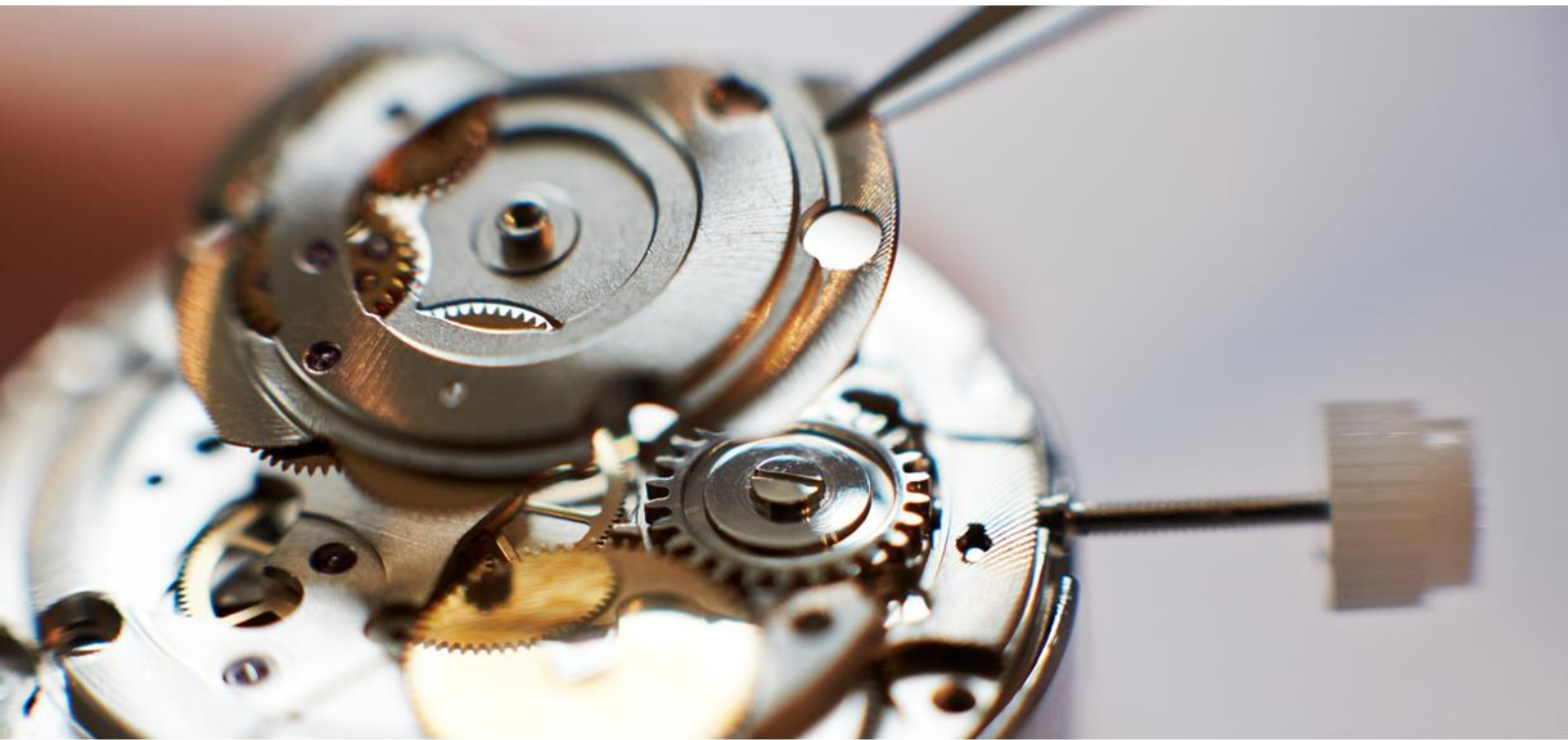




## FAQ SIX x-clear Ltd

### CCP clearing of Spanish cash equities

April 2018





# FAQ SIX x-clear Ltd

## CCP clearing of Spanish cash equities

### Table of contents

<b>1.0</b>	<b>Introduction</b>	<b>4</b>
<b>2.0</b>	<b>General Questions</b>	<b>4</b>
2.1	Which trading venues currently support the CCP clearing of Spanish equities with x-clear?	4
2.2	How different is the Spanish market compared to other existing Settlement markets?	4
2.3	Which account types of Iberclear does x-clear support for the operational process?	4
2.4	What role does PTI have?	4
2.5	What is the two-tier registration system in the Spanish market	5
<b>3.0</b>	<b>Member Input</b>	<b>5</b>
3.1	What is the procedure of collecting ownership data, Ownership Update/ Corrections?	5
3.2	What is Account Update and its procedure?	5
3.3	How are the Hold and Release requests processed at x-clear?	6
3.4	What is the basis for Clearing Members to request x-clear for Account Update, Ownership Update/ Correction as well as Hold/ Release?	6
3.5	What are the timeline which Clearing Member has to follow to provide input to x-clear?	6
<b>4.0</b>	<b>Reporting</b>	<b>7</b>
4.1	Which reporting options are available for clearing Spanish market?	7
4.2	When and what information does Pseudo Netting provide?	8
4.3	Which daily reporting does x-clear send to Iberclear?	9
<b>5.0</b>	<b>Settlement</b>	<b>9</b>
5.1	What is the high level settlement flow for the Spanish market?	9
5.2	When does x-clear send settlement instructions to Iberclear?	9
5.3	What is the difference in instructing to the Spanish market compared to other markets?	10
5.4	What is the default status of settlement instructions created by x-clear?	10
5.5	What is the settlement priority of x-clear's instructions for T2S settlements? Are x-clear settlements eligible for partial settlement at T2S?	10
5.6	Will Clearing Members or their settlement agents receive status intimations/ confirmations on their settlement instructions from x-clear?	10
5.7	How does the buy-in procedure in the Spanish market work?	10
<b>6.0</b>	<b>Member readiness</b>	<b>10</b>
6.1	Is testing required for Clearing Members?	10
6.2	What are the pre-conditions for on-boarding Clearing Members?	11
6.3	What are the reference documents related to the CCP clearing of equities?	11
<b>7.0</b>	<b>Technical readiness</b>	<b>12</b>
7.1	What is the interface to be used for providing various inputs to SIX x-clear?	12



FAQ SIX x-clear Ltd  
CCP clearing of Spanish cash equities

**8.0 Contact details**

**12**



## FAQ SIX x-clear Ltd

### CCP clearing of Spanish cash equities

#### 1.0 Introduction

This Q&A provides a comprehensive overview of topics which may be of interest to Clearing Members of SIX x-clear Ltd (hereafter referred to as “x-clear”), when using x-clear’s clearing service for Spanish equities.

#### 2.0 General Questions

##### 2.1 Which trading venues currently support the CCP clearing of Spanish equities with x-clear?

1. Aquis (AQXE)
2. Cboe Europe Equities (BATE & CHIX)
3. Equiduct (XEQT)
4. Sigma X MTF (SGMX)
5. Traiana - Harmony (TRAI)
6. Turquoise (TRQX)

##### 2.2 How different is the Spanish market compared to other existing Settlement markets?

The Spanish market has the following specialities when compared to other settlement markets.

1. Two-tier securities registration with the Post-Trading Interface (PTI) (see sub-chapter § 2.4 *What role does PTI have?*);
2. Providing ownership information, conducting Ownership Update/ Correction and Account Update;
3. Hold and Release;
4. No bilateral matching by Clearing Members. x-clear will send pre-matched instructions to Iberclear;

##### 2.3 Which account types of Iberclear does x-clear support for the operational process?

x-clear supports all account types of Iberclear:

1. Proprietary account
2. Individual account
3. Third party account
4. Financial intermediary special account

##### 2.4 What role does PTI have?

Iberclear operates a standardized information system, the Post-Trade Interface (PTI). PTI guarantees the traceability of trades made both in the markets and the trading platforms, as



## FAQ SIX x-clear Ltd

### CCP clearing of Spanish cash equities

well as the remaining book-entries made in the registry. It contains all registrations made by any type of account included in the detailed registry of the participants.

#### 2.5 **What is the two-tier registration system in the Spanish market**

Iberclear as the Spanish Central Securities Depository maintains a two-tier book entry register of securities:

1. **General Register** as the first tier is kept by Iberclear and contains the aggregated security balances. The General Register is used for all account types of Iberclear.
2. **Second-Tier Register:** The second-tier register is managed by the settlement participants. Iberclear will have a strict control over the balances of the securities accounts in the General Register corresponding to each settlement participant, as well as the consistency between the sum of these balances and the total number of securities included in each ISIN. Iberclear will also ensure that the total balance of the general third party accounts coincides with the sum of the balances from all third party second-tier accounts into which they are broken down. Clearing Members or their settlement agents have to report the relevant information (e.g. ownerships information of the gross trades) to SIX x-clear, who further reports this information to Post-Trade Interface (PTI).

#### 3.0 **Member Input**

##### 3.1 **What is the procedure of collecting ownership data, Ownership Update/ Corrections?**

Ownership reference details are collected from Clearing Members during onboarding using x-clear's form 010. The Member has to determine one default ownership for each of their settlement accounts with Iberclear, which x-clear will use for all gross trades received from trading venue and reports to PTI.

Clearing Members can send the **Ownership Update** request at the level of positions or gross instructions, in full or in parts on ISD - 1 (Intended Settlement Date). After the Ownership Update deadline, Clearing Members can make **Ownership Corrections** from ISD to ISD+6. Please refer to SIX x-clear's 'Business Partner Specifications' for more details. The Ownership Update and Correction are applicable only for third party accounts.

##### 3.2 **What is Account Update and its procedure?**

Upon acceptance at x-clear, the trades are positioned onto the default clearing account and the linked settlement account. Account update has to be requested to settle positions through a different account or to re-align the trades in to different account.

Details of Iberclear settlement accounts and their link to the clearing accounts with x-clear are collected during on-boarding using static data form 002F. The linkage of clearing and settlement accounts is defined in x-clear application. It is to be noted that one settlement account can be linked to multiple clearing accounts, but one clearing account cannot be linked to multiple settlement accounts. One of the settlement accounts should be marked as the default account and this is assigned to the trades received according to the SSI details.



## FAQ SIX x-clear Ltd

### CCP clearing of Spanish cash equities

To Change the default account to one of the accounts already defined, Clearing Members have to send the account update request to x-clear.

#### 3.3 How are the Hold and Release requests processed at x-clear?

“Hold” is a function to send a pre-advised settlement instruction to Iberclear but preventing the settlement. “Release” is a function to send a settlement instruction to Iberclear for settlement. The instructions can be put on Hold by default or through Hold request to x-clear. Release requests can be sent in full or in parts, depending on the settlement positions available at Iberclear. If multiple ownership references are assigned to trades with the same trade reference, Clearing Members must mention the ownership reference of the trade to be released. Otherwise any one of the trades satisfying the request can be released for settlement. The Hold/Release request on ISD-1 should be instructed only after the deadline for ownership update request.

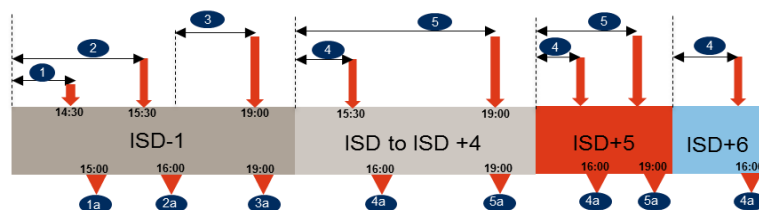
Members can use the Pseudo Netting results in x-clear’s report RDXO535/ MT537 when creating Release requests.

#### 3.4 What is the basis for Clearing Members to request x-clear for Account Update, Ownership Update/ Correction as well as Hold/ Release?

Based on x-clear reporting on details of gross trades, Pseudo Netting and settlement instructions and with the various details in the reports like x-clear order reference, exchange reference and with other relevant details, Clearing Members can request x-clear for Ownership Update, Account Update/ Correction or Hold/ Release.

#### 3.5 What are the timeline which Clearing Member has to follow to provide input to x-clear?

The below table provides various requests and corresponding timelines. For details on the specifications please refer to the Business Partner Specifications (hereafter referred to as ‘BP Spec’) that x-clear has published.



Request to x-clear	Response from x-clear
1 – Account Update request	1a – Response to Account Update request
2 – Ownership Update request	2a – Response to Ownership Update request
3 – Hold & Release request	3a – Response to Hold & Release request
4 – Ownership Correction request	4a – Response to Ownership Correction request
5 – Release request	5a – Response to Release request (Multiple times per day : 07:00, 09:00, 11:00, 13:00, 15:00, 17:00*, 19:00* ) * on ISD+5 after 16:00, release requests are not supported as instructions will be cancelled due to the cash process





## FAQ SIX x-clear Ltd

### CCP clearing of Spanish cash equities

#### 4.0 Reporting

##### 4.1 Which reporting options are available for clearing Spanish market?

x-clear has enhanced the existing reports to provide Spanish market specific details like Pre-match eligibility, Hold/Release status etc. and has introduced some new reports specifically for the Spanish market to report details of Spanish market gross trades, pseudo settlement instructions etc. The table below details the specific features in the relevant reports for the Spanish market. Following abbreviations are used in the table:

- **EoD**: End of Day
- **ISD**: Intended Settlement Date
- **T**: Trade Date

Report ID	Specific Details for Spanish market
RDXO434	<b>Trade Information to Clearing Members</b> <ul style="list-style-type: none"> <li>• Includes Spanish market gross trades on T.</li> <li>• EoD report on T: includes Spanish market gross trades with spaces as the value in the field 'net reference'.</li> </ul>
RDXO534 (New report for ES)	<b>Spanish Market Gross Instructions - Current Day Updates</b> <ul style="list-style-type: none"> <li>• Includes gross trades of the Spanish market, which are either received on the current trade date T or are updated on the reporting date (from T to ISD+6).</li> <li>• The report at EoD on ISD-1 also includes the "net reference" of the gross trades. This reference is also reported in the corresponding net instructions in report RDXO435 generated at CET 20:00 on ISD-1.</li> </ul>
RDXO435	<b>Settlement Instruction Details</b> <ul style="list-style-type: none"> <li>• Settlement instruction details <ul style="list-style-type: none"> <li>- Non-Spanish markets: EoD of T</li> <li>- Spanish market: EoD of ISD-1</li> </ul> </li> <li>• The new intraday report of settlement instruction details for the Spanish market is available, whenever Member's Release request has been processed from ISD till ISD+5.</li> </ul>
RDXO535 (New report for ES)	<b>Spanish Market Pseudo Settlement Instruction Details</b> <ul style="list-style-type: none"> <li>• Contains Pseudo Netting results for Clearing Members to further release the held instructions cyclically (for the timeline please refer to the table in Q 4.2).</li> <li>• Includes Hold/Release status for the instructions: "H" (Hold), "R" (Release)</li> <li>• In case of no held instructions, the report from ISD onwards contains only trailer records.</li> <li>• There is no "net reference" field in this report which can be linked to the underlying gross trades..</li> </ul>
MT 537 (RDXO422)	<b>Statement of Pending Transactions from x-clear</b> <ul style="list-style-type: none"> <li>• Includes gross vs. net settlement instruction details at EoD on T;</li> <li>• For the Spanish market, details for Pseudo Netting results with gross and net transaction are generated after each "Release" cycle, enabling Clearing Members to further release the held instructions cyclically (for the timeline please refer to the table in Q 4.2).</li> <li>• No intra-day report from ISD till ISD+5, if Members don't use the Hold and Release functionality.</li> <li>• This report has 3 options from which Clearing Members can choose – intraday for Pseudo netting results, intraday for Re-netting results and End of day for Netting results</li> </ul>



## FAQ SIX x-clear Ltd

### CCP clearing of Spanish cash equities

Report ID	Specific Details for Spanish market
MT518	<b>Trade Information to Clearing Members</b> <ul style="list-style-type: none"> <li>“CANC” indicates a cancellation due to Account Update or due to Hold/Release changes “NEWM” indicates a new instruction is created due to Account Update or Hold/Release changes</li> </ul>
MT548	<b>Trade status intimations / Cancellation request status intimation from x-clear</b> <ul style="list-style-type: none"> <li>MT548 is generated for new instructions created due to Account Update or Hold/Release change in the Spanish market.</li> <li>CANC” indicates a cancellation due to Account Update or due to Hold/Release changes</li> <li>A new keyword HOLD is reported for instructions in HOLD status</li> <li>A new field 70D “Narrative” indicates the current status of instructions from x-clear. It has the value “NINX” for settlement instructions in the Spanish market, as x-clear sends pre-matched settlement instructions to the Spanish market. Bilateral instructions from the Clearing Members are not allowed.</li> </ul>
MT540-543	<b>Settlement Instructions from x-clear</b> <ul style="list-style-type: none"> <li>Field 25D has the value “MTCH” and field 70E “NINX” as x-clear sends pre-matched settlement instructions to the Spanish market.</li> <li>The “CANC” message is sent to Clearing Member’s settlement agents when the previous net instruction is cancelled due to Re-Netting.</li> </ul>

For more details on reporting, please refer to further documents of x-clear as the BP Specs, SIX x-clear Ltd Reporting Details Description, sample reports etc.

#### 4.2

#### When and what information does Pseudo Netting provide?

Pseudo Netting is a periodic netting simulation process to report the provisional settlement instructions. It is not actual settlement netting. The Pseudo Netting Report on T and ISD-1 gives an overview of all settlements, while the Pseudo Netting Report from ISD onwards which is produced exactly one hour before every Re-Netting process includes only the held delivery instructions. Based on the available positions for settlement at Iberclear, Clearing Members or their settlement agents can plan for releasing further settlement instructions. The table below provides an overview of the timeline of Pseudo Netting runs, as well as the instructions considered for Pseudo Netting and the relevant reports available.

CET	T	ISD – 1	ISD till ISD+4	ISD+5
08:00	x	x	✓	✓
10:00	x	x	✓	✓
12:00	x	x	✓	✓
14:00	x	x	✓	✓
16:00	x	x	✓	x
18:00	x	✓	✓	x
20:00	✓	x	x	x

**Legend:** trades/ settlement instructions considered for Pseudo Netting and reporting

- ✓ All trades on T
- ✓ All trades on T and Account Update from T to ISD-1; The reports can include trades from T till ISD-1.
- ✓ All instructions on Hold; The reports can include instructions from ISD till ISD+4 or till ISD+5 .
- x Not applicable





## FAQ SIX x-clear Ltd

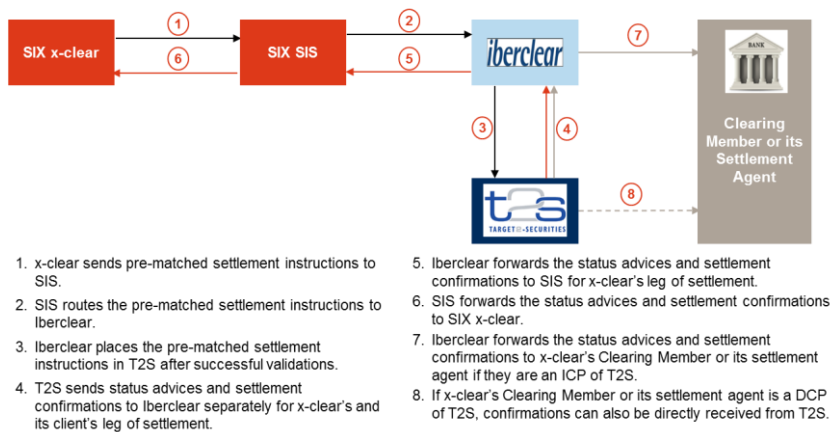
### CCP clearing of Spanish cash equities

#### 4.3 Which daily reporting does x-clear send to Iberclear?

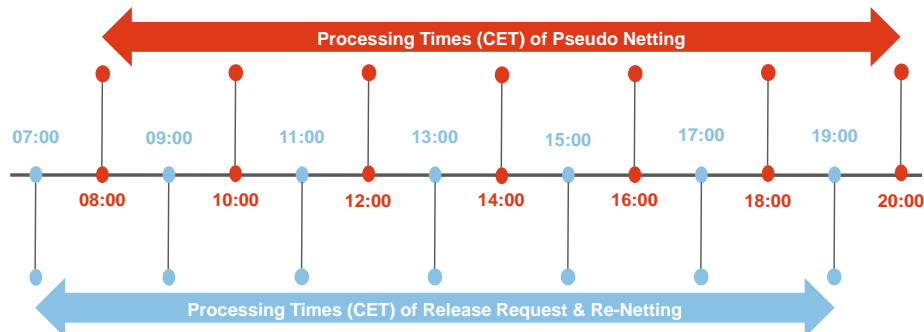
No	Details	Receiver
1	Clearing-eligible securities	PTI
2	Participant details	PTI
3	Account details	PTI
4	Ownership details	PTI
5	Real-time gross trade details	PTI
6	Allocation details, based on Account Updates	PTI
7	Net settlement instructions with underlying gross instructions	PTI
8	Settled and cancelled instructions	PTI
9	Claim and Transformed Instructions	PTI
10	Failed settlement instructions	CSD
11	Pre-matched settlement instructions to Iberclear for settlement (Held and Released )	CSD

#### 5.0 Settlement

##### 5.1 What is the high level settlement flow for the Spanish market?



##### 5.2 When does x-clear send settlement instructions to Iberclear?



x-clear sends the first set of pre-matched instructions at 20:00 on ISD-1 to Iberclear. From ISD till ISD+5, multiple Re-Netting runs are executed where the Release requests from the



## FAQ SIX x-clear Ltd

### CCP clearing of Spanish cash equities

Clearing Members are processed and settlement instructions are sent to Iberclear. The multiple runs of Pseudo Netting results support Members in releasing the instructions. The diagram above shows the interactions of processing Pseudo Netting, Release requests & Re-Netting at x-clear from ISD till ISD+5.

#### 5.3 **What is the difference in instructing to the Spanish market compared to other markets?**

Bilateral matching is not possible for the Spanish market, as Iberclear requires CCPs to send pre-matched settlement instructions on behalf of their Clearing Members. Clearing Members, their NCMs or the settlement agents of both have to mandate x-clear to do so by using Form 004a ("Power of Attorney to instruct Iberclear").

#### 5.4 **What is the default status of settlement instructions created by x-clear?**

By default the settlement instructions will be created in the "Release" status. Clearing Members can also opt for the 'Hold' status as their default set-up using the static data form 002C ("SSI notification form") of x-clear.

#### 5.5 **What is the settlement priority of x-clear's instructions for T2S settlements? Are x-clear settlements eligible for partial settlement at T2S?**

Being a direct CCP participant of Iberclear, x-clear instructions will have a top priority 2 for T2S settlements.

x-clear will route the settlement instructions with the keyword 'PARQ' to enable the T2S partial settlement.

#### 5.6 **Will Clearing Members or their settlement agents receive status intimations/ confirmations on their settlement instructions from x-clear?**

No. Clearing Members or their settlement agents will receive settlement status intimations/ confirmations directly from either Iberclear or T2S based on their settlement arrangement. Clearing Members or their settlement agents can subscribe to reports on trade and settlement instructions (from Pseudo Netting and Re-Netting) in various formats (see BP Specs, volume 5 for detailed information on reporting).

#### 5.7 **How does the buy-in procedure in the Spanish market work?**

There is no buy-in process for the Spanish equity settlements. For unsettled instructions, the cash-out process is initiated by x-clear operations on ISD+5.

### 6.0 **Member readiness**

#### 6.1 **Is testing required for Clearing Members?**

Yes. x-clear defined a set of test cases which are classified as mandatory test cases. Mandatory test cases to be executed by the member are published in the private section.



## FAQ SIX x-clear Ltd

### CCP clearing of Spanish cash equities

Members have to complete all test cases defined and sign the technical readiness form 003, with a note 'Spain' on the form.

Test preparation and support: Please contact well in advance Testing support (see Contact details below) to agree a convenient test window

#### 6.2 What are the pre-conditions for on-boarding Clearing Members?

Clearing Members have to fill in the following static data forms and perform the mandatory testing in order to clear Spanish equities with x-clear.

Form ID	Purpose
002	Market coverage and netting preferences
002B	Member reporting preferences
002C	SSI details
002F*	Clearing and settlement account linking for settlement of Spanish securities
003	Confirmation of technical and operational readiness
004A*	Power of Attorney to instruct Iberclear
010*	Ownership data from Clearing Members for settlement at Iberclear (in pdf or excel format)

\*New static data forms specific for clearing Spanish cash equities.

#### 6.3 What are the reference documents related to the CCP clearing of equities?

x-clear has created/ updated the following documents related to CCP clearing for the Spanish market:

No	Document Name	Path
1	<a href="#">Service Description SIX x-clear Ltd</a>	<a href="http://www.six-group.com">www.six-group.com</a> > Exchange Services > Securities Services > Clearing > Products > Cash Equity > Trading venue > Marketing
2	<a href="#">Settlement User Guide SIX x-clear Ltd - Spain</a>	<a href="http://www.six-group.com">www.six-group.com</a> > Exchange Services > Securities Services > Clearing > Member Information > Market Information > User Guides
3	<a href="#">FrontLine SIX x-clear Ltd: SIX x-clear Ltd to offer CCP Clearing Services for Spanish Equities</a>	<a href="http://www.six-group.com">www.six-group.com</a> > Exchange Services > Securities Services > Clearing > Member Information > FrontLines > 2017
4	<a href="#">FrontLine SIX x-clear Ltd: CCP clearing services for Spanish equities – Update</a>	<a href="http://www.six-group.com">www.six-group.com</a> > Exchange Services > Securities Services > Clearing > Member Information > FrontLines > 2018
5	Business Partner Specifications - Volume 5	<a href="http://www.six-group.com">www.six-group.com</a> > Login > Securities Services Private > SECOM > Business Partner Specifications > SIX x-clear Specifications - Volume 5
6	Business Partner Specifications - Volume 3	<a href="http://www.six-group.com">www.six-group.com</a> > Login > Securities Services Private > SECOM > Business Partner Specifications > SIX Technical Interfaces - Volume 3 > File transfer Interface Specifications
7	<a href="#">Late settlement and buy-in rules</a>	<a href="http://www.six-group.com">www.six-group.com</a> > Login > Securities Services Private > Download center > Operational
8	<a href="#">SIX x-clear Ltd Reporting Details Description</a>	<a href="http://www.six-group.com">www.six-group.com</a> > Exchange Services > Securities Services > Clearing > Member Information > Customer Reporting



## FAQ SIX x-clear Ltd

### CCP clearing of Spanish cash equities

No	Document Name	Path
9	<u>Sample Reports</u>	www.six-group.com > Exchange Services > Securities Services > Clearing > Member Information > Customer Reporting
10	<u>Price list SIX x-clear Ltd</u>	www.six-group.com > Exchange Services > Securities Services > Clearing > Products > Pricing SIX x-clear
11	<u>Market and platform coverage</u>	www.six-group.com > Exchange Services > Securities Services > Clearing > Member Information > Forms > III. Common Forms
12	<u>Settlement Calendar</u>	www.six-group.com > Exchange Services > Securities Services > Clearing > Member Information > Market Information > Market Holiday Calendar
13	Mandatory Member Test Cases	www.six-group.com > Login > Securities Services Private > Download center > CCP Clearing for Spanish Equities
14	Static data forms	www.six-group.com > Exchange Services > Securities Services > Clearing > Member Information > Forms

## 7.0 Technical readiness

### 7.1 What is the interface to be used for providing various inputs to SIX x-clear?

SIX x-clear members or their settlement agents needs to establish sFTP connectivity for sending Account update, Hold/Release and Ownership update/correction requests to SIX x-clear. SIX x-clear will provide response for these requests using the same sFTP connectivity.

For more details on technical connectivity, please refer BP Specifications volume3 published at [www.six-group.com > Login > Securities Services Private > SECOM > Business Partner Specifications > SIX SIS Technical Interfaces - Volume 3 > File transfer Interface Specifications](http://www.six-group.com > Login > Securities Services Private > SECOM > Business Partner Specifications > SIX SIS Technical Interfaces - Volume 3 > File transfer Interface Specifications).

## 8.0 Contact details

### Relationship Management

<https://www.six-securities-services.com/en/home/clearing/contacts.html>

### Solutions and Onboarding team

[solutions.onboarding@six-securities-services.com](mailto:solutions.onboarding@six-securities-services.com)

### Testing Support

[ClientTesting@sisclear.com](mailto:ClientTesting@sisclear.com)

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.

**SIX x-clear Ltd**  
Hardturmstrasse 201  
CH-8005 Zurich

Mailing address:  
P.O. Box  
CH-8021 Zurich

T +41 58 399 4311  
F +41 58 499 4311  
[www.six-group.com](http://www.six-group.com)

