

FrontLine SIX x-clear Ltd

Partial settlement at Euroclear Sweden and enhancement to settlement instructions generated from SIX x-clear Ltd

1.0 Overview

To be compliant with the Central Securities Depositories Regulation (CSDR) “Prevent Settlement Fails” requirements, Euroclear Sweden will implement new functionality and processes in the VPC system. As part of “Prevent Settlement Fails”, Euroclear Sweden is introducing partial settlements for CCP netted transactions as of 18 November 2019 (intended settlement date). SIX x-clear Ltd is a direct participant with Euroclear Sweden and will therefore follow the relevant procedures.

Additionally, SIX x-clear Ltd is introducing enhancements to the settlement instructions sent to Euroclear Sweden. The fields concerned are the intended settlement date as well as the settlement amount.

2.0 Effective date

18 November 2019.

The effective date for the aforementioned services of Euroclear Sweden as well as the SIX x-clear Ltd enhancement to settlement instructions is 18 November 2019. **SIX x-clear Ltd will send settlement instructions in the new format including the partial settlement for transactions with the trade date of 18 November 2019 (Monday) onwards.**

3.0 Impact on participants

There are no technical changes for SIX x-clear Ltd caused by the implementation of the relevant procedures by Euroclear Sweden. The partial settlements will be indicated with “PART” in all MT54x reports of SIX x-clear Ltd.

3.1 Automated partial settlement

The partial settlement indicator for Clearing Members of SIX x-clear Ltd is “PART”.

SIX x-clear Ltd strongly recommends its Members to use “PART” in their leg of the settlement instructions on all transactions (receive and delivery).

3.2 Enhancement to settlement instructions generated from SIX x-clear Ltd: settlement date

Currently, SIX x-clear Ltd instructs the intended settlement date as the current date for settlement instructions that are entered into the system with an intended settlement date that has already passed (back-dated). With the enhanced settlement instruction

FrontLine SIX x-clear Ltd

generation, the back-dated settlement instructions will be sent to Euroclear Sweden as they are entered into the system.

This change is mandatory and it allows Euroclear Sweden to correctly calculate settlement penalties and to trace the lifecycle of a transaction. The intended settlement date is a mandatory matching field.

3.3 **Enhancement to settlement instructions generated from SIX x-clear Ltd: rounded amounts**

SIX x-clear Ltd is adopting the Euroclear Sweden market practice by which settlement instructions must not have decimal values in the settlement amount. SIX x-clear Ltd will round the settlement amounts in the settlement instruction generated from SIX x-clear Ltd for Euroclear Sweden, i.e. xx.49 will be rounded down; xx.50 will be rounded up. Instructions with rounded settlement amounts will be reported consistently in member intimations and member reporting.

The rounding will always be applied to SIX x-clear Ltd's own leg of the settlement instruction and also for settlement instructions generated by SIX x-clear Ltd on behalf of Members wherever a Power of Attorney (PoA) service is in place.

The rounding logic should not be applied on gross trades, but only on the settlement instructions generated for Euroclear Sweden for both gross and net instructions, according to the Member's netting preference.

4.0 **Details**

4.1 **(Member) testing**

The testing window between Euroclear Sweden and its participants is open until 4 October 2019. The optional testing between SIX x-clear Ltd and its Clearing Members is to be completed by the end of September.

4.2 **Further information**

SIX x-clear Ltd will update and publish the following documents in due time, and under the following paths:

1. "Sweden – User Guide (xcl-714)", sub-chapter 2.0 "*Settlement guide*" (www.six-group.com > Exchange Services > Securities Services > Clearing > Member Information > Market Information > User Guides > Sweden – User Guide | xcl-714)
2. "New User Guide – Manual Partial Settlement and Splitting" (www.six-group.com > Exchange Services > Securities Services > Clearing > Member Information > Market Information > User Guides > Manual Partial Settlement and Splitting)

FrontLine SIX x-clear Ltd

Clearing Members can find additional information on the websites of Euroclear Sweden.

5.0 Contact

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-group.com > Login > Securities Services Private > Contacts > SIX SIS > List of SIX SIS contacts.

In this context, SIX x-clear Ltd draws the Members' attention to clauses **7.1 lit. f., chapter 17.0 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 Law.