

SIX Swiss Exchange message no. 43/2013

Subject **Clearing and Settlement of Off Order Book trades**

Category Clearing & Settlement

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Information 

It has come to the attention of SIX Swiss Exchange that participants' requests for clearing and settlement of off order book trades outside of the supported settlement cycle have, in the past, occasionally given rise to questions and misunderstandings in post-trade processing. This message is intended to provide participants with an overview of the supported post-trade scenarios for off order book trades at SIX Swiss Exchange.

As a general rule, clearing and settlement can only be instructed by SIX Swiss Exchange for two-sided trade reports for which the trade date and settlement date are within the settlement cycle (T+3) of the security. The table below illustrates which scenarios are supported:

Settlement Type	T+0	T+1	T+2	T+3	>T+3
Clearing (CCP)	-	-	-	<input checked="" type="checkbox"/>	-
Bilateral Settlement	-	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	-
Manual *	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

* These trades will not be instructed by SIX Swiss Exchange, but must be settled by the participants themselves directly.

If participants request a settlement date which is not supported, the trade report will not be rejected by SIX Swiss Exchange; instead, the Settlement Type of the trade will be downgraded. Below is an overview of the most frequent use cases for which the Settlement Type would be downgraded:

Settlement Type	Reason for downgrade
Downgrade from CCP to Bilateral Settlement	<ul style="list-style-type: none"> • Security is not eligible for clearing • Trade Date is not the current business day • Trade was reported outside Clearing Day (08:00 – 18:15) • Settlement Date does not correspond to the standard Settlement Date of the security (T+3)
Downgrade from Bilateral Settlement to Manual	<ul style="list-style-type: none"> • Security is not eligible for settlement instruction by SIX Swiss Exchange • Counterparty is not a trading participant of SIX Swiss Exchange • Settlement Date is <ul style="list-style-type: none"> ○ a non-settlement day (weekend or currency holiday) ○ outside of the standard settlement cycle of the security (T+3) ○ equal to the trade report date (T+0) ○ before the defined earliest Settlement Date of the security

The information concerning the Settlement Type of a trade and its reason is provided in the Confirmation message distributed to participants via the Standard Trading Interface (STI) when the trade has been instructed for clearing and settlement.

If you have any questions, please do not hesitate to contact Member Services:

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