Web Services via www.six-securities-services.com > Login > Securities Services Private.

An up-to-date version of this ServiceGuide, which is binding for Issuers, Guarantors, SIX Swiss Exchange and SIX SIS, is published on the website of SIX Swiss Exchange at www.six-swiss-exchange.com.

2.0 Prerequisites for using the COSI Service

2.1 Applicable rules and regulations

In order to participate in the COSI Service, parties must sign the Framework Agreement for Collateral-Secured Instruments of SIX Swiss Exchange and SIX SIS (hereinafter “Framework Agreement”). The provisions of the COSI Service are based on the Framework Agreement (including the Appendixes and the Rules and Regulations cited in the Framework Agreement). This ServiceGuide forms an integral part of that Framework Agreement and is subject to the latter’s provisions.

Clauses referred to in the ServiceGuide are to be regarded as the respective clauses within this ServiceGuide, unless specifically mentioned otherwise.

This ServiceGuide is made available in German and in an English translation. The wording of the German version shall take precedence.

2.2 Admission procedure

The following procedures need to be completed before COSI transactions can be transacted via SIX SIS:

Notification of contact persons via the template provided under clause 13.0, giving the last name, first name, e-mail address, fax and key phone number for

- providing information to the relevant trading unit on Collateral-Secured Instruments
- providing information to the responsible settlement unit
- adaption of the technical interfaces to SIX SIS (SIS Web Services or C/C)

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All instructions to SIX SIS regarding account opening and standing instruction configuration in SECOM master data must be directed via the relevant Relationship Manager. A corresponding form is provided by SIX SIS for:

- account booking instructions
- authorizations
- transmission of reporting.

2.3 Connectivity at SIX SIS

The COSI Service can be managed via different connectivity channels from the Guarantor to SIX SIS: SIS Web services, webMAX professional series, SWIFT and C/C interfaces.

3.0 Overview of the COSI Service

Within the scope of the COSI Service, financial instruments are collateralized via the use of the Triparty Collateral Management service (TCM service) of SIX SIS. Within the TCM Service, SIX SIS assumes responsibility for the Collateralization of financial instruments and the management of Collateral.

In an initial step, the Issuer creates the financial instruments and transfers them as fiduciary transfers of title (“treuhänderisches Vollrecht”) to SIX Swiss Exchange with regard to collateralization. The fiduciary rights to the financial instruments held by SIX Swiss Exchange prior to collateralization serve to ensure that the Market Delivery of Collateral-Secured Instruments is controlled by SIX Swiss Exchange to the largest possible extent.

The collateralization is executed in a subsequent step via the TCM Service. Collateralization is based on a COSI Loan concluded between the Guarantor and SIX Swiss Exchange in conjunction with a collateralization agreement (Framework Agreement). SIX Swiss Exchange undertakes to lend the financial instruments it has received from the Issuer for the time being in a fiduciary capacity to the Guarantor based on a COSI Loan, and the Guarantor undertakes to collateralize the Current Value of the Collateral-Secured Instruments based on the collateralization agreement (Framework Agreement). The specifics of such collateralization are regulated in clause 3 seq. Framework Agreement and in clause 3.2 ServiceGuide.

The consecutive exchange of Eligible Assets serving as Collateral against the financial instruments which are to be secured is carried out in SECOM. Firstly, Eligible Assets are transferred from the Pool Account of the Guarantor to the Collateral Account of SIX Swiss Exchange. Subsequently the financial instruments, now being collateralized (“Collateral-Secured Instruments” in the sense of the Framework Agreement), are transferred from the technical account of SIX Swiss Exchange to the safe custody account of the Guarantor.

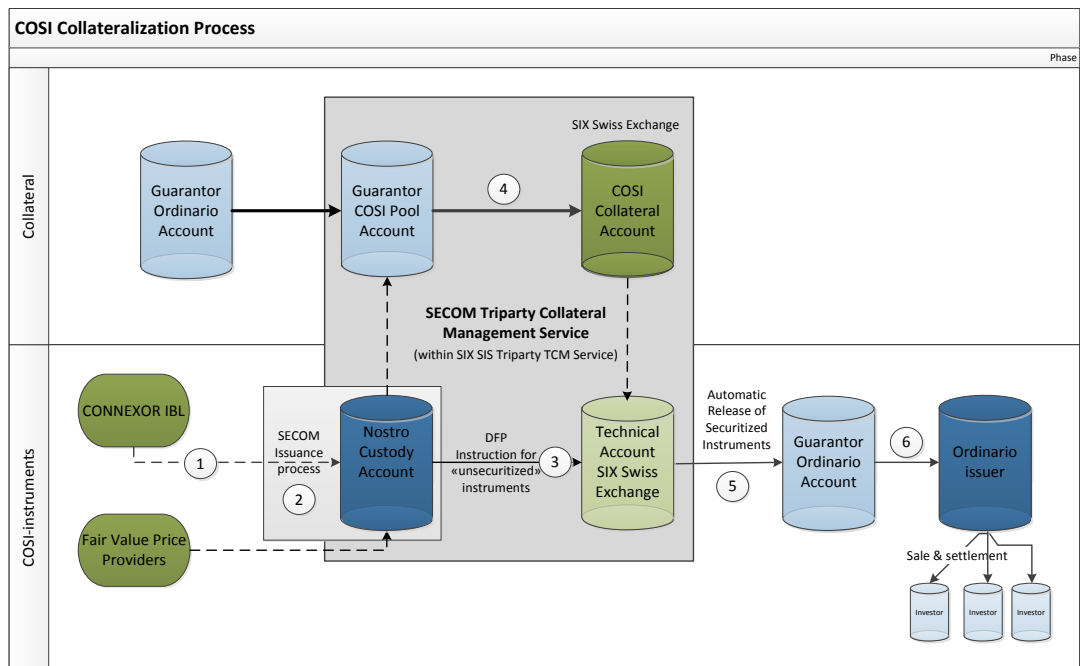
SIX SIS subsequently manages the Collateral and the Collateral-Secured Instruments. By following a Mark-To-Market process based on prices SIX SIS receives from SIX Swiss Exchange, SIX SIS initiates Margin Calls vis-à-vis the Guarantor to balance differences in value based on Margin Calls (additional delivery of Collateral) and Margin Returns (release of Collateral). Furthermore, SIX SIS is responsible for calculating the COSI administration

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fees and charging them to the Guarantor based on monthly statements (clause 7 Framework Agreement).

3.1 Main features of the COSI Service and legal aspects

3.1.1 Schematic overview



1. The ISIN of the prospective COSI is opened in SECOM via IBT.
2. Due to the transfer of all financial instruments as fiduciary transfers of title ("treuhänderisches Vollrecht") to SIX Swiss Exchange by "Delivery free of payment" (DFP), a corresponding entry of holdings is made simultaneously and automatically in the Nostro Custody Account (account in the name of SIX SIS under the BP-ID of the Issuer), which serves as the Uncertificated Securities Book ("Wertrechtebuch"). The Nostro Custody Account also represents the main register ("Hauptregister"), based on which the financial instruments appear as intermediated securities in the SECOM system. At the same time as the transfer of the financial instruments out of the Nostro Custody Account, the Issuer, if it is identical with the Guarantor, in its own name and for its own account, or, if the Issuer and the Guarantor are not identical, in the name and for account of the Guarantor, makes an offer to SIX Swiss Exchange to conclude a COSI loan agreement in connection with a collateralization agreement. The power of authority granted in favor of the Issuer to make such an offer on behalf of the Guarantor is granted by the Guarantor upon concluding the Framework Agreement.
3. Upon receipt of the unsecured financial instruments in the technical account of SIX Swiss Exchange, SIX SIS validates the applicable ISIN and verifies whether the Issuer has

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delivered the correct financial instruments. If this is not the case, SIX SIS sends an error message to the Issuer. SIX SIS examines whether the Guarantor has Eligible Assets in the amount necessary for Collateralization in its Pool Account. If this is the case, SIX Swiss Exchange accepts the COSI loan agreement in connection with a collateralization agreement. If this is not the case, SIX SIS sends a message to the Guarantor.

4. If the correct financial instruments were delivered to SIX Swiss Exchange and sufficient Eligible Assets for collateralization are available, Eligible Assets in the amount required for collateralization are transferred from the Pool Account of the Guarantor to the Collateral Account of SIX Swiss Exchange in SECOM.
5. Market Delivery: transfer of the now Collateralized financial instruments ("Collateral-Secured Instruments" in the sense of the Framework Agreement) from the technical account of SIX Swiss Exchange to the safe custody account of the Guarantor.
6. Transfer of Collateral-Secured Instruments to the Issuer if the Guarantor and Issuer are not identical.

3.1.2 **Basic principles – uncertificated securities and uncertificated securities books**

The Uncertificated Securities Book ("Wertrechtbuch") used to create financial instruments intended for collateralization is kept in SECOM based on the infrastructure provided by SIX SIS (Nostro Custody Account). The Uncertificated Securities Book ("Wertrechtbuch") exists in electronic form. Within the scope of the COSI Service, it is not permissible for the Issuer to maintain the Uncertificated Securities Book ("Wertrechtbuch") outside SECOM.

Within the meaning of Article 111 of the Swiss Code of Obligations, the Issuer guarantees SIX Swiss Exchange and/or SIX SIS for the point in time when the financial instruments are booked into its Nostro Custody Account (graph under clause 3.1.1, step 2) as well as for the entire term of the financial instrument in accordance with the issuing conditions that

- a. the financial instruments have not been created by other means or in another Uncertificated Securities Book ("Wertrechtbuch") outside SECOM by the Issuer or a third party acting on its behalf;
- b. with regard to the financial instruments, the Issuer is not maintaining an Uncertificated Securities Book ("Wertrechtbuch") outside SECOM or having such a book maintained by a third party;
- c. the financial instruments (uncertificated securities) are not and will not be booked to a main register ("Hauptregister") at any other domestic custodian apart from SIX SIS in accordance with Article 6 of the Federal Intermediated Securities Act, and are not and will not be booked to a register at any other foreign custodian or comparable entity;
- d. the Issuer shall not make, or have made on its behalf, any changes to the uncertificated securities holdings in the Uncertificated Securities Book ("Wertrechtbuch") from the time that a Market Delivery is performed based on these financial instruments up and until their return to SIX Swiss Exchange in the course of de-collateralization (clause 3.3); and

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- e. pursuant to the laws applicable to uncertificated securities, at no time is SIX Swiss Exchange obliged to meet any or all of the commitments linked to a financial instrument pursuant to the issuing conditions or in some other manner within the scope of holding the financial instruments in a fiduciary capacity (graph under clause 3.1.1, step 3).

The Issuer is entitled at all times to demand from SIX SIS the provision of statements from the Uncertificated Securities Book (“Wertrechtebuch”). The costs thereby incurred shall be borne by the Issuer.

All liability of SIX SIS and/or SIX Swiss Exchange for the Issuer’s bookings with effect in the Uncertificated Securities Book (“Wertrechtebuch”) is excluded.

Within the scope of the COSI Service, it is not possible to create financial instruments based on certificated securities held in collective safe custody or based on a global certificate.

As a rule, the financial instruments are kept as intermediated securities. The creation of intermediated securities is governed by the currently valid contract of SIX SIS concerning “Admission of uncertificated securities to the SIX SIS clearing system as well as creation and management of intermediated securities holdings, maintenance of the main register”, provided that this ServiceGuide does not stipulate any additional or deviating terms.

3.1.3 Issuance of financial instruments and position transfer to SIX Swiss Exchange

The issuer reports a financial instrument intended for collateralization via Internet Based Terms (IBT), whereupon a confirmation via IBT is made that such application for the opening of an ISIN for a financial instrument with collateralization has been received (clause 3.1 Framework Agreement).

The Issuer transfers financial instruments to SIX Swiss Exchange (BP ID: CH112987) by means of “Delivery free of payment” (DFP), whereby the financial instruments are automatically and simultaneously booked to the Nostro Custody Account, which serves as the Uncertificated Securities Book (“Wertrechtebuch”), without any assistance from SIX SIS and/or SIX Swiss Exchange (graph under clause 3.1.1, step 2). The financial instruments intended for collateralization are thus created. The Issuer is the initial and sole creditor when the financial instruments are initially booked to the Nostro Custody Account.

The Nostro Custody Account also represents the main register (“Hauptregister”) within the meaning of the Federal Intermediated Securities Act. The main register (“Hauptregister”) is kept by SIX SIS.

Neither SIX Swiss Exchange nor SIX SIS shall at any time be obliged to monitor or ensure that the Issuer undertakes this transfer of financial instruments to SIX Swiss Exchange. The Issuer shall be solely responsible for this transfer. Market Delivery (collateralization) is only possible once the financial instruments have been transferred to the technical account of SIX Swiss Exchange.

With the booking in favor of SIX Swiss Exchange (delivery free of payment, DFP), SIX Swiss Exchange is established as the fiduciary with full rights with regard to all newly created (but

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as yet uncollateralized) financial instruments. The financial instruments are held in a fiduciary capacity by SIX Swiss Exchange on behalf of the Issuer until the Market Delivery can be made to the Guarantor.

SIX Swiss Exchange shall at no time be obliged to fulfil any or all of the commitments linked to a financial instrument based on the issuing terms or by any other means.

3.1.4 Collateralization of financial instruments in SECOM and Collateral management

The collateralization of financial instruments is initiated as follows:

At the same time as the transfer of the financial instruments out of the Nostro Custody Account, the Issuer, if it is identical with the Guarantor, in its own name and for its own account, or, if the Issuer and the Guarantor are not identical, in the name and for account of the Guarantor, makes an offer to SIX Swiss Exchange to conclude a COSI loan agreement in connection with a collateralization agreement. The power of authority granted in favor of the Issuer to make such an offer on behalf of the Guarantor is granted by the Guarantor upon concluding the Framework Agreement.

Provided that SIX Swiss Exchange accepts the application of the Guarantor made by the Issuer (cf. clause 3.1.1., step 2), the following shall take effect between the Guarantor on the one hand, and SIX Swiss Exchange, on the other hand: (i) a loan agreement concerning the relevant number of Collateral-Secured Instruments; and (ii) the Framework Agreement shall be regarded as a pledge agreement and collateralization agreement between the Guarantor and SIX Swiss Exchange with regard to the collateralization of these financial instruments (clause 4.2. Framework Agreement):

- i. Based on the loan agreement, SIX Swiss Exchange (as the lender) lends the Guarantor (borrower) the agreed number of financial instruments. SIX Swiss Exchange's claim arising from the loan agreement to have the loaned Collateral-Secured Instruments returned corresponds to the claim to be collateralized ("Pfandforderung") by the Guarantor (borrower of the financial instruments). The latter claim ("Pfandforderung") constitutes a claim of SIX Swiss Exchange against the Guarantor (borrower of financial instruments) within the meaning of clause 4.1.3 (ii) and clause 4.1.3 (iv) of the Framework Agreement; and
- ii. due to the Framework Agreement, the Guarantor undertakes in particular to Collateralize SIX Swiss Exchange's claim ("Darlehensforderung") against the Guarantor (borrower of the respective financial instruments) in the amount corresponding to the total Current Value of the financial instruments loaned under the respective loan agreement (clause 4.1.3(i) Framework Agreement). All provisions of the Framework Agreement shall be applicable. For further information on the individual aspects of collateralization, please refer to clause 3.2.

The Issuer discloses in the term sheet (or comparable documents, such as the indicative term sheet or the information memorandum) as well as in the listing prospectus and the issue prospectus the method ("Method A: Fair Value Procedure" or "Method B: Bond Floor Procedure" pursuant to the "Special Provisions Governing Collateral-Secured Instruments" of

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SIX Swiss Exchange) by which the Current Value of a Collateral-Secured Instrument is determined (clause 4.1.2 Framework Agreement).

The Market Delivery is executed by a consecutive exchange of Collateral and the Collateral-Secured Instrument in SECOM. Once the correct financial instruments have been delivered to SIX Swiss Exchange and sufficient Eligible Assets for collateralization are available, Eligible Assets in the amount necessary for Collateralization are first transferred from the Pool Account of the Guarantor to the Collateral Account of SIX Swiss Exchange. The now Collateralized financial instruments (“Collateral-Secured Instruments”) are afterwards transferred from the technical account at SIX Swiss Exchange to the safe custody account of the Guarantor (cf. clause 3.1.1, step 5). The Market Delivery can be made only to the Guarantor specified in the Framework Agreement or, respectively, appointed according to the provisions of the Framework Agreement (clause 4.10 Framework Agreement).

SIX Swiss Exchange (lender of financial instruments) is not obliged to assess the creditworthiness or any other qualification of a Guarantor (borrower of financial instruments) in connection with the loan of financial instruments to the Guarantor.

Collateral management is done via automatic allocation per Market Delivery. Potential corporate actions are also subject to the Collateral management (cf. clause 7.6).

Subject to the provision of eligible Collateral pursuant to Appendix 2 of the Framework Agreement, it is possible to substitute Collateral at all times.

Comprehensive reporting (dispatch of lists) with the option of placing real-time online queries is provided (see also clause 7.7).

There is no obligation to pay interest on the COSI Loans between SIX Swiss Exchange (lender of the financial instruments) and the Guarantor (borrower of the financial instruments). The Guarantor pays a fee for the COSI Service pursuant to clause 7 of the Framework Agreement. SIX SIS is responsible for billing and collecting the service fees per Guarantor and Issuer.

The transfer of financial instruments to SIX Swiss Exchange (clause 3.1.3) does not entitle the Issuer to any form of compensation or any other payments from SIX Swiss Exchange. This provision shall apply even if financial instruments are lent to the Guarantor.

3.1.5 **Termination of COSI Loans and realization of Collateral**

3.1.5.1 **Term of COSI Loans**

Subject to any provisions to the contrary in the ServiceGuide, the COSI Loans between SIX Swiss Exchange and the Guarantor are agreed for a fixed duration corresponding to the term of the financial instruments pursuant to the issuing conditions.

The Guarantor (borrower of financial instruments) is entitled to terminate without notice COSI Loans to any extent on each Banking Day, should it wish to return financial instruments to SIX Swiss Exchange for the purpose of de-collateralization (clause 3.3 below). In this event,



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clause 4.6.2 Framework Agreement shall not apply. The termination is executed by the Guarantor (borrower).

Should a Realization Event occur (clause 11.1.2 Framework Agreement), all outstanding COSI Loans shall become due automatically upon occurrence of the Realization Event (clause 11.1.2 Framework Agreement).

A termination of COSI Loans for any other reason than the ones set out in this clause 3.1.5.1 is excluded.

3.1.5.2 **Settlement of COSI Loans and use of Collateral**

Upon maturity of a Collateral-Secured Instrument pursuant to the issuing conditions (without the occurrence of a Realization Event pursuant to clause 11.1.2 Framework Agreement) and the complete settlement of the claims of the Investors by the Issuer, the financial instruments are taken off the books and the Collateral is returned to the Guarantor, provided that it is not required as Collateral for other Collateral-Secured Instruments of the Issuer pursuant to the provisions of the Framework Agreement. The return of individual Collateral clauses is decided upon by SIX SIS on behalf of SIX Swiss Exchange. Once the financial instruments are taken off the books, the relevant COSI Loans between SIX Swiss Exchange and the Guarantor (borrower of financial instruments) is regarded as settled as far as the relevant financial instruments are concerned.

If financial instruments are de-Collateralized (clause 3.3 below), the relevant COSI Loans are regarded as settled as far as de-Collateralized financial instruments have been transferred to SIX Swiss Exchange.

Should a Realization Event occur (clause 11.1.2 Framework Agreement), the currently outstanding financial instruments of the respective Issuer will be settled in accordance with the provisions of the Framework Agreement; in particular, the Collateral will be realized in accordance with the provisions of the Framework Agreement and the net realization income will be paid to the Investors pro rata.

3.1.5.3 **Exclusion of delivery of financial instruments to the Issuer**

SIX Swiss Exchange can dispose of the financial instruments only within the scope of a Market Delivery; the deletion of financial instruments by SIX SIS on behalf of SIX Swiss Exchange pursuant to clause 3.3 remains reserved. Any delivery of financial instruments to the Issuer prior to the Market Delivery (clause 3.1.4 above) or after executed de-collateralization (clause 3.3. below) is excluded. The financial instruments must remain booked to the technical account of SIX Swiss Exchange until the respective Market Delivery is effected (cf. clause 3.1.3). Any other instructions from the Issuer or the Guarantor are not permissible and shall not be binding on SIX Swiss Exchange. The Issuer's right to have financial instruments deleted prior to Market Delivery remains reserved.

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3.2 Detailed description of the collateralization of financial instruments

All COSIs offered for sale must be collateralized. It is not permissible to credit financial instruments to the Investors' securities accounts *before* these financial instruments are collateralized.

Either the Issuer itself or a third party can assume the role of Guarantor for the financial instruments.

The Guarantor provides SIX Swiss Exchange with security interests in the Collateral within the meaning of clause 4.2 Framework Agreement.

The financial instruments are collateralized within the scope of Market Delivery to the extent required in accordance with the agreement in place between the Guarantor and SIX Swiss Exchange.

If the Issuer is not the Guarantor, the COSI position is transferred to the Issuer after having been successfully collateralized by the Guarantor.

3.2.1 Collateralization mechanism and terminological clarification

The Guarantor transfers Eligible Assets to its Pool Account. For the purpose of collateralization, SIX SIS transfers Eligible Assets in the amount necessary from the Pool Account of the Guarantor at SIX SIS to the Collateral Account of SIX Swiss Exchange at SIX SIS.

With the transfer to the Collateral Account, the right of the Guarantor to freely dispose over the Eligible Assets - now serving as Collateral - is revoked, with the exception of the right of substitution in accordance with clause 4.7 Framework Agreement and clause 6.10. SIX SIS shall ensure this revocation of the right of disposal from a technical perspective.

Despite the account transfer, no transfer of title ("keine Vollrechtsübertragung") from the Guarantor to SIX Swiss Exchange takes place regardless of the form of the Collateral (neither concerning intermediated securities, nor concerning certificated securities, nor concerning uncertificated securities). The legal competence with regard to all forms of Collateral (intermediated securities, certificated securities and uncertificated securities) remains with the Guarantor, whereby SIX Swiss Exchange is entitled to a regular right of lien or the corresponding security interests in intermediated securities, intermediated securities, certificated securities and uncertificated securities pursuant to the provisions of the Framework Agreement (clause 4.2 Framework Agreement). Provisions of the Framework Agreement that address the "delivery" or "redemption" of Collateral (in particular clause 4.4 Framework Agreement, clause 4.5 Framework Agreement and clause 4.9 Framework Agreement) do not affect the legal competence of the Guarantor as set out in the previous sentence. The same applies to the terminology used in this ServiceGuide.

The Collateral is booked into a segregated safe custody account of SIX Swiss Exchange ("Collateral Account"), which is used solely for the collateralization of financial instruments under the Framework Agreement.



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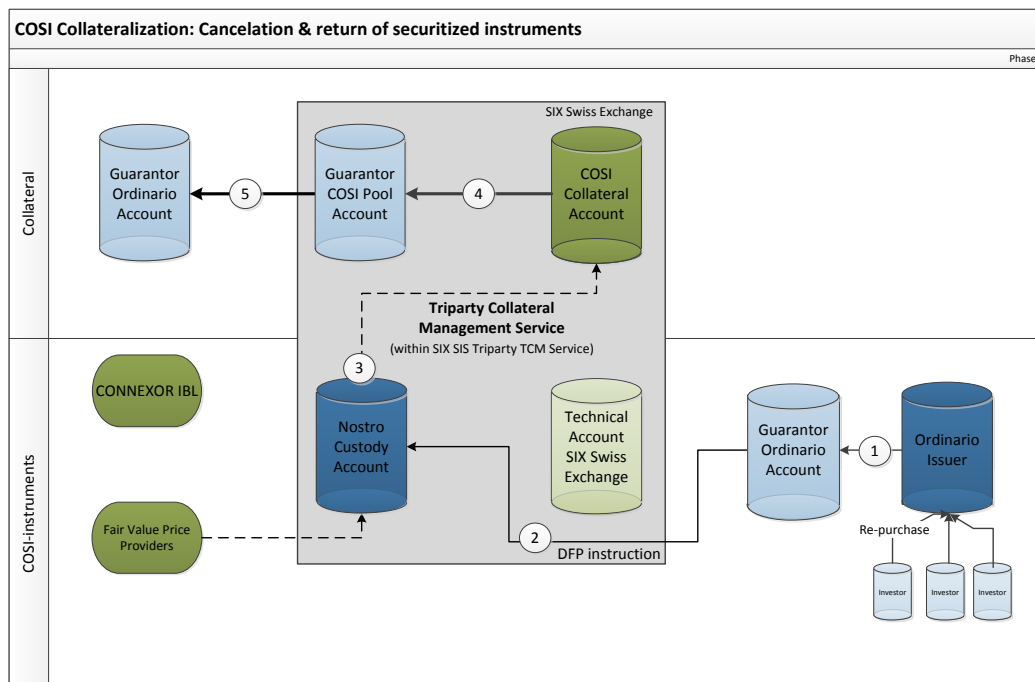
3.2.2 Specific aspects of collateralization

The security interests in favor of SIX Swiss Exchange pursuant to clause 4.2 Framework Agreement shall be applicable between the Guarantor and SIX Swiss Exchange in all cases concerning the relevant Collateral pursuant to Appendix 2 of the Framework Agreement. Due to each Market Delivery, the Framework Agreement serves as pledge agreement and collateralization agreement for all Collateral mentioned above (clause 4.2. Framework Agreement). See also clause 3.1.4 above.

Within the scope of the collateralization of financial instruments, no allocation of Collateral to individual COSI Loans takes place. The security interests granted by the Guarantor to SIX Swiss Exchange serve to Collateralize all financial instruments of the Issuer that are transferred to the Guarantor such that each individual Collateral item (of the Collateral and the margin positions) serves as pledged property and a Collateral object for all outstanding COSI Loans between SIX Swiss Exchange and the Guarantor; all Collateral items carry a right of lien and security interest for all COSI Loans (secured claims [“Pfandforderungen”] and claims to be collateralized; clause 4.1.6 Framework Agreement).

3.3 Nostro position management – returning, booking out and de-collateralization

The Guarantor is entitled to return (Collateralized) financial instruments to SIX Swiss Exchange for the purpose of managing the Issuer’s nostro holdings (i.e. proprietary holdings). The return can comprise all or a fraction of the Collateral-Secured Instruments. It is executed as follows:



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1. Return of Collateral-Secured Instruments into the ordinario account (proprietary position holdings) of the Guarantor.
2. Delivery order (“Delivery free of payment”, DFP) of the Guarantor regarding Collateral-Secured Instruments directly into the Nostro Custody Account: this delivery constitutes a return of Collateral-Secured Instruments. With this delivery into the Nostro Custody Account, the Guarantor completes the obligation to return vis-à-vis SIX Swiss Exchange regarding the COSI Loans. Simultaneously, the obligation to return of SIX Swiss Exchange vis-à-vis the Issuer, which has been created by the transfer of the financial instruments as a fiduciary transfer of title (“treuhänderisches Vollrecht”) from the Issuer to SIX Swiss Exchange, is fulfilled by this delivery too (clause 3.0 and 3.1.1).
3. Automatic deletion of the financial instrument: The delivery into the Nostro Custody Account automatically triggers the instruction to release Collateral as well as the deletion of the financial instruments in the Nostro Custody Account.
4. Return of Collateral of the value of the relevant de-collateralized financial instruments from the Collateral Account of SIX Swiss Exchange in the Pool Account of the Guarantor: a return of Collateral takes place if this Collateral is not needed for the collateralization of other financial instruments according to the provisions of the Framework Agreement (clause 4.9.1.). Further information regarding the collateralization mechanism can be found in clause 3.2.
5. The Guarantor can dispose freely over the released Collateral.

SIX Swiss Exchange is at all times entitled to mandate SIX SIS with the deletion of the financial instruments that were not transferred to the Guarantor within the scope of a Market Delivery (deletion in the main register (“Hauptregister”) and in the Uncertificated Securities Book (“Wertrechtbuch”), whereof (i) SIX Swiss Exchange and/or SIX SIS shall not be obliged to inform the Issuer in advance or (ii) to obtain the Issuer’s or the Guarantor’s consent.

4.0 Set-up in SECOM for COSI participant

4.1 Account set-up: ordinario custodian / account

If the Guarantor is a new SIX SIS participant, SIX SIS activates a relevant ordinario account within SECOM first.

Guarantors can use any of their non-linked ordinario SCAs as a Pool Account. All ISINs in the pool are automatically available with respect to the collateralization of COSI Loans if they meet the eligibility criteria for Collateral referred to in Appendix 2 of the Framework Agreement.

The Guarantor notifies SIX SIS which safe custody account shall be used as the standard account for the Collateral-Secured Instruments:



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- “Ordinario SCA for Structured Products Security” – account for bookings regarding COSI-Secured Instruments
- “SCA for Collateral” – account for intermediated securities, certificated securities and uncertificated securities

Further, the Guarantor notifies which money account shall be used as the standard account for book money:

- “Money Account for COSI Fee” – account for all costs related to SIX Swiss Exchange/SIX SIS which are incurred in connection with the COSI Service.

4.2 Segregated Pool Account

The assets (intermediated securities, certificated securities and uncertificated securities) potentially used for collateralization can be kept segregated from other assets in the Pool Account of the Guarantor.

In delivering assets into the Pool Account, the Guarantor agrees to the potential use of these assets for the collateralization of financial instruments according to clause 4 Framework Agreement. The Guarantor autonomously instructs the deliveries of assets from the ordinario account into the Pool Account and vice versa.

SIX SIS only executes a collateralization if sufficient Eligible Assets for collateralization are available in the Pool Account. This means that all ISINs in the Pool Account are available as potential Collateral if they fulfil the criteria of Appendix 2 of the Framework Agreement.

4.3 Collateral Account

The Eligible Assets made available by the Guarantor are booked, if necessary for the collateralization, as Collateral into the Collateral Account of SIX Swiss Exchange.

4.4 Base currency

The currency into which the Current Values of all Collateral-Secured Instruments are converted is the base currency. Within the scope of SIX SIS’s COSI Service, the Swiss franc (CHF) serves as the Base Currency at all times.

4.5 Reporting currency

All currencies are eligible as reporting currencies from SIX SIS to the Guarantor. SIX Swiss Exchange and the Guarantor can individually select the reporting currency independently of each other.



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4.6 **Booking instructions**

Booking instructions define the standard parameters for bookings in custody and money accounts if no custody or money accounts were initially specified or if SECOM has to generate a Corporate Action transaction.

4.7 **Reporting**

Various print format reports are available for the settlement of COSI transactions. These reports can be sent to different electronic addresses.

For details of the reporting, see clause 7.7 The Guarantor indicates to SIX SIS which list it would like to receive at which address.

4.7.1 **Modifications to reporting**

Configuration data relevant for reporting (ordering of reporting, change or deletion of receiver's electronic address) can be modified at any time by written instruction to SIX SIS. The change will come into effect the next Banking Day.

4.7.2 **Modification to message routing**

Message routing can be modified at any time by written request to SIX SIS. An effective date can be set for modifications subject to a minimum notice period of two (2) Banking Days.

4.7.3 **Authorization**

The Guarantor can grant authorizations with regard to the electronic address (LUD). Authorizations can be granted per message group. **Example:** For confidentiality or compliance reasons, a Guarantor prefers to have certain queries blocked regarding COSI orders or COSI positions from a particular interface (e.g. SWS).

5.0 **Eligible Collateral**

5.1 **COSI Global Collateral Basket**

SIX SIS maintains the COSI Global Collateral Basket ("COSI GC Basket"), which comprises all eligible categories of Collateral for financial instruments in accordance with Appendix 2 of the Framework Agreement. The specific composition of the COSI GC Basket is defined by SIX Swiss Exchange

5.2 **Application of the COSI GC Basket**

If Eligible Assets are available, the COSI GC Basket is applied automatically within the scope of the COSI Service provided by SIX SIS as it allows for a maximum of deliverable Collateral.

The COSI GC Basket consists of different asset categories (universe of accepted Collateral is published in Appendix 2 of the Framework Agreement):

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SNB GC

SNB GC describes the Collateral accepted by the Swiss National Bank (SNB) for transactions in the context of the Swiss Repo market. The comprehensive list of the specific securities is published on www.snb.ch.

EEAFI GC

Selected fixed income securities that are accepted by the European Central Bank (ECB) for collateralization purposes. The following additional criteria shall apply:

- Minimum rating of A-(S&P/Fitch) or A3 (Moody's)
- Minimum issue size of EUR 200 million
- ECB liquidity category I, II or III

SIX DELTA

Rule-based Collateral acceptance category managed by SIX Swiss Exchange, with exclusive rule application that was valid for the SNB GC until the end of 2014 in accordance with the factsheet "Merkblatt zu den SNB-repofähigen Effekten", subtracting securities that are already SNB- and ECB-eligible.

Individual Equities, which are constituents of recognized major European stock indices, hence ensuring sufficient market liquidity:

- Swiss Leader Index (SLI)
- European equities from these major indices: FTSE, DAX, CAC, AEX, MIB, OMX & IBEX

Not eligible as Collateral are, among others, issuances by the Issuer or the Guarantor or issuances of companies where the Issuer or the Guarantor holds a stake of at least 20%. Compliance with this provision is the sole responsibility of the Guarantor.

5.3 Indicative concentration limit

SIX SIS applies a discretionary concentration limit versus the pool of pledged Collateral securities in the Collateral Account of SIX Swiss Exchange. This additional risk metric is applied to minimize negative market impact or large dislocations of the underlying Collateral securities in the case of a default event.

Currently, the following limit applies:

- 5% of the total issuance volume for corporate bonds
- 10% of the total issuance volume for government bonds
- 1/3 ADT average daily trading volume for shares



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If thresholds are met or exceeded, SIX SIS can, on behalf of SIX Swiss Exchange, limit further acceptance of certain Eligible Assets as Collateral and/or request a substitution of Collateral already deposited.

SIX Swiss Exchange reserves the right to adjust these criteria if deemed necessary to reflect existing market conditions.

5.4 Haircuts

Haircuts generally result in additional collateralization for the Collateral taker, hence reducing market risk in a default scenario:

- 2% on bond securities based on the SNB GC basket
- 5% on bonds based on ECB and SIX DELTA eligibility parameters
- 10% on all equities

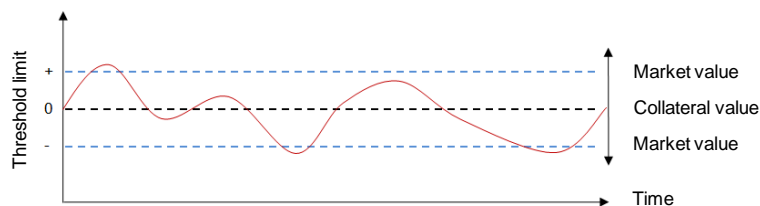
Example: Current Value of the COSI product	CHF 100.00
+ 5% Haircut applied on ECB bonds	
= Necessary Collateral	CHF 105.26 (100/0.95)

5.5 Margin Threshold

The Margin Threshold defines the range (limit) within which a risk exposure is tolerated without an additional margin transfer being triggered.

Between the Guarantor and SIX Swiss Exchange, a fixed Margin Threshold of CHF100,000 is applied.

The Margin Threshold is calculated as a value-based position of Collateral (including Haircuts), as well as of all secured COSI instruments of an Issuer.



The threshold limit is factored into every Mark-To-Market process.

5.6 Financial Instruments eligible for collateralization

All financial instruments in the SECOM system which meet the requirements of the Framework Agreement and for which the Current Values according to the “Special Provisions Governing Collateral-Secured Instruments” of SIX Swiss Exchange are available can be collateralized within the scope of the COSI Service of SIX SIS.

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5.7 Detailed description of Collateral management

The following principles define and regulate the Collateral management:

- COSI GC Basket defining the Eligible Assets.
- Large positions are given preference in the automated allocation process in order to reduce the number of Collateral transfers of intermediated securities, certificated securities and uncertificated securities to a minimum.
- Intermediated securities, certificated securities and uncertificated securities from the same corporate group as the Guarantor and/or the Issuer are not selected according to Appendix 2 of the Framework Agreement.
- Positions are selected in such a way that the Collateral value to the Framework Agreement is covered in any case, even if this entails a Net Risk Exposure for the Guarantor due to the difficulty of splitting individual Collateral items.

6.0 Settlement of COSI transactions

6.1 Market Delivery

The delivery of Collateral-Secured Instruments to the Guarantor (Market Delivery) is effected exclusively via SIX Swiss Exchange in collaboration with SIX SIS. Settlement is always carried out as an in-house settlement within SIX SIS and can only be effected after successful collateralization.

The Market Delivery is entered by the Guarantor and forwarded to SIX SIS, which verifies whether the Market Delivery can be settled and administered. If this is the case, SECOM generates the settlement instruction and makes the Collateralized financial instrument available to the Guarantor. If the Guarantor is not also the Issuer, the position is transferred by the Guarantor to the Issuer via Delivery free of payment (DFP) so that it can be delivered to the Investors.

6.1.1 T2S impact of settlement and position types (PT) on CH-positions (Issuer business)

Since SIX SIS operates segregated participant account(s) in the name of the client in T2S, all relevant T2S services will be recorded at the participant account level as per the client's instructions.

Participants can choose to maintain both CH positions (Issuer business) and cross-border positions (investor business) in the same participant account according to their current SECOM set-up.

All settlement transactions for the CH market (Issuer business) that have settled in T2S will be reflected with a position type 'TS' in SECOM. 'TS' positions might require realignment as certain Triparty services are not offered on 'TS' positions. Our 'Auto Position Realignment Service' is available both for settlement and for Collateral management services.



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6.2 Management of the Issuer's nostro positions (de-collateralization)

The Guarantor (borrower of financial instruments) is entitled to terminate without notice COSI Loans of whatever size on each Banking Day.

If financial instruments are to be de-Collateralized, the Collateral-Secured Instruments must be transferred to the Guarantor's custody account in the quantity to be returned. Collateral is returned to the Guarantor only to the extent as is not required to secure outstanding COSIs (clause 3.3).

6.3 Collateral in the form of intermediated securities, certificated securities and uncertificated securities

The positions of intermediated securities, certificated securities and uncertificated securities required to open the COSI business must be available in the Pool Account of the Guarantor with SIX SIS.

6.4 Collateralization for Market Delivery

The financial instrument value relevant to collateralization is defined in accordance with the "Specific Terms for Collateral-Secured Instruments" of SIX Swiss Exchange. The necessary Eligible Assets must be made available in the Guarantor's Pool Account. In the event of a shortfall, additional Eligible Assets can be obtained via the existing network and via SIX SIS's settlement links to other international central securities depositories (ICSDs) or central securities depositories (CSDs). The deadlines in place for the respective markets must be met.

The Guarantor receives real-time status intimations informing it of the settlement status of its COSI transactions.

6.5 Returning of Collateral when returning Collateral-Secured Instruments

If the Guarantor returns Collateral-Secured Instruments, the respective Collateral value is returned, provided that the Collateral value of the outstanding Collateral-Secured Instruments remains covered (section 3.3). Collateral is returned in exchange for the relevant COSI position on the settlement date.

6.6 Operating hours

SECOM processes COSI collateralization transactions during the entire Banking Day.

6.7 Booking

All bookings inside SECOM occur in real time.



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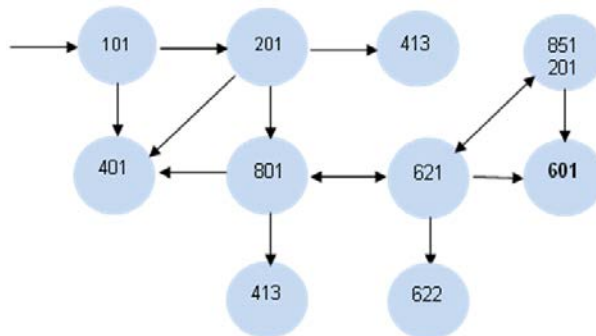
6.8 Settlement fails

Parties who have incurred damages due to late settlement (settlement fails) must address their claims directly to the party that caused the damage.

6.9 Key status intimations

Each adjustment or status change of the collateralization of financial instruments is displayed to the Guarantor immediately. They can be queried by means of status intimations (via SWS). The most important intimations are set out below.

Overview of status intimations for collateralization transactions



Status	Wording	Description
901	Rejected	The collateralization was rejected
101	Accepted	Collateralization is pending at SIX SIS. Counter-instruction by SIX Swiss Exchange is pending.
201	Matched	Collateralization has matched. The opening date is in the future.
401	Cancelled	The collateralization is deleted before collateral transfer.
801	Uncovered	In the opening process, the collateralization is uncovered.
851	Under Collateralized	Collateral demand could not fully be met on the back of the daily Mark-To-Market process.
413	Cancelled due to default	The collateralization was halted after the default clause was triggered before any collateral was transferred.
621	Covered	Collateralization is fully covered.
601	Closed	Collateralization is closed.
622	Defaulted	The link between COSI issuance and collateralization no longer exists, since altered due to default request.

6.10 Substitution of Collateral

According to clause 4.7 Framework Agreement, Collateral can be substituted (exchanged) partially or entirely for other Eligible Assets with the same value as such Collateral via a



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corresponding instruction to SIX SIS. The Guarantor can instruct a substitution order either by self-entry or with a request sent to SIX SIS's COSI team.

For all Collateral-Secured Instruments, the order to substitute Collateral can only be executed if the holding of Eligible Assets in the Pool Account allows Collateral for substitution.

6.10.1 **Automatic substitution of Collateral due to taxable corporate actions**

Collateral positions for which corporate actions are imminent are automatically substituted for other eligible securities. Automatic substitution takes place one Banking Day prior to execution (ex date) of the corporate action that might be subject to withholding tax.

6.11 **Cancellation of substitution orders**

Unsettled substitution orders may be cancelled.

7.0 **Specialties**

7.1 **Risk Management**

During the term of a Collateral-Secured Instrument, fluctuations in Collateral prices and changes in the Current Values of the Collateral-Secured Instruments can lead to differences in value. SECOM calculates these differences in value and automatically compensates them via additional securities transfers. Risk management for the COSI Service consists of the following components:

- Mark-To-Market for all Collateral-Secured Instruments for which a Market Delivery was effected
- Calculation of Net Risk Exposure
- Value adjustment (Margin Call and Margin Return)
- Margin Threshold for value adjustment

7.2 **Update of Current Values of Collateral-Secured Instruments**

SIX SIS uses the prices (Current Values) of Collateral-Secured Instruments, which are calculated based on the "Special Provisions Governing Collateral-Secured Instruments" of SIX Swiss Exchange. SIX Swiss Exchange transmits the Current Values to SIX SIS at end-of-day between 17:45 and 20:30 (CET). Current Values of Collateral-Secured Instruments in a currency other than Swiss francs are converted into Swiss francs. The conversion is based on the conversion rates transmitted by SIX SIS.



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7.3 Valuation of positions after Market Delivery

The market value of all Collateral securities is based on the prices provided by SIX SIS. All calculated values are converted into Swiss francs with exchange rate provided by SIX SIS used for the conversion.

7.4 Mark-To-Market

The valuation of Collateral positions – based on the official market prices most recently available – is performed daily, shortly before 13.00 and before 21.30 (CET) during end-of-day processing, based on the price information provided by SIX Financial Information. All Collateral provided for the COSI transactions of an Issuer is valued.

The valuation of the Collateral-Secured Instruments is based on the Current Values provided by SIX Swiss Exchange for the financial instruments in question.

7.5 Mark-To-Market schedule for the COSI Service (all times CET)

19:00 – 05:00	Receipt of SIX SIS data in SECOM (from six different time zones)
21:30	EOD (end-of-day) 1st Mark-To-Market (end-of-day processing, EOD)
Approx. 23:00	BOD (beginning-of-day) 1st margin transfer
13:00	2nd Mark-To-Market with new exchange rates, new Net Risk Exposure and 2nd margin transfer

7.6 Corporate actions and Compensation Payments on Collateral

Pursuant to clause 5.2 Framework Agreement, the Guarantor is entitled to all income generated by the Collateral until a Realization Event occurs. Thus, when a corporate action takes place, SIX Swiss Exchange is obliged to return to the Guarantor all income generated by the Collateral securities transferred in to the Collateral Account of SIX Swiss Exchange. Compensation Payments are therefore due.

SECOM executes such Compensation Payments automatically for mandatory actions. Voluntary actions on the Collateral are to be avoided. Such positions are substituted, if possible.

7.6.1 Compensation Payments on transferred Collateral

In the interest of the Guarantor and of SIX Swiss Exchange, securities on which distributions subject to withholding tax (e.g. interest payments) are due as of the Market Delivery of a Collateral-Secured Instrument, or on the Banking Day before, are not transferred as Collateral, if possible.

7.7 Reporting

SIX SIS provides reporting in a predefined data format on a daily basis. The reports are available via SWS service webBox and/or SECOM reporting in the xls or csv format.



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Reporting is distributed in the webMAX professional series, SECOM reporting or via SWIFT – depending on the requirements of the Guarantor.

Detailed information is available at www.six-securities-services.com > login > Securities Services Private > SECOM > business partner specifications > SIX SIS business partner specifications - volume 4.

7.7.1 **Overview of Collateral Positions / RVEM001 & RVEM002**

The report “overview of Collateral position” shows an overview of all Collateral positions. The report is based on the Collateral Account and shows detailed information per clause. The report “Statement of Collateral per Exposure Order” breaks down the collateral positions per individual exposure orders if required.. These reports are published three times per business day by 07:00, 13:00 and 21:30 (CET).

7.7.2 **Substitution report / RVEM003**

The “substitution report” indicates to the Guarantor which positions have been replaced in the Mark-To-Market process. The report is generated twice per business day by 13:00 and 21:30 (CET).

7.7.3 **Pending orders / RVEM004**

The report “Pending Orders” shows the Guarantor a detailed overview of all collateralization transactions where further action is required. The report is published three times per business day by 07:00, 13:00 and 21:30 (CET).

7.7.4 **Risk Report**

The “Risk Report” shows in greater details how Collateral-Secured Instruments are collateralized. The report is published twice per business day by 13:00 and 21:30 (CET).

7.8 **Example of Net Risk Exposure calculation**

The Net Risk Exposure is calculated between the Guarantor and SIX Swiss Exchange on all outstanding COSI transactions.

Collateralization of the Market Delivery

A COSI transaction with the following data serves as the basis:

- Collateral-Secured Instruments = M (units of ISIN A) 10,000 units
- Current Value (CV) of ISIN A CHF 10

Value to be Collateralized = 10,000(M) X 10.00(CV) = CHF 100,000

Collateral ISIN B has been selected as Collateral with a market price of CHF 20.

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The Haircut is 2% ($100\% - 2\% = 98\%$)

Calculating the required quantity of initial Collateral ISIN B:

$\text{CHF } 100,000(\text{M}) / (0.98 \times 20) = 5,102.0408$; to be rounded up to the next whole unit of the smallest trading quantity for this ISIN. 5,102.0408 is rounded up to 5,103.

Value of the Collateral: $5,103$ (quantity) $\times 20$ (market value) = CHF 102,060

After Market Delivery, market prices have changed and a new Mark-To-Market process is carried out. Within the scope of the COSI Service, all outstanding transactions are valued based on the new market prices or Current Values:

New market price for ISIN A is CHF 11 and for ISIN B CHF 19.

Newly calculated Current Value of the Collateral-Secured Instrument (ISIN A):

$10,000$ (M) $\times 11$ (new Current Value) = CHF 110,000

Newly calculated value of Collateral ISIN B:

$5,103$ (M) $\times 19$ (new price) = CHF 96,957

Net Risk Exposure: $110,000 - 96,957 = \text{CHF } 13,043$

7.9 Occurrence of a Realization Event

Should SIX SIS receive a written, duly signed message from SIX Swiss Exchange stating that a Realization Event according to the Framework Agreement has occurred (cf. clause 11.1.4 f. Framework Agreement), SIX SIS will

- cancel all collateralization orders for which Market Delivery is pending; and
- set to "Default" all outstanding COSI Positions of the relevant Issuer in the SECOM system (without transfer of the Collateral to the Guarantor such that the Collateral pledged in favor of SIX Swiss Exchange can be realized in accordance with the provisions of the Framework Agreement).

Any compensation of a remaining Net Risk Exposure will be accounted for manually within the scope of the COSI Service.

7.9.1 Realization measures

Realization of the Collateral is effected by SIX Swiss Exchange, in particular according to the principles defined in clause 11.2 f. Framework Agreement. The realization procedure is defined in detail by SIX Swiss Exchange. Subject to cogent legal provisions, SIX Swiss Exchange is entitled at its discretion to, inter alia, liquidate the Collateral on the stock exchange or over the counter and/or via private or public auction and to collect bank money



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claims and convert them into Swiss francs. If the value of a Collateral item is determinable (i) due to a market or stock exchange price of an underlying asset or (ii) due to a price-risk model based on a market or stock exchange price of one or more underlying assets, then the Collateral item can be realized at a value resulting from the procedure as per (i) or (ii). Any mandatory legal provisions that contradict the utilization of Collateral as provided for under this clause 7.9.1 shall take precedence in all cases.

The Guarantor undertakes to, if necessary, participate in any transfer of Collateral to the purchaser and to issue the necessary declarations, endorsements or assignments upon initial request from SIX Swiss Exchange.

The Guarantor hereby unconditionally and irrevocably authorizes SIX Swiss Exchange to execute on its behalf all necessary actions and to issue all declarations in its name in order to complete the transfer of Collateral to a purchaser.

7.10 Availability of technical infrastructure

7.10.1 Basic principles

The existing backup procedures of SIX SIS are also applicable to COSI transactions.

The existing procedure in the event of problems at SIX SIS or in the SECOM system is described on the SIX SIS website at www.six-securities-services.com > Login > Securities Services Private> SECOM > Business continuity > System failure SIX SIS.

The existing procedure for problems with regard to the connection between the Guarantor and SECOM is described on the SIX SIS website at www.six-securities-services.com > Login > Securities Services Private> SECOM > Business Continuity > System failure at client's end.

7.10.2 SIX SIS and/or SIX Swiss Exchange

As long as SIX SIS and/or SIX Swiss Exchange are not in a position to provide the relevant technical processes for the collateralization and settlement of payment and delivery obligations in connection with Collateral-Secured Instruments within their sphere of influence (hereinafter "obstacle"), no Realization Events as defined under clause 11.1.2 Framework Agreement can occur that are exclusively attributable to such an obstacle (clause 11.1.6 Framework Agreement).

As long as SIX Swiss Exchange is not in a position to provide the relevant technical processes for trading of and market making for Collateral-Secured Instruments (hereinafter "SSX obstacle", no Realization Events within the meaning of clause 11.1.2(e) Framework Agreement can occur that are exclusively attributable to such a SSX obstacle.

7.10.3 Timelines

A timeline relevant to a Realization Event according to the Framework Agreement (hereinafter "Relevant Timeline"), in particular the grace periods pursuant to clause 11.1.2(a)

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and (b) Framework Agreement or the suspension period pursuant to clause 11.1.2(e) Framework Agreement which has already commenced when an obstacle within the meaning clause 7.10.2. occurs, shall stand still and only recommence at the beginning of the next Banking Day after the obstacle has been removed by SIX SIS and/or SIX Swiss Exchange such that after removal of the obstacle within the meaning of clause 7.10.2., the full duration of each of the Relevant Timelines pursuant to the Framework Agreement shall be granted.

As long as an obstacle within the meaning of clause 7.10.2. exists, none of the Relevant Timelines within the meaning of clause 7.10.3. can commence.

7.11 “Backup” for COSI transactions

In view of unforeseeable events that could jeopardize the timely collateralization of financial instruments in accordance with the provisions of the Framework Agreement, the Guarantor can instruct SIX SIS to effect the collateralization itself according to the Eligible Collateral Assets available in the Guarantor’s Pool Account held with SIX SIS.

7.11.1 Order Processing

Orders for the collateralization of financial instruments are due within an hour on the same business day which they are entered by SIX SIS in the SECOM system.

For market deliveries that are entered on any Banking Day, SIX SIS ensures same-day processing as long as the orders are received by 16:00 (CET) at the latest. When sending the fax or e-mail, the Guarantor must also contact the COSI team of SIX SIS by phone so that SIX SIS can provide such processing (see clause 13.0.).

8.0 Pricing

The current prices for the individual services of SIX SIS can be downloaded from www.six-securities-services.com > Login > Securities Services Private > MarketGuide > General Information > Pricing SIX SIS.

8.1 Fee for COSI Service

The Guarantor is obliged to pay the fee pursuant to clause 7 of the Framework Agreement. The fee is expressed in basis points (bps) per annum. The fee is calculated on the basis of 360 days per year and the actual days per month. The fee amount depends on the overall volume of the Collateral that needs to be pledged by the Guarantor in favor of SIX Swiss Exchange pursuant to the provisions of the Framework Agreement.

The fees owed are billed by SIX SIS. Bills are prepared on a monthly basis and comprise, on the one hand, fees for Collateral-Secured Instruments that have already matured and, on the other hand, the monthly share of collateralizations extending across the end of the month. For incomplete months, the fee is charged pro rata temporis (actual days). All issues of Collateral-Secured Instruments are listed individually in the bill.



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The fee is due within thirty (30) actual days after dispatch of the bill by SIX SIS and is regarded as approved if no objections are raised by the Guarantor within this period. SIX SIS can automatically debit the Guarantor's account with the fee.

If the Guarantor does not pay the fee by the due date, it will be regarded as in arrears with no additional reminder sent.

9.0 Definitions

In addition to the definitions in the Framework Agreement, the following terms in alphabetic order are defined as follows:

Term	Description
Base Currency	The Base Currency is defined as the currency into which all COSI Positions as well as the Collateral value are converted. The Base Currency serves to calculate the Net Risk Exposure.
Collateral Account	Under each TCM Account one or more TCM money account/s and one TCM securities account will be administered. The TCM Accounts are used for regular rights of lien on intermediated securities, certificated securities and uncertificated securities.
Collateral COSI Global Collateral Basket	List of intermediated securities, certificated securities and uncertificated securities (basket) that contains all categories of Collateral as defined in Appendix 2 of the Framework Agreement.
Compensation Payments	Credit of revenue from Collateral in connection with corporate actions in favor of the Guarantor.
COSI	Collateral-Secured Instrument
COSI Loan	Loan from SIX Swiss Exchange (lender) to Guarantor (borrower) regarding a Collateral-Secured Instrument. There is one loan for one Collateral-Secured Instrument.
COSI Positions	Collateral-Secured Instruments which SIX Swiss Exchange has lent out to the Guarantor.
COSI Service	Triparty Collateral management for Collateral-Secured Instruments where SIX SIS is responsible for settlement, administration and risk management in accordance with the provisions of the Framework Agreement (including this ServiceGuide and the other applicable provisions).
Eligible Assets	Assets (intermediated securities, certificated securities and uncertificated securities) eligible for collateralization according to Appendix 2 Framework Agreement.
Framework Agreement	Framework Agreement for Collateral-Secured Instruments of SIX Swiss Exchange and SIX SIS, including the Appendices and the rules & regulations to which the Framework Agreement refers.
IBT/IBL	Internet Based Terms/Internet Based Listings
ISIN	International Securities Identification Number
LUD	Logical user device

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Term	Description
Margin Call	Communication to the Guarantor that a shortfall in the cover used in the collateralization of Financial Instrument must be remedied by the delivery of additional Eligible Assets.
Margin Return	A transaction undertaken to balance an excess in the cover used in the collateralization of financial instruments.
Margin Threshold	A threshold figure of CHF 100,000. A Margin Call/Return is triggered if this figure is exceeded.
Market Delivery	<i>In an initial step</i> , SIX Swiss Exchange and the Guarantor conclude a loan agreement, and the Framework Agreement is applicable to each transaction as a pledge agreement and collateralization agreement. Based on the loan agreement, SIX Swiss Exchange is obliged to transfer the Collateral-Secured Instruments to the Guarantor (borrower of financial instruments), who under the Framework Agreement is obliged to, in particular, Collateralize in favor of SIX Swiss Exchange the Current Value of all financial instruments transferred to it. <i>In a second step</i> , these obligations are consecutively fulfilled in SECOM. Firstly, Eligible Assets in the amount necessary for collateralization are transferred from the Pool Account of the Guarantor to the Collateral Account of SIX Swiss Exchange. Subsequently the financial instruments now being Collateralized (“Collateral-Secured Instruments” in the sense of the Framework Agreement) are transferred from the technical account of SIX Swiss Exchange to the safe custody account of the Guarantor. Thereby the Market Delivery is completed.
Mark-To-Market	Valuation of the Collateral at market prices (incl. accrued interest) and calculation of the Current Values of the Collateral-Secured Instruments.
Net Risk Exposure	Value difference arising from the juxtaposition of the Collateral valued at market prices and the Current Values of the Collateral-Secured Instruments.
Nostro Custody Account	Safe custody account in the name of SIX SIS under the BP-ID of the Issuer.
Pool Account	Safe custody account at SIX SIS, in the name of the Guarantor. The entirety of the assets, which are eligible as Collateral according to Appendix 2 of the Framework Agreement and are credited to the Pool Account, form the holding of intermediated securities, certificated securities and uncertificated securities, which is available for collateralization of financial instruments. The Pool Account is an ordinario SCA account (type 001) or a segregated collateral pool account (type 025).
ServiceGuide	ServiceGuide COSI of SIX SIS
SWS	Internet-based user interface for the administration of all transactions with certificated securities and securities similar to certificated securities (SecLend, Repo etc.) in real time. Login is performed using a one-time password token.
Uncertificated Securities Book (“Wertrechtebuch”)	Register kept electronically in SECOM based on the infrastructure provided by SIX SIS. It serves to create financial instruments issued by



ServiceGuide SIX SIS Ltd

COSI – Collateral-Secured Instruments

Term	Description
	the Issuer in the form of uncertificated securities.
webMAX	Browser-based user interface for the administration of all transactions with certificated securities and securities similar to certificated securities (SecLend, Repo etc.) in real time via a VPN connection.

10.0 Price sources

10.1 Collateral-Secured Instruments

Within the scope of the COSI Service provided by SIX SIS, the Current Values of the Collateral-Secured Instruments are defined in accordance with the “Special Provisions Governing Collateral-Secured Instruments” of SIX Swiss Exchange.

10.2 Collateral in the form of intermediated securities, certificated securities and uncertificated securities

The prices for the Mark-To-Market of Collateral in the form of intermediated securities, certificated securities and uncertificated securities are defined by SIX SIS according to the following priorities; all prices are official stock exchange closing prices:

1. Paid price on the main stock exchange
2. Bid price on the main stock exchange
3. Paid price on an additional exchange
4. Bid price on an additional exchange
5. Old price in accordance with points 1. to 4.

These prices are applicable during an entire COSI value date.

10.3 Foreign exchange (FX) rates

Exchange rate information is delivered by SIX SIS through the Intraday Pricing Service (provided by GTIS).

Exchange rates are updated in SECOM at 7:45, 13:00 and 21:30 hours (CET) and fixed approx. 15 minutes in advance.

The exchange rates applied can be queried with MT598-740 “Query on Repo exchange rates”.

11.0 COSI Positions and movement types

COSI order status description	Status
Accepted (unmatched counterparty)	101
Accepted matched	201
Cancelled	411
Cancelled by SECOM	412
Cancelled default	413



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COSI – Collateral-Secured Instruments

COSI order status description	Status
Closed	601
Opened	42s
Defaulted	622
Rejected by SECOM	901

Modification order status description	Status
Modification accepted (unmatched counterparty)	101
Modification accepted matched	201
Cancelled by SECOM	412
Cancelled default	413



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COSI – Collateral-Secured Instruments

12.0 Issuer and Guarantor contacts

Please complete this form and send it to SIX SIS Ltd, Zurich, fax +41 58 499 13 11. This will enable SIX SIS to forward news to you more quickly.

BP ID: _____

COSI Issuer

Name: _____

Place: _____

Address: _____

Department _____

Person in charge: _____

Phone & fax: _____

E-mail: _____

COSI Guarantor Please tick if same details as above apply

Name of the bank/the securities dealer: _____

Place: _____

Address: _____

Department: _____

Person in charge: _____

Phone & fax: _____

E-mail: _____

Date: _____

Stamp and signatures: _____

Date: _____

Stamp and signature: _____



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COSI – Collateral-Secured Instruments

13.0 Contact at SIX SIS

If you have any further questions, please contact your Relationship Manager. The contact details are mentioned in the list of SIX SIS contacts published at www.six-securities-services.com > Login > Securities Services Private > Contacts > List of SIX SIS contacts.

For further information, please contact the COSI team of SIX SIS:

SIX Securities Services Ltd
COSI- & Repo Team
P.O. Box
CH-8021 Zurich

Phone: +41 58 399 34 00

Fax: +41 58 499 13 11

E-mail: repo@six-group.com

In this context, SIX SIS Ltd draws the participant's attention to **articles 9a, 27 c and f** of the General Terms and Conditions of SIX SIS Ltd stipulating that the participant is responsible for compliance with all 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 securities held in custody or booked for the participant.

Please note that references to external sources, e.g. to websites or links of third parties, are provided solely for information purposes and do not imply any recommendations whatsoever. SIX SIS Ltd has neither provided nor processed the contents of the sources in question. Furthermore, SIX SIS Ltd has not verified, reviewed or updated the contents of these sources and therefore disclaims all liability for the information contained therein.

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