

FrontLine SIX x-clear AG

Spanish Securities Market Reform and its impact on SIX x-clear members

1.0 Overview

At present, the Spanish Securities Depository (Iberclear) maintains a two-level registration system: Central Register and Detailed Register. The latter uses the Post Trading Interface (PTI) to record individual securities transactions and ensure the audit trail of such transactions from trade to settlement. To this end, the Detailed Register contains details such as the account-owner and the balance of each security held in the account. Iberclear participants are responsible for ensuring that all executions which are not cleared by a CCP are entered into the PTI. Meanwhile, SIX x-clear, as a CCP, is required to enter all cleared gross transactions into the PTI.

In May 2021, the Government initiated the reform of the Securities Market Law, with the intention of boosting its role in the financing of the economy and increasing investor protection. The new Spanish Securities Markets and Investment Services Act will replace the previous text of 2015. As part of the reform, the BME's information system (PTI) will be discontinued, which means that the interaction between the PTI and the CCPs will no longer be active.

2.0 Effective date

The planned target go-live date is 10 March 2025. Iberclear is offering member testing from Q4 2024 to Q1 2025.

3.0 Impact on participants

SIX x-clear will no longer require its Clearing Participants to provide ownership data in order to fulfill its obligations in respect of the PTI.

Furthermore, the Special Financial Intermediary (SFI) account type – only used for client transactions pending further allocation – will cease to exist. Following the migration, such accounts will be considered instrumental accounts until they are converted into either own or individual accounts.

4.0 Details

Currently, SIX x-clear members can provide ownership updates and corrections via OWINUPDT file at the Gross Trade Level and OWPSUPDT file at the Position Level. Such information is forwarded to the PTI by SIX x-clear via the file HTITU03. HTITU03 is one of the files that the CCPs will no longer send to the PTI. Thus, the obligation to report the ownership details of cleared transactions will fall exclusively on Iberclear participants in the future.

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At the moment, we expect no amendments to the existing Hold and Release service. Should this change, SIX x-clear will inform its members accordingly. Consequently, SIX x-clear participants will be able to use the HLDRLS file for Hold / Release requests also going forward.

The same applies to the account update process that will continue to work unchanged by using the ACCTUPD file.

5.0 Contact

If you have any further questions, please contact your Relationship Manager. Contact details can be found 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.

The changes in procedures, annexes and formats have been published in the private area of Iberclear's website in the section "Projects and Initiatives" Reform. This documentation is only available to Iberclear participants.

The following e-mail address has been set up for any questions in regards to Spanish Securities Market Reform: reforma3@grupobme.es (for Iberclear participants only).

In this context, SIX x-clear AG draws the Members' attention to **clause 7.7, chapter 14 and 15** 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.