

FrontLine SIX x-clear AG

SIX x-clear's new Clearing Platform (SCP): Migration guide for Clearing Members currently connected to the CLARA system (phase 1)

1.0 Overview

Since the acquisition of the Oslo Clearing business, SIX x-clear AG (SIX x-clear) has been working with two IT Clearing platforms, SECOM and CLARA. The two systems use different risk models, and both have to fulfil multiple regulatory regimes and be flexible and compliant with future requirements. SIX x-clear took the decision to consolidate the IT Clearing architecture and migrate the two Clearing platforms to the next-generation Clearing platform with the SIX Clearing Platform (SCP) project. With the SCP, SIX x-clear is optimizing processing capabilities as well as enhancing and aligning the risk models.

The implementation of the SCP is scheduled in two phases. In phase 1, it is planned to replace the CLARA platform historically serving the Nordic Clearing Members in Sweden, Finland, Norway and Denmark. From a Clearing Member perspective, in phase 1 only Clearing Members currently connected to the CLARA platform are required to migrate.

In a second phase, the Clearing platform embedded in SECOM will be replaced. As of the completion of phase 2, all SIX x-clear Clearing Members will be migrated to the SCP, which will mark the completion of the migration and the SCP project.

The focus of this document is phase 1 of the migration. The target audience is therefore Clearing Members currently connected to the CLARA platform. Clearing Members currently connected to the SECOM platform will be informed and prepared for migration at a later stage.

Please refer to the detailed plan in section 4, which describes the milestones and most crucial phases of the migration.

2.0 Effective date

Valid from 14 February 2022.

It is planned that Clearing Members currently connected to the CLARA system will be migrated to the SCP on 14 February 2022. This document describes the activities during the migration weekend between 11 February 2022 (after end-of-day) and 14 February 2022 (start-of-day).

3.0 Impact on participants

The engagement of Clearing Members before, during and after the migration weekend is a crucial factor for a successful migration to the new clearing system. See chapter 4.0

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Details for a detailed description of all migration activities: Data migration, migration activities by SIX x-clear and migration activities required by Clearing Members.

4.0 Details

Data migration

All data considered “static data” such as participants, accounts, SSIs, message/report subscriptions etc. are in scope of the migration and will be migrated to the new system in the run-up to the migration weekend, in the so-called “Pre-Production migration phase”.

With regard to transaction data, i.e. all data related to a Member’s Clearing and settlement activity, only “active” data will be migrated during the migration weekend. This means that settlement instructions which are not in a terminal state after the close of business on Friday, 11 February 2022 will be migrated. Instructions that are already settled or cancelled at that point will not be migrated. Trade history is not part of the migration scope but can be reconciled from the CLARA system for a certain period of time after the migration. The following data objects are in the scope of the “active” data migration:

- Open settlement instructions (including open buy-in instructions)
- Claim instructions
- Default fund requirements
- Collateral balances (margin, Default fund, LME)

All reports and messages that Clearing Members are expecting to receive from SIX x-clear for the business day Friday, 11 February 2021 (e.g. end-of-day reports) will still be produced by the CLARA system.

The Central Securities Depositories Regulation (CSDR) penalty reports received in CLARA will not be migrated to the SCP system. For the business month of February, Members will receive two consolidated monthly reports: One from CLARA for penalties received until 11 February 2022 and one from SCP for penalties received as of 14 February until the end of February. Starting for the business month of March, Members will receive only one consolidated monthly report from SCP.

Migration activities performed by SIX x-clear on the release weekend

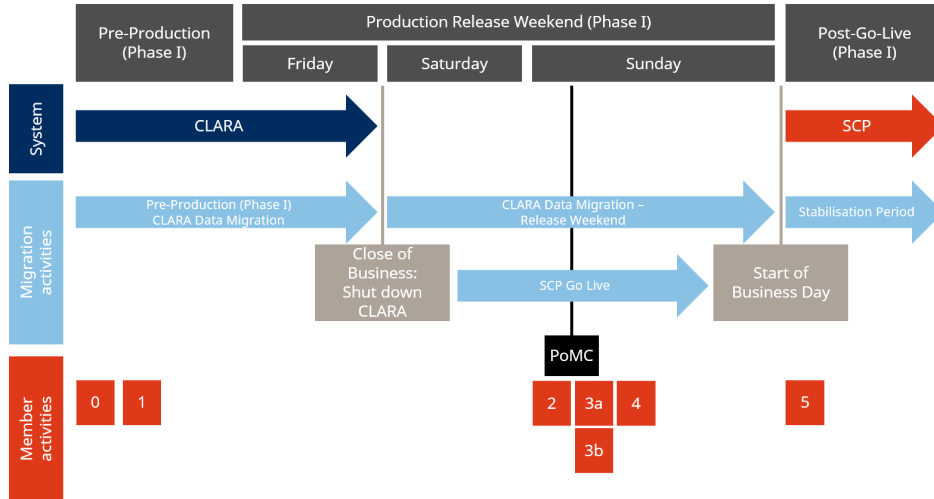
Between the close of business on Friday, 11 February 2022 and the start of business on Monday, 14 February 2022, the following activities will be performed:

- Migration of “active” data (as described above)
- Activation of the SCP interface with all external entities
- Execution of final SCP productive testing activities (no Member impact)
- Communication of GO / NO GO decision to all stakeholders

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Migration activities required by Clearing Members

Please find an overview of activities where Clearing Member engagement is required below, followed by a detailed description of each activity.



Detailed description of activities:

No.	Description	Start	End	Jan 22														Feb 22																								
				3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	1	2	3	4	5	6	7	8	9	10
0	Connectivity Test in Production successfully completed. More information around the required completion of connectivity testing activities in Production will be communicated bilaterally to Members.	First half of January		[Blue bar from Jan 10 to Jan 16]																																						
1	Before the start of the migration phase, Clearing Members must confirm successful Member testing and their technical readiness to connect to the SCP.		Friday, 21.01.2022 (latest)	[Blue bar from Jan 10 to Jan 21]																																						
2	Clearing Members are requested to verify their access to the SCP GUI. When accessing the GUI during the migration weekend, Clearing Members are already able to see and verify the migrated transaction data. Members are invited to confirm successful access to the GUI via e-mail to xclear.no@six-securities-services.com (confirmation optional).	02.02.2022	04.02.2022															[Blue bar from Feb 2 to Feb 3]																								
3a	In case Point of Migration completion (PoMC) is achieved: Clearing Members are acknowledging that as of this point it will not be possible to use the CLARA system any longer for clearing. SIX x-clear will inform Members via e-mail about reaching this stage.	Sunday, 13.02.2022 12:00 CET	Sunday, 13.02.2022 13:00 CET															[Green diamond at Feb 13]																								
3b	In case PoMC is not achieved: Clearing Members are required to invoke fallback procedures. Fallback procedures are detailed below.	Sunday, 13.02.2022 12:00 CET	Sunday, 13.02.2022 13:00 CET															[Green diamond at Feb 13]																								
4	Clearing Members are required to confirm that they successfully activated the new connectivity setup. The confirmation must be communicated via e-mail to CommandCenterSCP@six-group.com (confirmation mandatory).	Sunday, 13.02.2022 13:00 CET	Sunday, 13.02.2022 14:00 CET															[Green diamond at Feb 13]																								
5	Pending cash collateral deposit/withdrawal instructions will be cancelled by SIX x-clear at 18:00 CET on Friday, 11 February 2022. Members with pending cash collateral deposit/withdrawal instructions are required to re-instruct new cash collateral deposit/withdrawal instructions in the SCP on Monday, 14 February 2022 after the go live of the platform.	14.02.2022																[Green diamond at Feb 14]																								

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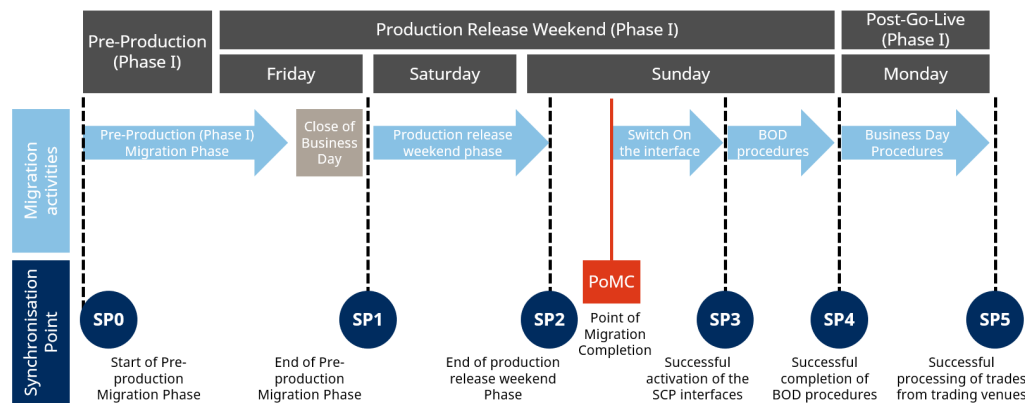
Reference

Clients are kindly requested to take into account all available documentation on the SCP available at www.six-group.com > Login > Securities Services Private > Clearing > Download Center > New Clearing Platform.

Fallback procedures and contingency scenarios

In case of a contingency scenario, depending on the exact point in time when the scenario occurs, the first step is to restore the SCP application system to the previous synchronization point (SP). After the system is restored, the fallback procedures specified for each contingency scenario will need to be followed. SIX x-clear will inform the Members as soon as one of the below described procedures/actions are executed.

Please find an overview of the high-level processes involved during the migration and the corresponding SPs:



The following are the contingency scenarios and the corresponding procedures and actions.

Scenario 1: Production live date is postponed due to unexpected/unforeseen situations

Timeline	Fallback procedure / mitigation action
Before migration weekend (before SP1)	Production release weekend migration activities will be stopped until a new production live date is agreed.
During production release weekend (before PoMC)	The data migrated as part of the production release weekend activities will be discarded (rolled back) from the SCP application. The current CLARA application will restore the interface and continue to function like before the migration weekend. Members with pending cash collateral deposit/withdrawal instructions are required to reinstruct new cash collateral deposit/withdrawal instructions in the CLARA application as the pending instructions would have been cancelled by SIX x-clear after SP1 (after the EOD process on Friday, 11 February 2022).

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Scenario 2: One or more Members are not ready for production go live. This scenario and the corresponding procedures only occur in exceptional circumstances. If a Member identifies issues that would prevent the Member from being ready for the migration, the Member must contact SIX x-clear immediately. It will be SIX x-clear's sole decision if the scenario and the fallback procedures are initiated.

Timeline	Fallback procedure / mitigation action
Before migration weekend (before SP1)	Production release weekend migration activities will be stopped until a new production live date is agreed.
During production release weekend (after SP1)	It will not be possible to stop/postpone the production live date. The migration will continue as planned.

Scenario 3: Migration of incorrect data

Timeline	Fall-back procedure / mitigation action
During production release weekend (before PoMC)	The incorrect data migrated as part of the production release weekend will be discarded (rolled back) from the SCP application. Erroneous data will be corrected and migration will be resumed.
During production release weekend (after PoMC)	Analyze the possibility of fixing the data issues in time. If possible, the issue will be fixed and the migration will continue. If not possible, the migration will be rolled back and the current CLARA application will restore the interface and continue to function like before the migration weekend. Members with pending cash collateral deposit/withdrawal instructions are required to reinstruct new cash collateral deposit/withdrawal instructions in the CLARA application as the pending instructions would have been cancelled by SIX x-clear after SP1 (after the EOD process on Friday, 11 February 2022).

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Scenario 4: Unforeseen errors encountered

Timeline	Fallback procedure / mitigation action
During production release weekend	Analyze the possibility of fixing the issues in time. If possible, the issue will be fixed and the migration will continue. If not possible, the migration will be rolled back and the current CLARA application will restore the interface and continue to function like before the migration weekend.
On the first business day after the PoMC and production go live (unable to complete the BOD processes or unable to process trade inputs or similar issues)	SIX application teams are expected to fix the issue by all means necessary and continue the business day execution. In case of a severe issue that cannot be fixed in a predefined short duration, the migration will be rolled back and the current/old CLARA application will restore the interface and continue to function like before the migration weekend. Members with pending cash collateral deposit/withdrawal instructions are required to reinstruct new cash collateral deposit/withdrawal instructions in the CLARA application as the pending instructions would have been cancelled by SIX x-clear after SP1 (after the EOD process on Friday, 11 February 2022). Any reports and messages that may be created by the SCP shall be ignored by the Members in this scenario.

5.0 Contact

If you have any further questions about this document, please contact xclear.no@six-securities-services.com.

In case of any uncertainties or problems during the migration weekend, the Command Center SCP will be available. Please contact the Command Center SCP at CommandCenterSCP@six-group.com or +47 2 317 9600.

In this context, SIX x-clear AG draws the Members' attention to **clause 7.1 and chapter 16.0** (liability) of the Rulebook of SIX x-clear AG 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 AG.