FrontLine SIX x-clear Ltd

CSDR

Central Securities Depositories Regulation (CSDR) – Settlement Discipline Regime: Member Testing

1.0 Overview

This FrontLine contains information for Clearing Members about testing for the CSDR Settlement Discipline Regime.

2.0 Effective date

Effective immediately.

The aspects with respect to testing as outlined in this document are effective immediately.

Currently, the CSDR Settlement Discipline Regime is set to enter into force on 1 February 2022.

3.0 Impact on participants

This FrontLine describes the testing options for the new "CSDR Penalty" functionality. Please refer to SIX x-clear's Red Paper or the published Q&A for further descriptions of the regulation and the impact on SIX x-clear and Clearing Members.

- **SIX x-clear's Red Paper**: www.six-group.com > The Swiss Stock Exchange > Post-Trade > Download Center > The Impact of CSDR Settlement Discipline on SIX x-clear – Swiss Stock Exchange Red Paper

- **Q&A**: www.six-group.com > The Swiss Stock Exchange > Post-Trade > Clearing > Member Information > Market Information > Q&A CSDR Settlement Discipline Regime

4.0 Details

In principle, there are two options for testing:

- **Dry run** in the production environment
- **End-to-end** with the involvement of the local market in the test environment

4.1 Dry run

Some markets (CSDs) activate parts of the CSDR penalty mechanism in the production environment before the actual go-live date. This "dry run" phase involves identifying settlement fails as well as calculating and reporting penalties. The penalties are not charged, however.

FrontLine SIX x-clear Ltd

CSDR

Market participants will receive all the CSDR-related reports from the CSD or their settlement agent directly.

In addition to the market's reporting, SIX x-clear will support the dry run and provide daily reporting to Clearing Members as soon as they have activated the report in the production environment.

The monthly consolidated statement (monthly aggregated report is generated by SIX x-clear on the 14th business day of the month following the penalty period and sent to Clearing Members as soon as they have activated the report in the production environment).

The monthly pre-advice report is generated by SIX x-clear on the 14th business day of the month following the penalty period and sent to Clearing Members as soon as they have activated the report in the production environment.

More details on the reports and their contents can be found in the Red Paper, in the Q&A document or in the Appendix of this FrontLine.

To activate the MT537 PENA in the production environment and/or receive the *.csv reports as an alternative light version of the penalty report into the webBOX, Clearing Members are invited to get in touch with their Relationship Manager and request the setup accordingly.

SIX x-clear will provide Clearing Members currently connected to the CLARA platform with the monthly consolidated statement (monthly aggregated report). No other options are available for Clearing Members currently connected to the CLARA platform.

According to our current knowledge, the following markets (CSDs) will offer the "dry run" option from mid-September 2021:

CSD	Country
OeKB CSD	Austria
Euroclear Bank	Belgium
Euroclear Belgium	Belgium
VP Securities	Denmark
Euroclear Finland	Finland
Euroclear France	France
Clearstream Banking AG	Germany
Euroclear Nederland	Netherlands
The Norwegian Central Securities Depository (VPS)	Norway
Iberclear	Spain
Euroclear Sweden	Sweden

4.2 End-to-end testing with the involvement of the local market in the test environment

At present, it is not yet known whether and in which markets end-to-end testing will be possible. SIX x-clear will generally support end-to-end testing in all markets where it is offered on a best-effort basis. For end-to-end testing, both the Clearing Members and SIX x-clear will depend on what each CSD will be offering. SIX x-clear will make sure that everything that is reported from the CSD to SIX x-clear will be reported from SIX x-clear to the Clearing Members as well. SIX x-clear will not be simulating any penalties, however. Clearing Members are kindly requested to share their test plans and scenarios with SIX x-clear so that optimal support can be ensured.

Clearing Members are advised to monitor publications regarding end-to-end testing from the relevant CSDs directly. The test plans and scenarios should be discussed between Clearing Members (and/or their settlement agents) and the CSDs directly.

5.0 Contact

For Clearing Members connected to the SECOM platform: If you have any questions related to CSDR penalties, please contact SIX x-clear's Service Management team directly (Sett.xclear@sisclear.com).

For Clearing Members connected to the CLARA platform: If you have any questions related to CSDR penalties, please contact xclearops.no@six-securities-services.com directly.

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.

FrontLine SIX x-clear Ltd

CSDR

6.0 Appendix

6.1 Reports: Subscription options for Clearing Members connected to the SECOM platform

In order for Clearing Members to subscribe to the CSDR-related reports offered by SIX x-clear, the following information needs to be provided:

1. Business Partner Identification Number (BP ID)

2. Should empty reports be delivered (y/n)?

3. Date from which the reporting should be started in Test and Production

4. Please select from the below reporting options:

Report	Options	Communication medium	Vostro account at SIX SIS to be used for penalty bookings
RDXO522 (as MT537)	☐ Option 1: Daily ☐ Option 2: Monthly aggregated ☐ Option 3: Monthly pre-advice	☐ C:C-Link ☐ webMAX Professional	☐ Existing SIX SIS cash account: _____ (please fill in your account number) ☐ New SIX SIS cash account
RVXO525 (csv format)	☐ Option 1: Daily ☐ Option 2: Monthly aggregated ☐ Option 3: Monthly pre-advice	☐ webBOX	☐ Existing SIX SIS cash account: _____ (please fill in your account number) ☐ New SIX SIS cash account

6.2 Reports: Subscription options for Clearing Members connected to the CLARA platform

Clearing Members currently connected to the CLARA platform can choose to receive the monthly aggregated report in CSV format from SIX x-clear. To subscribe to this report, Clearing Members currently connected to the CLARA platform are asked to reach out to xclearops.no@six-securities-services.com or xclear.no@six-securities-services.com or their Relationship Manager.

6.3 MT537 sample messages

The below samples are based on the Business Partner Specifications Volume 5.

- Fields in RED are only present in Option 1 (daily report) and will not be present in Option 2 (monthly aggregated report) and in Option 3 (monthly pre-advice).

- Fields in GREEN are related to the final aggregated (net) penalty amounts for the specific currency and market for the reported BP. These amounts will form the basis of the monthly bookings.

- Fields in BLUE are consolidated per underlying client of the Clearing Member for the specific currency and market for a further overview and information for the Clearing Member.

Daily MT537 PENA	Monthly aggregated MT537 PENA	Monthly pre-advice MT537 PENA
:16R:GENL	:16R:GENL	:16R:GENL
:28E:00001/MORE	:28E:00001/MORE	:28E:00001/MORE
:20C::SEME//L20C3D0636630046	:20C::SEME//L20C4M40359XYZM	:20C::SEME//112005626541407P
:23G:PENA	:23G:PENA	:23G:PENA
:98C::PREP//20201103120636	:98C::PREP//20201218214035	:98C::PREP//20201218214035
:98A::STAT//20201103	:98A::STAT//20201218	:98A::STAT//20201218
:22F::SFRE//DAIL	:22F::SFRE//MNTH	:22F::SFRE//MNTH
:22F::CODE//COMP	:22F::CODE//COMP	:22F::CODE//COMP
:22H::STST//PENA	:22H::STST//PENA	:22H::STST//PENA
:97A::SAFE//NONREF	:97A::SAFE//NONREF	:97A::SAFE//NONREF
:17B::ACTI//Y	:17B::ACTI//Y	:17B::ACTI//Y
:16S:GENL	:16S:GENL	:16S:GENL
:16R:PENA	:16R:PENA	:16R:PENA
:22F::CODE//FWIS	**:69A::STAT//20201101/20201130**	**:69A::STAT//20201101/20201130**
:16R:PENACUR	**:22F::CODE//CURR**	**:22F::CODE//CURR**
:11A::PECU//DKK	:16R:PENACUR	:16R:PENACUR
:98A::DACO//20201102	**:11A::PECU//DKK**	**:11A::PECU//DKK**
:95R::REPA/SCOM/CH123456	**:95R::REPA/SCOM/CH123456**	**:98A::PAYD//20201223**
:95P::CASD//VPDKDKK0XXX	**:95P::CASD//VPDKDKK0XXX**	**:97A::CASH//40341150DKK**
:22F::TRCA//CCPA	:22F::TRCA//CCPA	**:95R::REPA/SCOM/CH123456**
:16R:PENACOUNT	**:19A::GBNT//NDKK10,**	**:95P::CASD//VPDKDKK0XXX**
:95R::REPA/SCOM/CH112114	:16R:PENACOUNT	:22F::TRCA//CCPA
:22F::TRCA//CCPA	:95R::REPA/SCOM/CH112114	**:19A::GBNT//NDKK10,**
:19A::AGNT//NDKK10,	:22F::TRCA//CCPA	:16S:PENACUR
:16R:PENDET	:19A::AGNT//NDKK10,	:16S:PENA
:20C::PCOM//PCOMNOV02Y00001	:16R:PENDET	
:20C::PREF//PREFNOV02Y00001	**:20C::PCOM//PCOMNOV02Y00001**	
:22H::PNTP//SEFP	**:20C::PREF//PREFNOV02Y00001**	
:22H::CALM//SECU	:22H::PNTP//SEFP	
:17B::CMPU//Y	:22H::CALM//SECU	

FrontLine SIX x-clear Ltd

CSDR

Daily MT537 PENA	Monthly aggregated MT537 PENA	Monthly pre-advice MT537 PENA
:25D::PNST//ACTV	:17B::CMPU//Y	
:24B::ACTV//NEWP	:19A::AMCO//NDKK10,	
:19A::AMCO//NDKK10,	:99A::DAAC//001	
:99A::DAAC//001	:16R:RELTRAN	
:16R:CALDET	:20C::ACOW//BXRLG	
:98A::PEDA//20201102	:20C::ASRF//CH9954820123000	
:16R:FIA	:16S:RELTRAN	
:35B:ISIN DK0010219153	**:70E::ADTX//CLGMEM/GCM1**	
:12A::CLAS/REGL/Equity share	**/CLGACCT/GCM1C**	
:17B::LIQU//Y	**/NCMID/NCM2**	
:17B::SMEM//Y	:16S:PENDET	
:92A::LISH//N5,12	**:70E::ADTX//CLGMEM/GCM1**	
:16S:FIA	**/CONSDDTLS/NCM/NCM2**	
:92A::PDRA//0,12	:16S:PENACOUNT	
:19A::CASH//NDKK9,	:16R:PENACOUNT	
:19A::SECU//NDKK1,	:95R::REPA/SCOM/CH112114	
:16S:CALDET	:22F::TRCA//CCPA	
:16R:RELTRAN	:19A::AGNT//DKK0,	
:20C::ACOW//BXRLG	:16R:PENDET	
:20C::ASRF//CH9954820123000	**:20C::PCOM//PCOMNOV30000011**	
:16R:TRAN	**:20C::PREF//PREFNOV30000011**	
:22H::REDE//DELI	:22H::PNTP//SEFP	
:22H::PAYM//APMT	:22H::CALM//SECU	
:22F::SETR//TRAD	:17B::CMPU//Y	
:22F::TRAN//SETT	:19A::AMCO//NDKK10,	
:98C::ASTS//20200922134010	:99A::DAAC//001	
:98C::MTCH//20200922134010	:16R:RELTRAN	
:98A::SETT//20200903	:20C::ACOW//BXRLL	
:98A::TRAD//20200901	:20C::ASRF//CH9954820123456	
:36B:PSTA//UNIT/23,	:16S:RELTRAN	
:19A::PSTA//DKK54234,	**:70E::ADTX//CLGMEM/GCM1**	
:16R:STAT	**/CLGACCT/GCM1C**	
:25D::SETT//PENF	**/NCMID/NCM1**	
:16R:REAS	:16S:PENDET	
:24B::PENF//CMON	:16R:PENDET	
:16S:REAS	**:20C::PCOM//PCOMNOV30000021**	
:16S:STAT	**:20C::PREF//PREFNOV30000021**	
:70E::ADTX//CLGMEM/GCM1	:22H::PNTP//SEFP	
/CLGACCT/GCM1C	:22H::CALM//SECU	
/NCMID/NCM1	:17B::CMPU//Y	

FrontLine SIX x-clear Ltd

CSDR

Daily MT537 PENA	Monthly aggregated MT537 PENA	Monthly pre-advice MT537 PENA
:16S:TRAN	:19A::AMCO//DKK10,	
:16S:RELTRAN	:99A::DAAC//001	
:16S:PENDET	:16R:RELTRAN	
:16S:PENACOUNT	:20C::ACOW//BXRLW	
:16S:PENACUR	:20C::ASRF//CH9954820123123	
:16S:PENA	:16S:RELTRAN	
	:70E::ADTX//CLGMEM/GCM1	
	/CLGACCT/GCM1C	
	/NCMID/NCM1	
	:16S:PENDET	
	:70E::ADTX//CLGMEM/GCM1	
	/CONSDDTLS/NCM/NCM1	
	:16S:PENACOUNT	
	:16S:PENACUR	
	:16S:PENA	

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