

[non-binding translation]

## Clearing and Settlement Directive of the BX Swiss AG

### 1. Purpose and scope

- 1.1. This directive is based on the Trading Rules of the BX Swiss AG (hereinafter “BX”) and contains implementing provisions for the clearing and settlement on the BX.

### 2. Trades without the involvement of a CCP

- 2.1. Equity securities and shares of collective investment schemes are traded including associated distribution claims and subscription rights but excluding any outstanding capital that must be paid in (“cum”). From the ex-day, the trading of an instrument is executed excluding distributions or subscription rights (“ex”). The ex-day is determined by the issuer and published on the website of the BX without any guaranteed accuracy.
- 2.2. Subscription rights traded on a separate trading line are traded until the trading day that marks the end of the exercise period at the latest.
- 2.3. Bonds are traded in percentages of the nominal value, including the accrued interest rate on the nominal value according to the interest rate listed on the BX exchange system from the expiry day of the last paid coupon until value date. The calculation of the accrued interest is generally based on the 30/360 method, whereby one year is presumed as 360 days and every month including February as 30 days. Other terms and conditions of the bond remain reserved.
- 2.4. Bonds for which interest rates or repayments on capital have not been paid or only partially paid (non-performing bonds) are traded without accrued interest allocation (flat), whereby the coupons named in the BX exchange system or on the BX website must also be transferred. Non-performing bonds are specifically designated in the BX exchange system or on the BX website.
- 2.5. Bonds for which the interest servicing is not fulfilled in accordance with the prospectus due to foreign exchange restrictions, moratoria on transfers or other circumstances, but for which a possibility for utilising the due coupon exists, are traded without accrued interest allocation. These instruments are specifically designated in the BX exchange system or on the BX website as bonds without accrued interest allocation, with included interest. The BX reserves the right to define diverging provisions in special cases.
- 2.6. Bonds with differing nominal and interest currency are traded on the BX without accrued interest allocation (flat). The coupons named in the BX system or on the BX website must also be transferred. These instruments are specifically designated in the BX exchange system or on the BX website.
- 2.7. Instruments which are not transferred via a book entry but physically, must be in good condition pursuant to the provisions of the respective settlement provider and must be available. The buyer must immediately inspect the instruments received. If the buyer finds defects to the external condition, the buyer must reprimand the seller within two trading days after receipt at the latest. The reprimand period for other defects is 30 days after successful transfer. Defects that are not recognisable in a standard examination may be reprimanded within one year after transfer. The reprimand must be made 14 days after the discovery of the defect at the latest. A reprimand in due time results in the right to an exchange to faultless items, but no right to a conversion or reduction.

- 2.8. The warranty claim because of the dispossession of the sold right pursuant to Article 192 ff. of the Code of Obligations (German: Obligationenrecht, OR) remains the right of the buyer, even if the buyer did not exercise the right to exchange described in clause 2.7. Pursuant to Article 127 of the Code of Obligations, this right becomes time-barred after 10 years.

### **3. Late settlement und buy-in**

- 3.1. If a trade cannot be settled on the intended settlement date (ISD) because the defaulting seller does not hold the instruments, the defaulting seller has four additional trading days (ISD+4) to buy in the missing instruments. The defaulting seller must reimburse all costs incurred by the buyer, including costs in connection with a possible borrowing of instruments, and loss of interest, calculated at the applicable interest rate of the standing facility of the Swiss National Bank.
- 3.2. If the transfer of the instrument remains undone four trading days after the intended settlement date (ISD+4) at 12:00 CET, the buyer has the right to execute a buy-in. The buyer notifies the defaulting seller and the BX about this intention between 12:00 CET and 16:00 CET. Upon receipt of the notification, the BX creates a buy-in notice for the defaulting party with the announcement that the buy-in process will begin on the following day (ISD+ 5).
- 3.3. The granted buy-in rights are not cancelled if the buyer waits. Subject to the notification according to the rules, the buy-in can also be executed or cancelled at a later date, or the parties can reach an agreement on a bilateral basis on a payment in cash or an unstandardised payment. Both buyer and seller are obligated to immediately inform the BX about it.
- 3.4. Buyer and seller must immediately inform the BX about late deliveries and buy-in intentions. The execution of the buy-in is monitored by the BX. Upon completion of the buy-in, a copy of the billing must be sent immediately to the BX.
- 3.5. The buy-in is executed primarily via the BX but can also be executed via other trading platforms if there is insufficient liquidity. In the event that the buy-in by the buyer cannot be executed on the day ISD+5 due to the lack of the trading liquidity of the instrument, the buyer has the right to start further buy-in attempts until the day ISD+20.
- 3.6. Upon conclusion of the buy-in, the buyer is obligated to notify the defaulting seller and the BX by announcing the billing details by fax or electronically on the same day. The defaulting seller bears the costs arising from the buy-in, especially the price difference in the event of a higher price. In case of declining costs, the defaulting seller has no right to claim the price difference.
- 3.7. If the buy-in attempts of the buyer fail, the underlying contract between the defaulting seller and the buyer becomes null and void at the close of trading on the day ISD+20 and is replaced by a claim for compensation of the buyer. The claim for compensation is 30 % of the contractual buy price or, if higher, the sum of the closing price at the date ISD+20 plus any monetary value that would have arisen from the purchase. The payment of the claim for compensation made by the buyer is due upon completion of the examination by the BX, which must be executed within one trading day.
- 3.8. For trades in which the Designated Market Maker is the defaulting seller, all mentioned deadlines are extended by two additional trading days.
- 3.9. The same procedure may be applied analogously and, except the provisions of clause 3.8, the same deadlines may be applied, if the buyer is in default with the acceptance of the instruments or with the payment of the buy price.

- 3.10. Trades without the involvement of a central counterparty are settled via a settlement agent recognised by the BX. The payment must be made in the agreed currency.
- 3.11. Except for buy-in procedures, for late deliveries or late payments, the BX may charge the defaulting party at its own discretion with a fee for the late settlement of CHF 100 per trade with a late settlement. Exempt are Designated Market Makers which demonstrably had buying-in problems.

#### **4. Entry into force**

- 4.1. This directive was adopted by the board of directors and enters into force on 1 January 2018.