

REGULATION

pursuant to article 3.14.1, 3.14.2, 10.4.1 and 10.4.4 of the Clearing Rule Book

BUY-IN PROCEDURE

Capitalized terms used in this Regulation, and not otherwise defined, shall have the meaning as set out in the Clearing Rule Book.

This Regulation will apply from ~~03 December 2018~~ 04 February 2019

1 General

The general purpose and principle of a buy-in for EuroCCP as the formal counterparty to all transactions is to honour the original rights or entitlements resulting from trades undertaken on an Exchange, cleared by EuroCCP, when one of the parties involved fails to meet its settlement obligations. EuroCCP has chosen to follow local market practice as closely as possible, whilst aiming for a harmonised pan European process, with its rules defined to create transparency and efficiency in processing. A buy-in will be triggered for the non-delivery of Securities by a Clearing Participant (CP) or in the event of non-delivery of Securities by EuroCCP to a CP. The latter could result in a "Early Buy-in". EuroCCP reserves the right to delay the start of a buy-in procedure at its own discretion. CPs however, cannot initiate a buy-in against EuroCCP.

2 Buy-in notification

Buy-in notifications will be issued in accordance with Table 19 below. The failing delivering Clearing Participant will receive via e-mail a buy-in notification from EuroCCP. The notification will be sent before 09:00 AM CET and will provide an overview of all relevant information. All transactions not settled by 08:45 CET will be marked for notification.

3 Early buy-in

An early buy-in will commence when EuroCCP has onward deliveries which have exceeded the buy-in date but has not received receipt instructions on the buy-in date. An early buy-in can commence from intended settlement date (ISD)+1.

The oldest pending transaction will be selected for an early buy-in. If there are multiple transactions with the same date, one will be randomly chosen.

A delivering CP selected for an early buy-in will receive an early buy-in announcement via e-mail on the buy-in date prior to 09:00AM CET and will be given to close of business the following day to deliver.

Due to the alternative timelines, no early buy-in's will be executed against registered market makers.

4 Buy-in account

A failing delivering CP must cancel his original transaction and reinstruct against a dedicated EuroCCP buy-in account if EuroCCP has old failing onward delivery. EuroCCP may send this request as early as SD+1 for an early buy-in or on notification day for a regular buy-in. When Securities have been received on the buy-in account, a receiving CP must cancel his original receipt instruction and reinstruct against the buy-in account. Both CPs must instruct within 1 hour from receiving the instruction from EuroCCP.

5 Buy-in execution

The failing delivering CP has until the DVP Cut-off on buy-in date to deliver the Securities, either to the main settlement account or, if requested by EuroCCP, to the dedicated buy-in account.

Should the Securities not be delivered, the transaction will be cancelled by EuroCCP and the CP must cancel the transaction within 15 minutes from receiving the instruction from EuroCCP.

6 Inter CCP Transactions

A CCP cannot initiate a buy in on a selling CCP. As each CCP will follow their own buy-in schedule, this may result in a delayed delivery.

7 Market Maker Schedule

The standard buy in execution date of ISD+5 will, for market makers, be ISD+11. The alternative timeline only applies to market makers and ISINs registered by the LSE, & SIX Swiss Exchange, Euronext Dublin and Euronext Main Markets.

EuroCCP may employ a broker between ISD+12 to ISD+20 or offer the position for tender to CPs at its own discretion.

If the Securities bought-in cannot be executed before ISD+20, a cash settlement will take place in accordance with paragraph 12. Cash settlements will be undertaken against the last available closing price.

8 Cash settlement / Broker option

If EuroCCP cannot facilitate the Buy-in in full or part, then the outstanding or remaining obligation to deliver may be settled in cash by EuroCCP.

A cash settlement is undertaken by cancelling the original settlement and replacing it with a cash payment.

The basis for a cash settlement will be the closing price of the most recent business day prior to the buy-in or the last trade price adjusted for a corporate event of the relevant Securities. The cash settlement percentage (see table in paragraph 19) will be applied to this price to establish the cash settlement price. In the event of a cash settlement, the following actions will be taken:

- the receiving CP to the original failed settlement will be credited with the difference between the original price of the failed settlement and the cash settlement price, if the cash settlement price is higher than the original price of the failed settlement.
- the delivering CP to the original failed settlement will be debited for the difference between the original price of the failed settlement and the cash settlement price, if the cash settlement price is higher than the original price of the failed settlement.
- the failing delivering CP will receive an email confirming the total cash amount due be paid. that day.
- In case of an early buy-in, the failing receiving CP will be requested to cancel its transaction and will receive a cash compensation instead (as detailed in paragraph3).

Equities can be bought in via a as follows:

- the instruction of the delivering Clearing Participant will be cancelled, and the delivering Clearing Participant is obliged to confirm the cancellation of the instruction;
- where the price of the Securities agreed at the time of the trade is lower than the price paid for the execution of the buy-in, the corresponding difference shall be paid by the delivering Clearing Participant to EuroCCP.
- where the price of the Securities agreed at the time of the trade is higher than the price paid for the execution of the buy-in, the corresponding difference shall be paid to the delivering Clearing Participant by EuroCCP.

9 Sell out

If a settlement instruction is still failing due to lack of cash or incorrect instructions by the receiving CP on ISD+5, EuroCCP can commence the sell-out procedure.

EuroCCP may employ a broker for the sell-out process or offer the position for tender (the reverse of the buy-in process) to CPs at its own discretion.

The failing CP will be informed of the sell out on the processing date and receive an overview after the execution detailing all additional costs. The CP is obliged to pay these costs within 2 business days.

10 Corporate actions

If the position that is bought in is subject to a corporate action, EuroCCP will also manage the corporate action in the buy-in procedure. The delivering CP must compensate EuroCCP for the proceeds if a trade has been bought in. In the case of an optional event, the delivering CP must deliver the choice of the failing receiving participant.

11 Rights

Generally, EuroCCP will not commence the buy in process on S+4 for rights but may do so at its own discretion. For the Spanish market: in the event of an outstanding obligation to deliver non-tradeable temporary ISIN's (such as bearer shares) and tradeable rights, EuroCCP will not cash settle the failing obligation by the end of ISD+5. If the obligation remains failing, this will be executed after the transformation has taken place in the resultant ISIN on S+5, ISD being pay date.

12 Closing

Whenever the last available closing price is at least 20% lower than the original settlement price, EuroCCP will, in the event of a cash settlement, cancel both instructions involved in the buy in process. No cash compensations or penalties will be transferred.

13 Spain

For the Spanish market no buy-ins will be executed. Ultimately on Intended Settlement Date +5 all failed transactions will be processed via a cash settlement process, as agreed between Iberclear and EuroCCP. The basis for cash settlement will be 20% of the cash compensation of the last closing value of the failing trade plus the consideration difference between the recipients traded value using the last closing price of the most recent business day (ISD+4) and the original trade price. In the event of a corporate action the price taken may be adjusted to ensure the receiving Clearing Participant is not disadvantaged. The receiving CP to the original failed settlement will be credited with the compensation as described above. In the event where an interoperating CCP is the failing delivering party a cash settlement may be calculated using a different algorithm which the failing delivering CP will be held liable.

The failing delivering party will be debited for the cash amount which is calculated accordance with the cash compensation rules as described above plus any other related costs incurred by EuroCCP. The cash amount to be paid by the Clearing Participant will be processed between EuroCCP and the Clearing Participant bilaterally, outside the Spanish CSD, Spanish register (PTI), T2S and the Spanish Settlement Agent. The failing trade will be cancelled in T2S and the underlying trades will be closed in the PTI at COB ISD+5 and the Clearing Participant informed accordingly.

Market	CSD	Settlement cycle	Notification of cash settlement	Cash Settlement execution	Cash settlement percentage
Spain	Iberclear	Trade Date +2	ISD+3	ISD +5 (max)	120%

14 Buy-in details per market

Market	CSD	Settlement cycle	Notification of buy-in / cash settlement	Buy-in execution	Cash settlement percentage ¹
Austria	OCSD	Trade Date+2	ISD+3	ISD+4	120%
Belgium	Euroclear BE	Trade Date+2	ISD+4	ISD+5	120%
Czech Republic	SCP	Trade Date+2	ISD+4	ISD+5	120%
Denmark	VP	Trade Date+2	ISD+4	ISD+5	120%
The Netherlands	Euroclear NL	Trade Date+2	ISD+4	ISD+5	120%
Finland	Euroclear Finland	Trade Date+2	ISD+4	ISD+5	120%
France	Euroclear FR	Trade Date+2	ISD+4	ISD+5	120%
Germany	Clearstream BK Frankfurt	Trade Date+2	ISD+4	ISD+5	120%
Hungary	KELER	Trade Date+2	ISD+2	ISD+3	120%
IDRs	Euroclear Bank	Trade Date+2	ISD+4	ISD+5	120%
Ireland	Euroclear UK&I	Trade Date+2	ISD+4	ISD+5	120%
Italy	Monte Titoli	Trade Date+2	ISD+4	ISD+5	120%
Luxembourg	Euroclear Bank	Trade Date+2	ISD+4	ISD+5	120%
Norway	VPS	Trade Date+2	ISD+4	ISD+5	120%
Poland	KDPW	Trade Date+2	ISD+4	ISD+5	120%
Portugal	Interbolsa	Trade Date+2	ISD+4	ISD+5	120%
Spain	Iberclear	Trade Date +2	ISD+3	N/A	120%
Sweden	Euroclear Sweden	Trade Date+2	ISD+4	ISD+5	120%
Switzerland	SegalInterSettle (SIS)	Trade Date+2	ISD+4	ISD+5	120%
United Kingdom	Euroclear UK&I	Trade Date+2	ISD+4	ISD+5	120%
US	Euroclear Bank	Trade Date+3	ISD+4	ISD+5	120%

15 EuroCCP CSD instructions for Buy-ins:

Austrian Stocks	Rec/Del agent Buyer/seller T2S SEC ACCOUNT Place of Settlement	EMCFNL2AXXX EMCFNL2AXXX OCSD212500 OCSDATWWXXX
Belgium Stocks	Rec/Del agent Buyer/seller T2S SEC ACCOUNT Place of Settlement	EMCFNL2AXXX EMCFNL2AXXX CIKBEMCFNLAXXX000LMEUROCCP BUY-IN CIKBEBBXXX
Czech Republic Stocks	Agent BIC Buyer/Seller Account	Deutsche Bank AG, filiale Prag DEUTCZPX EMCFNL2A 5013400001
Danish Stocks	Rec/Del agent Buyer/seller T2S SEC ACCOUNT Place of Settlement	EMCFNL2AXXX EMCFNL2AXXX VPDK17501175001 VPDKDKKKXXX
Dutch Stocks	Rec/Del agent Buyer/seller T2S SEC ACCOUNT Place of Settlement	EMCFNL2AXXX EMCFNL2AXXX NECIEMCFNL2AXXX000LMEUROCCP BUY-IN NECINL2AXXX

¹ Id.

Finnish Stocks	CSD BIC Account Attention	Euroclear Finland APKEFIHHXXX APKE000 000 000 000 850 000 000 000 000 9002 EuroCCP Buy-in account
French Stocks	Rec/Del agent Buyer/seller T2S SEC ACCOUNT Place of Settlement	EMCFNL2AXXX EMCFNL2AXXX SICVEMCFNL2AXXX000LMEUROCCP BUY-IN SICVFRPPXXX
German Stocks	Rec/Del agent Buyer/seller T2S SEC ACCOUNT Place of Settlement	EMCFNL2AXXX EMCFNL2AXXX DAKV4208001 DAKVDEFFXXX
Hungarian Stocks	Agent BIC Buyer/seller Account	Deutsche Bank ZRt, Budapest DEUTHU2B EMCFNL2A 1213002086
International Depository Receipts	Agent BIC Buyer/Seller Account number Place of Settlement:	ECLR15083 MGTCBEBE EMCFNL2A MGTCBEBE
Italian Stocks	Rec/Del Agent Buyer/Seller T2S SEC ACCOUNT Place of Settlement	EMCFNL2AXXX EMCFNL2AXXX MOTIEMCFNL2AXXX6044000 MOTIITMMXXX
Luxembourg Depository Receipts	Agent BIC Buyer/Seller Account number Place of Settlement:	ECLR15083 MGTCBEBE EMCFNL2A MGTCBEBE
Norwegian Stocks	Agent Rec/Del VPS ID Rec/Del Party Safe Rec/Del PSET Buyer/seller	Norges Bank, Oslo 45650 456504900014 VPSNNOKK EMCFNL2A
Polish stocks	Agent Field 95R Buyer/Seller Beneficiary account Place of Settlement	Deutsche Bank Polska /KDPW/0980 EMCFNL2A 5001001 KDPWPLPW
Portuguese Stocks	Rec/Del agent Buyer/seller T2S SEC ACCOUNT Place of Settlement	EMCFNL2AXXX EMCFNL2AXXX IBLSEMCFNL2AXXXSA000000002022222229 IBLSPTPPXXX
Swedish Stocks	CSD BIC Buyer/Seller Account BIC	Euroclear Sweden VPCSSESS EMCFNL2A 0001 5069 5594 EMCFNL2A
Swiss Stocks	CSD SCOM Buyer/Seller Account	Sega interSettle NL100386 EMCFNL2A 20 326'639
UK Stocks	Agent BIC Crest participant id: Account	HSBC PLC MIDLGB22 BH01 942436

EuroCCP

US Stocks	Agent BIC Buyer/Seller Account number Place of Settlement:	ECLR15083 MGTCBEBEECL EMCFNL2A MGTCBEBEECL
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