



User Guide SIX x-clear Ltd

Denmark

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1.0 Market overview

Description	Details
Market participation setup	Direct participant at VP
Place of settlement	VP securities VPDKDKKKXXX
Participant ID / BIC	VP no. 17600 / CLRXCHZZXXX
Standard settlement instruction format	REAG/DEAG: VPDK/17600 SELL/BUYR: blank The DSS format as outlined above has to be used in the settlement instruction against SIX x-clear
Market deadline (CET)	Free and versus payment S 12:00 (badge 60)

This guide is applicable for transactions of members of SIX x-clear Ltd (hereafter referred to as “SIX x-clear”); that means both for members on the SECOM platform and members on the CLARA platform. The trading venue is not relevant to the settlement process or the place of settlement. In general, the place of settlement is defined by the home market of the security and the trading currency.

2.0 Settlement guide

2.1 Settlement process

SIX x-clear is a direct participant with the Danish CSD VP Denmark. The clearing member which is the counterparty to SIX x-clear has to mention the VPDK ID 17600 as the counterparty in its instruction. No beneficiary details have to be mentioned in the SWIFT instructions.

These settlement instruction details have to be included in instructions against SIX x-clear. SIX x-clear cannot guarantee matching if the details in the counterparty instructions do not follow this guideline.

Both transaction types “free of payment” and “against payment” have to be matched before settlement.

At the settlement platform, the settlement information for the two instructions will be compared. Data must be identical in order to match. The only exception is the cash amount in against-payment instructions with a matching tolerance of DKK 100. The tolerance is defined by the settlement platform. The amount in the seller’s instruction takes precedence. Instructions exceeding the acceptable tolerance will remain unmatched.

Settlements at the Danish CSD against SIX x-clear are only possible in DKK.

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Any instruction which has been sent for matching in the local market remains pending until matching is successful, or upon cancellation either by the member or by the settlement platform.

Matching of instructions is binding, i.e. instructions can no longer be cancelled or can only be cancelled upon request by both parties.

2.2 **Handling of unmatched trades**

Trades should be matched on T+1 to ensure timely settlement. SIX x-clear will monitor unmatched transactions and contact clearing members for missing/failing instructions if necessary. Clearing members are also requested to monitor unmatched trades and to ensure instructions are in place.

2.3 **Handling of unsettled trades**

Trades are expected to settle on the intended settlement date (ISD). SIX x-clear will not amend instructions. Cancellations and re-instructions will only be performed by SIX x-clear for instructions that are veritably incorrect or where a manual transaction split has been agreed. SIX x-clear will monitor unsettled transactions and contact clearing members for delayed transactions if necessary.

In respect of late settlement and buy-in rules, please refer to the “Late settlement and buy-in guide” of SIX x-clear.

SIX x-clear may pass on any third-party fees, including but not limited to cancellations, manual instructions, manual repairs and late settlement penalties.

2.4 **Partial delivery**

The account with VP is a CCP participant account. CCP participants are activated for the auto-splitting facility at VP.

Partial deliveries of trade transactions between two clearing houses in the function of a CCP are carried out in the blocks 10 (S-1, 18:00 CET), 20 (S, 00:35 CET), 30 (S, 07:05 CET) and 40 (S, 10:15 CET).

Partial deliveries of trade transactions between a settlement clearing house in the function of a CCP and a clearing participant which is not a settlement clearing house in the function of a CCP are only carried out in block 40 (S, 10:15 CET).

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The trade transaction with the earliest settlement day is selected for the partial delivery. If there are several trade transactions with the same earliest settlement day, the transaction with the largest settlement amount is selected first.

The unsettled part of a trade transaction where partial delivery has taken place in block 40 is deferred to block 60 (S, 12:00 CET), while the unsettled part of a trade transaction where partial delivery has taken place in blocks 10, 20 and 30 is deferred until the next settlement block.

2.5 **T2S**

VP Securities is migrating the settlement of securities in Danish krone (DKK) to the T2S platform on 29 October 2018. SIX x-clear Ltd leverages the services of SIX SIS Ltd as its settlement agent for DKK settlement at T2S.

The Standard Settlement Instruction (SSI) details of SIX x-clear for settlement in the Danish market remain unchanged as described in Section 1.0.

Clearing Members have to submit SIX x-clear's "Settlement standing instruction (SSI)" (Form 002C for SECOM Members / Form 002E for CLARA Members) if there is any change in their SSIs.

Bilateral matching is required for the settlement of securities in DKK at T2S. Therefore, T2S-eligible settlement instructions will not be instructed as pre-matched instructions.

Settlement instructions of SIX x-clear will be routed with the partial settlement indicator "PARQ". It is mandatory for Clearing Members or their settlement agents to input the partial settlement indicator "PARQ" when instructing against SIX x-clear at T2S.

SIX x-clear's Members or their settlement agents must be direct participants of VP Securities, irrespective of whether their T2S connectivity type is "Indirectly Connected Party" (ICP) or "Directly Connected Party" DCP for T2S settlement.

SIX x-clear is a CCP participant at VP Securities and its settlement instructions to VP Securities has the settlement priority 2.

3.0 **Income and corporate action guide**

In the Danish market, the most common events are dividend payments. Special actions very rarely take place.

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Danish companies pay dividends on an annual basis. However, upon approval by the annual general meeting (AGM), special dividends may be paid. Some unit trust sub-funds pay interim dividends.

3.1 **Ex date**

The first date on which shares are traded without entitlement. The ex date is the business day following the AGM.

3.2 **Record date**

The date when close of business positions are captured for entitlement to the proceeds of the corporate event. The record date is one business day after the ex date.

3.3 **Pay date**

The corporate event proceeds are credited to the participant's account on the pay/available date based on the holdings registered as at the record date (EOD). The pay date is one business day after the record date.

3.4 **Cancellation/Regeneration (transformation)**

In case of mandatory corporate actions, such as splits, reverse splits, conversions, etc., both SIX x-clear and the clearing member have to cancel the pending settlement instructions and re-instruct the new trades (EOD on record date) according to the terms and conditions of the relevant corporate action. VP Denmark does not provide support with any activities in such an event.

3.5 **Compensation rules**

Denmark is a record date market. Distributions are credited on the basis of the settled stock position as at the record date. Compensation is generally handled directly between two or more participants on a case-by-case basis. SIX x-clear will claim the entitled distribution upon settlement of the underlying transaction from the counterparty (if a trade with a trade date before the ex date is pending at the end of the record date).

3.6 **Source tax**

As a general rule, non-residents are subject to a statutory withholding tax rate of 27% on dividends. Non-residents may reclaim tax in accordance with an existing double taxation treaty between Denmark and the beneficial owner's tax residency.

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3.7 **Currency**

The currency most commonly distributed in the Danish market is the Danish krone (DKK). It is possible that the CSD will not distribute the original announced currency. In this case SIX x-clear will credit the currency received from the custodian.

3.8 **Buyer election**

There is no buyer protection facility in the Danish market.

SIX x-clear never takes any action on corporate actions with a choice of options. In case the buyer does not submit any preference, the default option applies. If an option other than the default option is desired, the buyer has to send his choice with a Liability Request Notice by fax to SIX x-clear Ltd's Settlement Desk by no later than two hours prior to the election deadline.

SIX x-clear Ltd will forward the buyer's choice with a Liability Allocation Notice to the failing seller by no later than one hour prior to the election deadline.

The Liability Request Notice and the Liability Allocation Notice can be downloaded from the website at www.six-group.com > Exchange Services > Securities Services > Clearing > Member Information > Forms.

The seller is obliged to execute the instruction and to deliver the outcome according to the buyer's choice. The cancellation of the original trade and the new instruction(s), according to the relevant corporate action terms, need to be agreed bilaterally by SIX x-clear Ltd and the counterparty. The settlement dates of the new outcome will generally be the payment date of the corporate action transaction.

In case a deposit date is available, the seller shall deliver the rights/shares on the deposit date at the latest. A buyer/SIX x-clear is not obliged to accept delivery of rights/shares after such date. Therefore the rights/ shares can be returned to the seller. The seller still has an obligation to fulfill the executable buyer's choice.

If a seller fails to deliver the rights/shares by the relevant deadlines, the seller is held liable for any charges and penalties received in connection with the failing delivery. This liability may be in the form of:

- Elections to tender
- Missed economic benefits on the onward sale of the underlying shares
- Buy-in fees imposed on our counterparty by other counterparties
- Market penalties from SIX x-clear's onward deliveries failing



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4.0 Contact details

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

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If information is incomplete or missing in this guide, kindly consult the relevant MarketGuide of SIX SIS Ltd for further details.

In this context, SIX x-clear Ltd draws the Members' attention to clauses **7.1 lit. f. and 25.3** General Terms and Conditions of SIX x-clear Ltd stipulating that the Member bears responsibility for the tax requirements and consequences of clearing with x-clear pursuant to the Applicable Law and that SIX x-clear Ltd assumes no liability for any charges or other negative consequences arising in conjunction with clearing through SIX x-clear Ltd that are a result of tax laws or ordinances issued by tax authorities pursuant to the Applicable Laws.

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