

## **(IV) DELIVERY PROCEDURES**

*January 2025*

### **IMPORTANT NOTICE**

The ICNL Rules, Procedures and Policies including the present document contain some provisions which are only relevant to markets, contract types and client categories for which ICNL does not provide services as per the date of this document (but may do so in the future). This applies in particular to: (i) provisions which support the provision of clearing services to Clearing Members which are registered as Futures Commission Merchants with the CFTC and/or as Broker-Dealers with the SEC; and (ii) to provisions supporting collateral provision by way of pledge or charge or under a Gold Addendum.

Readers of this document are requested to note that ICE Clear Netherlands is authorised as a central counterparty under EMIR to clear derivative contracts relating to equity securities (including indices of equity securities) only.

Please refer to: <https://www.ice.com/clear-netherlands> for further guidance.

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## 1. GENERAL PROVISIONS

1.1 With regard to all open Contracts, which, pursuant to the Contract Terms, give rise to delivery obligations:

- (a) Clearing Members with Open Contract Positions at cessation of trading or auctioning are obliged to make or take delivery (as applicable);
- (b) Clearing Members must make themselves fully aware of their delivery obligations under each relevant Contract;
- (c) these Delivery Procedures form part of the terms of the relevant Contract if such Contract becomes deliverable and should be read in conjunction with the Rules, particularly Part 7, and the relevant Market Rules where relevant;
- (d) Clearing Members shall:
  - (i) conduct customer due diligence relating to anti-money laundering in relation to any delivery including in relation to any Transferors/Transferees nominated by them in accordance with paragraph 5.1 and all other "beneficial owners" of such Transferors/Transferees (for the purposes of this paragraph the term "beneficial owners" having the meaning given to it in article 3(6) of the Money Laundering Directive) to the extent required under the Money Laundering Directive or such other Applicable Laws as determined acceptable by the Clearing House at its discretion) or Customers in relation to any delivery in accordance with Applicable Laws; and
  - (ii) at the request of the Relevant Market or the Clearing House, promptly provide satisfactory evidence that the Clearing Member has undertaken customer due diligence in respect of any delivery;
  - (iii) promptly deliver to the Clearing House or directly to the relevant Clearing Member that is Buyer or Seller such documentation as may be necessary for the Clearing House or the relevant Clearing Member to meet the requirements of Applicable Laws relating to know your customer and anti-money laundering;
  - (iv) not use, deliver or nominate for delivery anything that is prohibited by any Sanction; and
  - (v) neither:
    - (A) be, nor to its knowledge have, any directors, officers, employees, agents or Representatives which are the target of any Sanction; or
    - (B) to its knowledge have any Affiliates who are, or whose directors, officers, employees, agents or Representatives are, the target of any Sanction, unless or except:
      - (X) pursuant to an exemption or exception in the Applicable Laws establishing the Sanction or subject to an applicable license granted by all relevant Governmental Authorities under that Applicable Law; or

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- (Y) to the extent that any obligation, undertaking, representation or statement contemplated by this Paragraph 1.1(c) would be in conflict with any Applicable Laws purporting to nullify or restrict the effect of foreign Sanctions or preventing boycotts; or
  - (Z) solely in respect of Persons listed under Paragraph 1.1(c)(vi)(B) who are subject to a Sectoral Sanction, the Clearing Member notifies the Clearing House in accordance with Rule 204(a)(xiv) and the Person subject to the Sectoral Sanction is not prohibited from carrying out any business activity related to derivatives or spot trading;
- (e) if any delivery or proposed delivery would take place in circumstances where the Clearing Member, Transferor, or Transferee is or would be in breach of Paragraph 1.1(c) but for the exception in Paragraph 1.1(c)(y), the relevant Clearing Member, Transferor or Transferee must notify the Clearing House and relevant Market in writing at least 30 days in advance of the affected delivery, specifying the details of the extent that it falls outside of the scope of Paragraph 1.1(c);
  - (f) no means of delivery (including, but not limited to vessels and warehouses) relying on the exception set out in Paragraph 1.1(c)(Y) may be used at all if such notice of at least 30 days under Paragraph 1.1(d) has not been provided to the Clearing House and relevant Exchange;
  - (g) pursuant to Rule 703(j) (and, without limitation to equivalent provisions of other Market Rules), the Clearing House or any relevant Market may: (i) reject a delivery (including, for the avoidance of doubt, delivery by any vessel or in any warehouse); (ii) direct that a substitute means of delivery be used or nominated (including a vessel, warehouse, barge, account, or booking reference); and/or (iii) suspend any or all membership or other permissions of the Buyer, Seller, Transferor or Transferee (as applicable), including its permission to enter into any particular Contract, or to deliver to receive deliveries (or any one or more of such permissions), in each case, for such term as the Clearing House or any relevant Market may determine, if the Clearing House or any relevant Market has reasonable grounds to believe that a delivery would be, or would be a significant risk of constituting a potential breach of Sanctions, except to the extent that any right of the Clearing House or any relevant Market contemplated by this Paragraph 1.1(g) would conflict with any Applicable Laws purporting to nullify or restrict the effect of foreign Sanctions or preventing boycotts. Neither the exercise, nor lack of exercise, of these powers shall serve as evidence of a breach (or non-breach) of Sanctions in any failed delivery, default or arbitration proceedings nor prevent the Clearing House or any relevant Market from taking disciplinary action (including a declaration of default or an Event of Default as applicable) at any future time.
- 1.2 Any enquiries concerning these Delivery Procedures should be directed to the clearing operations department of the Clearing House.
- 1.3 The following definitions apply to these Delivery Procedures:
- (a) The term "**Clearing Day**" means a day on which the Clearing House is open for business.
  - (b) The term "**Business Day**" means a Clearing Day that is not a public holiday in the Netherlands.

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- (c) The term "**CET**" means Central European Time or Central European Summer Time, when applicable.
- (d) The term "**Delivery Period**" means a period during which delivery and settlement occurs in accordance with these Delivery Procedures and applicable Market Rules.
- (e) The term "**Non-Clearing Day**" means Christmas Day, New Year's Day, Easter Friday, each Saturday and Sunday where the Clearing House and the relevant Market are closed and any other day that is not a Clearing Day, as determined by the Clearing House from time to time.
- (f) The term "**Tender**" means a notice given pursuant to these Delivery Procedures and/or Market Rules, of an intention to make or take delivery of a Deliverable;
- (g) The term "**ECS**" means the extensible clearing system that provides functionality for position maintenance (including close-outs), options exercise and delivery, in addition to cash and collateral management for the Clearing House (or any successor system).
- (h) The term "**MFT**" means the managed file transfer system through which the Clearing House provides access to all clearing reports and data files.
- (i) The term "**ICE FEC**" means the single user interface used by the Clearing House, offering functions to view and manage trades, transfers, allocations and claims.
- (j) The term "**MPFE**" means the futures expiry report generated by the Clearing House.
- (k) The term "**UK Time**" means London (UK) time.

1.4 [Not Used].

1.5 Subject to paragraph 1.6 to 1.11 below, these Delivery Procedures, and all non-contractual obligations arising out of or in connection with them, are governed by and shall be construed in accordance with the laws of the Netherlands in accordance with Rule 102(r) and any Dispute under these Delivery Procedures will be subject to arbitration under Rule 117 save as provided in Market Rules.

1.6 Solely as between an FCM/BD Clearing Member and the Clearing House, those provisions of these Delivery Procedures inasmuch as they relate solely to an issue or matter concerning:

- (a) the pledging, transfer, holding, use and segregation of Pledged Collateral provided by an FCM/BD Clearing Member (or other property, excluding for the avoidance of doubt the Contracts themselves recorded in such an Account, recorded in a Customer Account or Proprietary Account that is designated as an account in respect of which Pledged Collateral may be provided by an FCM/BD Clearing Member); and/or
- (b) the application of any net sum owed in favour of the FCM/BD Clearing Member in respect of a Customer Account or Proprietary Account that is designated as an account in respect of which Pledged Collateral may be provided,

and, solely to the extent relevant to interpreting the foregoing provisions in such circumstances, relevant definitions and interpretative provisions in paragraph 1 of these Delivery Procedures (such provisions, together or separately "Pledged Collateral Matters") shall be governed by and construed in

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accordance with the laws of the State of New York and, as applicable, the federal law of the United States of America.

- 1.7 For the avoidance of doubt, paragraph 1.6 is an exception to paragraph 1.5 and Rule 102(s) which provide that the Delivery Procedures and Rules respectively shall be governed by and construed in accordance with the laws of the Netherlands. For the avoidance of doubt, without limitation and notwithstanding paragraph 1.6, the following are governed by and shall be construed in accordance with the laws of the Netherlands in their entirety without any exception and shall in no circumstances constitute a Pledged Collateral Matter:
- (a) all of the provisions of these Delivery Procedures relating to the Designated System;
  - (b) any Dispute or issue arising as between a Non-FCM/BD Clearing Member on the one hand and the Clearing House on the other hand;
  - (c) any Dispute or issue arising in respect of a Customer Account or Proprietary Account that is not designated as an account in respect of which Pledged Collateral may be provided;
  - (d) any matter relating to Pledged Collateral of a Non-FCM/BD Clearing Member;
  - (e) any matter relating to Charged Collateral or a Charged Collateral Addendum;
  - (f) the Contract Terms of all Contracts;
  - (g) the liability provisions in Rule 111; and
  - (h) the statutory immunities of the Clearing House pursuant to section 291 of the Financial Services and Markets Act 2000 and section 184(3) of the Companies Act 1989, including the agreements thereto in Rule 111.
- 1.8 Where a dispute between an FCM/BD Clearing Member and the Clearing House relates to one or more Pledged Collateral Matters, notwithstanding the provisions of Rule 117, solely the allegations or claims relating to the Pledged Collateral Matters in such dispute shall be heard and determined exclusively in any New York federal court sitting in the Borough of Manhattan of the City of New York, provided, however, that if such federal court does not have jurisdiction over such allegations or claims, such allegations or claims shall be heard and determined exclusively in any New York state court sitting in the Borough of Manhattan of the City of New York (such Courts, together, "New York Courts"). Consistent with the preceding sentence, the Clearing House and each FCM/BD Clearing Member hereby:
- (a) submits to the exclusive jurisdiction of the New York Courts solely in respect of allegations or claims relating to Pledged Collateral Matters; and
  - (b) agrees that service of process will be validly effected by sending notice in accordance with Rule 113.
- 1.9 All allegations or claims other than those over which the New York Courts have exclusive jurisdiction pursuant to paragraph 1.8 shall be finally and exclusively determined by way of arbitration pursuant to Rule 117. It is expressly recognised that for Disputes between an FCM/BD Clearing Member and the Clearing House containing both allegations or claims over which the New York Courts have exclusive jurisdiction pursuant to paragraph 1.8 and other allegations or claims, it may be necessary to have both

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New York Court proceedings and arbitral proceedings. The submission of a party to the jurisdiction of a New York Court and/or the taking of a step by a party in proceedings before a New York Court, where in any such instance the New York Court has exclusive jurisdiction pursuant to paragraph 1.8 does not amount to a waiver by that party of its right to commence or participate in arbitral proceedings in accordance with Rule 117. The submission of a party to arbitration under Rule 117 or in respect of any Dispute does not amount to a waiver by that party of its right to have allegations or claims in relation to which the New York Courts have exclusive jurisdiction pursuant to paragraph 1.8 heard in the New York Courts.

- 1.10 Nothing in paragraphs 1.5 to 1.11 precludes the Clearing House from bringing an action to enforce a judgment from any New York Court or award of any arbitral tribunal in any court of competent jurisdiction.
- 1.11 EACH CLEARING MEMBER AND THE CLEARING HOUSE HEREBY IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY DISPUTE ARISING OUT OF, UNDER OR IN CONNECTION WITH THESE DELIVERY PROCEDURES OR ANY MATTER CONTEMPLATED BY THEM. EACH CLEARING MEMBER AND THE CLEARING HOUSE HEREBY:
- (a) CERTIFIES THAT NO REPRESENTATIVE OF ANY OTHER PERSON BOUND BY THESE RULES HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF ANY SUCH DISPUTE, SEEK TO ENFORCE THE FOREGOING WAIVER; AND
  - (b) ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THESE RULES, ALL CONTRACTS AND ALL OTHER TRANSACTIONS CONTEMPLATED BY THESE RULES, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN PARAGRAPHS 1.5 to 1.11.

### 2. DELIVERY OF DOCUMENTATION

Clearing Members must submit the required delivery documentation to the Clearing House by email to [iceclearnetherlandsoperations@ice.com](mailto:iceclearnetherlandsoperations@ice.com) marked "URGENT: for the attention of the Deliveries Department" or by courier to the Clearing House's registered office.

### 3. AUTHORISED SIGNATORIES

Clearing Members, or their Transferor(s) or Transferee(s), must ensure that all delivery documents that require signature are signed by a director or officer who is properly authorised to sign such documentation on behalf of the Clearing Member. The Clearing House is entitled to rely upon the information specified in all forms and documents submitted by Buyers, Sellers, Transferors and Transferees without making any enquiry, investigation or check as to the accuracy of the information or whether the signatory is authorised to sign or submit the form or document to the Clearing House.

### 4. CLEARING MEMBER ACCOUNTS

No offset is allowed for either physical delivery or financial settlement between Clearing Members' Proprietary Account and Customer Account. Separate delivery documentation is required for each such Account.



### 5. TRANSFERORS AND TRANSFEREES

- 5.1 Certain Contracts subject to delivery obligations allow Sellers and Buyers to nominate Transferors and Transferees respectively, as set forth in the Contract Terms or relevant section of these Delivery Procedures. A Transferor or Transferee may be a Seller or Buyer, respectively, itself. Transferors and Transferees are permitted to make or take delivery of a Deliverable to or from the Clearing House by the prescribed delivery method. The Clearing House permits the nomination of Transferors or Transferees for reasons of convenience of Clearing Members only. Notwithstanding the appointment of a Transferor or Transferee, the relevant Clearing Member remains at all times fully responsible for meeting all of its obligations and liabilities to the Clearing House.
- 5.2 A Clearing Member may appoint a Representative (which may be another Clearing Member) to undertake delivery administration or obligations.
- 5.3 A person who is not the Buyer, Seller or the Clearing House shall have no rights whether by way of third party stipulation (*derdenbeding*) or otherwise to enforce any provision of a Contract (including any requirement of these Delivery Procedures). As further described in Rule 111, the Clearing House is not liable to or for Transferors or Transferees.
- 5.4 Where separate procedures apply to a Transferor/Transferee who is not the Seller/Buyer, this is indicated in these Delivery Procedures. Any form to be completed and submitted to the Clearing House by a Transferor/Transferee shall be signed by an authorised signatory of the Transferor/Transferee. The Clearing House is entitled to rely upon the information specified in the form without making any enquiry, investigation or checks as to the accuracy of such information or whether the signatory on the form has been authorised by the Transferor/Transferee. If a Transferor/Transferee is a Customer, then it shall be bound by the Standard Terms, including in relation to these Delivery Procedures. Pursuant to the Standard Terms a Transferor/Transferee signing such a form shall be subject to obligations and liabilities under these Delivery Procedures which are enforceable by both the Clearing Member and the Clearing House. Each Clearing Member acknowledges and agrees that it is responsible for ensuring the accuracy of the information on each form submitted by a Transferor/Transferee and that the form is signed by an authorised signatory of such Transferor/Transferee.
- 5.5 For the avoidance of doubt, Transferors/Transferees nominated by a Seller or Buyer in accordance with paragraph 5.1 and Customers are not customers of the Clearing House for the purposes of the Money Laundering Directive or other such Applicable Laws. The Clearing House only owes, and carries out, obligations relating to the delivery of Contracts under these Delivery Procedures in relation to Buyers and Sellers.

- 6. [NOT USED]
- 7. [NOT USED]
- 8. [NOT USED]
- 9. [NOT USED]
- 10. [NOT USED]
- 11. [NOT USED]
- 12. [NOT USED]
- 13. [NOT USED]
- 14. [NOT USED]
- 15. [NOT USED]

**16. SIMILAR OBLIGATIONS UNDER DIFFERENT CONTRACTS**

Where a Seller or a Buyer has delivery obligations under one or more Contracts that are not of the same Set but which result in a delivery obligation in respect of the same Deliverable at the same time, the Clearing House may notify the Seller (and its Transferor, if applicable) and the Buyer (and its Transferee, if applicable) of their aggregated delivery obligations under the affected Contracts and, upon such notification, the Seller and Buyer shall be required to make and take delivery in respect of such aggregated delivery obligations instead of such other obligations as may otherwise have been required.

**17. INTERPRETATION**

Words and phrases defined in the Rules or these Delivery Procedures bear the same meanings when used in any form or other document delivered pursuant to these Delivery Procedures.

The Clearing House may, from time to time, enter into clearing services arrangements with a Market in respect of Contracts, pursuant to which the functions of the Clearing House (as designated in these Delivery Procedures) may be performed by that or another Market, and *vice versa*. Accordingly, references in these Delivery Procedures to the Clearing House may be interpreted as references to Markets in respect of such Contracts, and *vice versa*, as circumstances require.

**18. REPORTS AND NOTIFICATIONS**

Unless otherwise specified, the Clearing House will make the reports and confirmations it issues as part of the delivery processes available to the Clearing Members electronically, both via email and via the Clearing House Web Reporting Service (described in the Clearing House User Guide).

**19. LIABILITY, MARGIN, DEFAULT AND DISCIPLINARY**

- 19.1 The requirements relating to liability set out in the Rules apply equally in relation to deliveries. Without prejudice to the generality of, and subject to, the provisions of the Rules relating to liability:

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- (a) it is the responsibility of Clearing Members to ensure that all forms are in place at the relevant time, and any failure or omission to ensure that they are in place that causes or contributes to the failure of any delivery may itself constitute a failure to deliver by the Clearing Member; and
  - (b) upon any such failure or omission, the Clearing Member will be liable to the Clearing House for any cost, loss or expense of the Clearing House arising as a result of such failure or omission, which may include any delivery failure costs.
- 19.2 The Clearing House may at any time make an additional Margin call as a result of any event or circumstance occurring in relation to a delivery.
- 19.3 Notwithstanding the availability of any possible alternative or late delivery procedure, failure to comply with any requirement of these Delivery Procedures may constitute an Event of Default.
- 19.4 Nothing in these Delivery Procedures shall preclude the Clearing House, in its discretion, from bringing disciplinary proceedings or levying a fine against a Clearing Member, including (without limitation) in respect of late or failed delivery.
- 19.5 Clearing Members are further referred to the relevant Market Rules, whose provisions are binding under Rule 102(e) and include certain provisions relating to deliveries.
- 19.6 Nothing in these Delivery Procedures shall exclude any liability for fraud, death, personal injury or any liability which under Applicable Laws may not be excluded.
- 19.7 Each Clearing Member, Buyer, Seller, Transferor and Transferee that makes or takes delivery of any Deliverable pursuant to a Contract shall comply (and shall be deemed to represent and warrant to the Clearing House that it will comply and has complied) with all filing, notification, reporting, registration, certification or authorization requirements under Applicable Laws or required by any Delivery Facility in connection with such delivery.

## 20. PAYMENTS

All payments to and from Clearing Members pursuant to these Delivery Procedures shall take place to and from relevant Nominated Accounts and/or TARGET Accounts as described in the Finance Procedures. Amounts due in respect of delivery obligations may be set off against or aggregated with other amounts due under the Rules, as described in the Finance Procedures.

## 21. GUARDIAN

Guardian is an electronic grading and delivery system which is used in the process of making and taking delivery of certain Deliverables as specified in these Delivery Procedures.

## 22. LIABILITY FOR PENALTIES OR COSTS IN RESPECT OF LATE MATCHING

The Buyer and Seller shall each indemnify the Clearing House in accordance with Rule 111 in respect of any costs or penalties for any delay or failure in matching arising under the Central Securities Depositories Regulation (Regulation (EU) 909/2014) or otherwise, save to the extent that the Clearing House or its settlement agent is at fault in respect of such failure or delay. The amount of such costs or penalties will be charged to such Clearing Member.

**23. LIABILITY FOR PENALTIES OR COSTS IN RESPECT OF LATE SETTLEMENT**

The Seller shall indemnify the Clearing House in accordance with Rule 111 in respect of any costs or penalties for any delay or failure in settlement arising under the Central Securities Depositories Regulation (Regulation (EU) 909/2014) or otherwise, save to the extent that the Clearing House or its settlement agent is at fault in respect of such failure or delay. The amount of such costs or penalties will be charged to such Clearing Member.

## DELIVERY PROCEDURES: FINANCIALS & SOFTS EQUITY FUTURES/OPTIONS

### PART Z: FINANCIALS & SOFTS EQUITY FUTURES/OPTIONS

#### 1. PHYSICALLY DELIVERED EQUITY FUTURES/OPTIONS, AND STOCK CONTINGENT TRADES DELIVERY PROCEDURES

##### 1.1 Introduction

For the purposes of these Delivery Procedures any reference to Equity Futures/Options Contracts means the following Contracts that are physically delivered:

- (i) single stock Futures;
- (ii) individual equity Options; and
- (iii) Contracts arising from ICE Block.

##### 1.2 Delivery System

Physical deliveries resulting from Equity Futures/Options Contracts and stock contingent trades are made through:

- (i) Clearstream Banking Frankfurt for German securities;
- (ii) Euroclear France for French securities;
- (iii) Euroclear Nederland for Dutch securities; and
- (iv) Euroclear Bank SA/NV for Belgium securities.

The Clearing Member can opt for the following settlement methods facilitated by the Clearing House for the generation of a final (SWIFT) settlement instruction.

- (i) Gross settlement

All generated gross equity transactions by the clearing system as a result of an exercise or assignment will be settled on a gross base. All gross equity transactions for a specific position account related to the same contract symbol, same settlement date and the same contract strike price will be aggregated into one gross transaction for settlement.

- (ii) Net settlement

The Clearing House offers the Clearing Member settlement netting on position account level. All gross equity transactions for a specific position account related to the same contract symbol and settlement date will be netted to one single settlement instruction. If a Clearing Member services more position accounts, the gross or netting indicator can be defined per position account.

- (b) Strange nets

If the Clearing Member opted for settlement netting per position account and netting will result in one of the 9 following outcomes:

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	Stock movement	Cash movement
1 "Normal" purchase	Receive	Deliver
2 "Normal" sale	Deliver	Receive
3 Delivery with payment	Deliver	Deliver
4 Receive with payment	Receive	Receive
5 Deliver stock with no cash	Deliver	0
6 Receive stock with no cash	Receive	0
7 Deliver cash but no stock	0	Deliver
8 Receive cash but no stock	0	Receive
9 No stock or cash movement	0	0

By default, the Clearing House will resolve scenarios 3 to 8 by means of a directional net. In this case, all buys and sells will be netted "directional", resulting in two settlement instructions.

For scenario 9 the Clearing House will not generate a settlement instruction.

### 1.3 Clearing House Settlement Details

Settlement details for the accounts of the Clearing House to and from which deliveries are to be made in the relevant settlement system will be notified to Clearing Members by the Clearing House from time to time.

### 1.4 Deliverable Equities

A "deliverable equity" means the equity underlying an Equity Future or Option Contract, published (from time to time) by means of a Circular or by other means determined by ICE Endex.

If an "equity underlying" is subject to a corporate event, as defined in paragraph 4 below, the deliverable security may become a combination of shares and entitlements in accordance with the ICE Endex Corporate Action Policy, as amended from time to time, and the relevant Contract Terms. Paragraph 4 contains more information on corporate events.

## 2. PHYSICALLY DELIVERED EQUITY DELIVERY TIMETABLES

### 2.1 Physically Delivered Equity Futures and Options Contracts: Summary Timetable

This Paragraph applies only to Options involving Securities which settle through the T2TS system.

#### Settlement of premium:

The Settlement Date is the date on which settlement of the premium of Option Contracts takes place, which is the next Business Day following the day of that they are matched on the relevant Market. Cash settlement as result of exercise/assignment of index or currency options will also take place on the next Business Day after expiration of such Option Contract in accordance with the Finance Procedures.

#### Settlement of Securities:

The Settlement Date ("S") for the Securities as a result of exercise/ assignment is the transaction date ("T") of the processed exercise/assignment + two business days (T+2= S). The settlement of DVP/RVP instructions in the home market of the Securities starts at 18.45 CET on S-1 and ends at 16.00 CET on

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S. The regular DVP/RVP instructions will be settled through the Euroclear Bank SA/NV settlement platform.

### Instruction time frame

Period	Time	Action
Sending settlement instruction	On T between 20.00 and 24.00 CET	Settlement instruction information is made available to the Clearing Member.
DVP Instruction settlement	On EOD T till T+1, 09.00 CET	The Clearing House will instruct the DVP settlement instruction(s) in the CSD. The Clearing Member or if relevant its settlement agent needs to instruct its RVP settlement instruction from its own account within the CSD in order to timely match the DVP settlement instruction(s) of the Clearing House.
RVP Instruction settlement	On EOD T till T+2, 16.00 CET	The Clearing House will continuously instruct the RVP settlement instruction(s) in the CSD (auto release RVP instructions triggered by matching status of instructed Clearing House DVP instructions). The Clearing Member or (if relevant) its settlement agents need to instruct its DVP settlement instruction(s) from its own account within the CSD in order to timely match the RVP settlement instruction(s) of the Clearing House.

### Settlement cycle T2STS

Period	Time	Action
Start of Day	On S-1 between 18:45 and 19:30 CET	This batch cycle involves: change of Business Date, Static Data Update and Instruction validation.
Night-Time Settlement	On S-1 between 20.00 CET and S, 03.00 CET	There will be 2 batch cycles: the first cycle involves reporting and static data update. The second cycle will allow for partial settlement.
Day-Time Settlement	On S between 05.00 CET and 18.00 CET	This batch cycle involves real time settlement for all new instructions and any failing instructions from the Night-Time cycle. There will be five 15-minute partial settlement periods at 8:00, 10:00, 12:00, 14:00 CET and at 15:45 CET.
End of Day	On S between 18.00 CET and 18.45 CET	This batch cycle involves among others recycling, statements and reports.

### T2STS Partial settlement

The Clearing House has opted for automatic partial settlement within T2STS. As a result, the available Clearing House holding(s) within the aforementioned T2STS partial settlement periods will be partially settled unless the cash consideration involved is <10.000 EUR (pre-defined cash threshold T2STS). All Clearing Members are obliged to honor the receipt of partial deliveries from the Clearing House.

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### 2.2 Stock Contingent Trading Delivery: Summary Timetable

DAY	TIME	ACTION
<b>Trade day + 1</b>	<b>Business Day following the Day of Trade</b>	
	By 06:00 CET Time	All trades submitted to relevant settlement system.
	By 08:00 CET Time	<p>Clearing Member Stock Contingent Trade Report (MTSCT) available via ECS or MFT (or any successor systems).</p> <p>Clearing Members must check the information on ICE Systems related to the deliveries that are recorded against them by reference to the Clearing Member Stock Contingent Trade Report (MTSCT) and Stock Deliveries Report (MPSDR).</p>
	By 16:00 CET Time	<p><b>Belgium</b> Details of the delivery obligations resulting from Physically Delivered Equity Futures or Options Contracts in all Belgium stocks must be submitted and matched in Euroclear Bank SA/NV.</p> <p><b>France</b> Details of the delivery obligations resulting from stock contingent trades in all French stocks must be submitted and matched by Clearing Members in Euroclear France.</p> <p><b>Netherlands</b> Details of the delivery obligations resulting from stock contingent trades in all Dutch stocks must be submitted and matched by Clearing Members in Euroclear Nederland.</p> <p><b>Germany</b> Details of the delivery obligations resulting from stock contingent trades in all German stocks must be submitted and matched by Clearing Members in Clearstream Banking Frankfurt.</p>
By 17:00 CET Time	Clearing Members that require the allocation of a stock contingent trade to be changed must submit an Allocation Change Request form. Clearing Members must ensure that the	



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DAY	TIME	ACTION
		<p>form is completed in full by the members of ICE Endex who entered into the trade on ICE Endex (each, an "Originating Member") and the relevant receiving members of ICE Endex and communicated to the Clearing House by no later than the 16:00 CET time deadline. Where the Clearing Member was not the ICE Endex member but clears for the ICE Endex member, the Clearing Member will be responsible for ensuring and procuring that the Exchange members it clears for complete the relevant forms on time.</p>
		<p>Clearing Members must have successfully matched all trades with the Clearing House within the relevant settlement system by the times set out in these Delivery Procedures. All matched trades will then become available for settlement in the relevant settlement system.</p> <p>It is the responsibility of the Clearing Member to contact the Clearing House and notify any issues with matched transactions.</p> <p>All amendments required to achieve matching must have been submitted by the Clearing Members to the relevant settlement system prior to the end of the day. In the absence of any amendments being agreed to by the Clearing House and processed, the details recorded by the Clearing House will continue to apply.</p>
	Intended Settlement day	
	<p>One hour prior to the close of delivery versus payment (DVP) equity settlement in the relevant settlement system</p>	<p>Transfer of shares from the Selling Clearing Member to the Clearing House complete.</p> <p>Clearing Members who have failed to deliver (including those whose Customer or Transferor has failed to deliver) must contact the Clearing House giving reasons for the failure and confirming what measures have been taken to facilitate delivery.</p> <p>The Clearing House will onward deliver to Buying Clearing Members through the relevant settlement system as soon as reasonably practicable following receipt from Selling Clearing Members through the relevant settlement system.</p> <p>The Clearing House releases Original Margin and non-realised Variation Margin for settled instructions.</p>

## DELIVERY PROCEDURES: FINANCIALS & SOFTS EQUITY FUTURES/OPTIONS

### 2.3 Partialling

#### (a) Automatic partialling

The Selling Clearing Member shall be responsible for ensuring full delivery of all securities to the Clearing House through the relevant settlement system. When the Clearing House as Buyer does not receive delivery of all the securities to satisfy its position under a Contract, then the Clearing House may not have sufficient securities to completely fulfil its own delivery obligations towards Buyers that are Clearing Members.

It is the responsibility of the Buying Clearing Member to ensure that any onward partial delivery is accepted. In the event that a Buying Clearing Member fails or omits to comply with these provisions or settlement instructions are not cancelled and rematched as per the Clearing House's instruction, the Clearing House may charge that Buying Clearing Member and the Buying Clearing Member shall pay any costs incurred by the Clearing House as a result of such failure or omission.

Failure to complete a full delivery of securities under a Contract can result in the Clearing House holding an amount of securities that it cannot pass on or holding insufficient securities to pass on to the Buyer.

If the securities delivered are insufficient to fulfil a larger delivery obligation under a related Contract, the Clearing House may split the fulfilment of that obligation into multiple deliveries and notify the Buyers and Seller of the relevant details accordingly. The Clearing House may use an auto-splitting service offered by a relevant settlement system where such service is available and suitable to its needs.

#### (b) Manual partialling

Notwithstanding the automatic process described in paragraph 2.3(a), the Clearing House may in its discretion decide to accept a partial delivery or a request to do so, provided that the following criteria are fulfilled:

- (i) the partial delivery to the Clearing House enables the Clearing House to fulfil one or more onward delivery obligations in full and does not result in the Clearing House being in such a position that it cannot deliver the full amount for any onward delivery obligation; and
- (ii) the Clearing House receives the request via e mail followed by a telephone call from the Selling Clearing Member concerned **by 11:00 (London time)** on the intended settlement date. Any requests received after this time will be reviewed by the Clearing House on a reasonable endeavours basis.

If, in the event that the Clearing House decides in its discretion to accept such request from a Seller, manual partialling may require the Clearing Member to rematch, the Clearing House will advise its Clearing Members and will seek to agree the relevant amended details. Both affected Clearing Members will then be required to match the Clearing House's cancellation and rematch the subsequent new instructions as per the Clearing House's advice. Where partialling is possible at a relevant settlement system, Clearing Members must match by the relevant settlement system's deadlines and any imposed by ICE Endex to ensure settlement. Partialling shall be conducted:

- (A) where it can be initiated unilaterally in a relevant settlement system; or

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- (B) where bilateral instructions are required, by prior agreement with the Clearing House.

Any costs incurred due to failure to instruct prior to the deadline after agreeing previously to do so, will be passed onto the relevant Clearing Member.

The Clearing House shall be entitled in its discretion not to accept any partial delivery or request to do so. If it so rejects a partial delivery, it shall be under no obligation to provide any reason for such decision.

If the Clearing House decides to accept a request for a partial delivery then it will use its reasonable endeavours to advise the Selling Clearing Member and agree the cancellations and rematch that are required in order to do so on the day to make such partial delivery.

In the event that the Clearing House makes any such request, the Buying Clearing Member shall match to the Clearing House's cancellation and rematch the subsequent new instructions as per the Clearing House's advice.

In the event that a Buying Clearing Member fails or omits to comply with these provisions or settlement instructions are not cancelled and rematched as per the Clearing House's instruction, the Clearing House may charge that Buying Clearing Member and the Buying Clearing Member shall pay any costs incurred by the Clearing House as a result of such failure or omission. Such costs will be debited from the Clearing Member's relevant account.

### 2.4 Daylight Indicator

The Clearing House may in its discretion decide to accept, or not to accept, any request for daylight settlement.

The daylight indicator is applicable for deliveries in Euroclear Bank and applicable for ICNL. It is a Selling Clearing Member's obligation to ensure full delivery to the Clearing House, into its accounts at relevant settlement system, of all securities that are Deliverables under Contracts. If, to ensure settlement on intended settlement date, the use of a daylight settlement period is necessary, a Selling Clearing Member must contact the Clearing House at the earliest opportunity to request daylight settlement. The Clearing House will use its reasonable endeavours to ensure that Clearing House's and Buying Clearing Members' relevant transactions are marked with a daylight indicator so that settlement can occur during daylight settlement. In the event that a Clearing Member fails to settle during daylight settlement, the Clearing House may charge for any losses and expenses incurred as a result of non settlement.

### 2.5 Tolerance Matching

Although a delivery system may apply tolerance matching to internal instructions, Clearing Members must ensure that details of the Clearing House's settlement amount specified in Euroclear are perfectly matched in accordance with the relevant Contract Terms. In the event that a Seller fails perfectly to match details of the Clearing House's settlement amount, any tolerance applied will be debited from the Selling Clearing Member. Such funds should be paid to the Clearing House as a "cash only" delivery through Euroclear in accordance with Clearing House instructions. In the event that a Clearing Member fails or omits to match the Clearing House's instruction, the Clearing House will debit the relevant funds through the relevant account of the Clearing Member.

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**3. FAILED SETTLEMENTS AND NON-DELIVERY OF STOCK**

Under the relevant Contract Terms, failure to comply with the Clearing House's instructions will constitute a delivery default by the Clearing Member. If the Seller has not made delivery to the Clearing House of an equity Deliverable pursuant to a Contract by the deadline for settlement on the intended settlement day under the Contract Terms or Applicable Laws or the rules or requirements of the relevant settlement system or any other delivery default occurs, the Clearing House may take whatever action it determines in its discretion to be necessary to result in a delivery of the securities to the Buyer, including exercising a buy-in or taking such other steps as it determines would be advisable to promote settlement discipline or compliance with the Contract Terms, Applicable Laws, or the rules or requirements of the relevant settlement system. Costs associated with any such steps, including any failed settlement or buy-in will be charged to the account of the Clearing Member who failed to make the delivery.

The Clearing House shall be entitled to take any action at the cost of the party who is responsible for the delivery default, with a view to ensuring that: (i) securities are delivered to the Buying Clearing Member; (ii) the settlement instructions relating to the settlement fail are cancelled; (iii) new settlement instructions are entered into the relevant settlement system for any non-delivered securities; (iv) the relevant settlement system receives the information necessary to identify such new settlement instructions accordingly. Clearing Members must take all necessary measures to ensure that these steps take place.

**3.1 Buying In Summary Timetable**

The following Buying In Summary Timetable is subject to the Clearing House's right to instigate Early Buy In in accordance with Paragraph 3.2 of this Part Z.

	<b>TIME</b>	<b>ACTION</b>
	<b>Intended Settlement Day + 1 or as soon as reasonably practical</b>	
<b>Failure to make delivery/payment</b>	After the close of DVP Equity Settlement in the relevant settlement system.	As soon as reasonably practicable, the Clearing House will contact Clearing Members who have failed to deliver to ascertain the reason for non-delivery.  The Clearing House will request for Clearing Members to make the transfer immediately within the settlement timetable as dictated by the relevant settlement system.  If this is not achieved, the Clearing House may take steps to acquire shares to fulfil its obligation to make delivery to the Buying Clearing Member by instigating Buying In.
	<b>Settlement Day plus 2</b>	
<b>Satisfaction of delivery obligations</b>	By the close of DVP Equity Settlement in the relevant settlement	Clearing Members shall inform the Clearing House if their delivery obligation has been met. Failure to do so may result in the purchase of unwanted shares.  The Clearing House will inform Clearing Members of any

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	<b>TIME</b>	<b>ACTION</b>
	system	Buying In instructions issued.
<b>"Buying In"</b>	<b>Settlement Day plus 4</b>	
	At any time prior to settlement or on Settlement Day plus 4 if the Clearing House considers that a settlement failure has or is likely to occur.	<p>Upon receipt of notification that buy-in will be attempted, Clearing Members must delete the original bargain and match the deletion with the Clearing House in the relevant settlement system.</p> <p>In the event that the Clearing House administers a buy-in, the Clearing House will seek to arrange for the earliest possible settlement. Clearing Members will be advised of the buy-in details once buy-in is completed in whole or in part. Associated costs will be for the account of the defaulting Clearing Member and will be debited via the relevant Clearing Member's account.</p> <p>Where the Clearing House is unable to 'buy in' by this day, an amount shall be paid to the Buying Clearing Member based on the value of the shares to be delivered on the intended settlement date plus an amount for losses incurred by the Buying Clearing Member as a result of a settlement failure. The amount will be determined by the Clearing House at its discretion. Associated costs will be for the account of the defaulting Clearing Member and will be debited via the relevant Clearing Member's account.</p> <p>For the purposes of Euroclear and where settlement occurs in markets using a local relevant settlement system, the close of Equity Settlement will be the close of Daylight settlement on the Settlement Day.</p>
<b>Settlement</b>	<b>Settlement Day plus 6 (or earlier, if possible)</b>	
	By the close of DVP Equity Settlement in the relevant settlement system	Settlement effected.

**3.2 Early Buy-In**

Notwithstanding the Buying In Summary Timetable above, the Clearing House may, in its discretion, issue Buying In instructions at any time following a failed delivery on the Intended Settlement Day

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("Early Buy In"). In the event that the Clearing House instigates Early Buy In, Clearing Members will be advised of the Buying In details including the timetable for settlement.

Without limiting the Clearing House's discretion in this regard, Clearing Members are advised that generally the Clearing House is only likely to instigate Early Buy In when there has been an Event of Default or Force Majeure Event or there are circumstances that would, in the Clearing House's opinion, otherwise be likely to prevent the Clearing Member making the share transfer immediately within the settlement timetable as dictated by the relevant settlement system.

### 3.3 Daily Payments for Failed Settlements

From the Intended Settlement Day + 1, the Clearing House is entitled to charge Clearing Members that have failed to make settlement a daily charge for each Business Day that the failure continues, until the day the Clearing House 'buys in', instigates Early Buy In or, in the event that the Clearing House is unable to 'buy in', the day the amount is paid to the Buying Clearing Member based on the value of the shares to be delivered at the delivery date plus an amount for losses incurred by the Buying Clearing Member as a result of a settlement failure.

The Clearing House may debit cash penalties imposed or charged by the relevant settlement system from the account of the Clearing Member that is in delivery default and credit the cash penalties to the account of the Clearing Member that is affected by the settlement fail.

### 3.4 Margining of Failed Settlements

All Equity Futures/Options Contracts going to delivery are placed within ECS in a pending delivery position at the Strike Price (for Options) or Exchange Delivery Settlement Price (for Futures). They are held there until Settlement Day. During this period, they are subject to Original Margin and contingent Margin.

In the event of a failed delivery on the settlement day the Buyer and Seller will continue to be liable for Margin until the delivery obligation has been satisfied.

## 4. CORPORATE EVENTS

### 4.1 The Clearing House shall not be responsible for any act with regard to any corporate event relating to any underlying or Deliverable of any Equity Futures / Options Contracts, or stock contingent trade other than set out below.

For the purposes of these Delivery Procedures, the term 'corporate event' is used to refer to (i) cash claims in relation to an underlying Equity Futures/Option Contract or stock contingent trade (for example a dividend payment or distribution, a cash obligation arising from a fractional entitlement, or, in the event that the underlying is subject to a takeover, the right to cash in lieu of the relevant underlying) (a "**Cash Claim**"); (ii) the issuance of Deliverables and/or Investments (e.g. warrants or rights to shares) by way of a share or rights issue to a shareholder (a "**Distribution**"); or (iii) a transformation of the underlying (for example pursuant to a corporate reorganisation, de-listing, merger, de-merger or a buy-out) (a "**Transformation**").

Any amendments to an Equity Futures/Options Contract or stock contingent trade or the equity underlying in relation thereto arising as a result of a corporate event where the relevant record or



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reference date and time occurs prior to the exercise or expiry of such contract shall be determined in accordance with the Exchange Corporate Action Policy.

Any amendments to an Equity Futures/Options Contract or stock contingent trade or the equity underlying in relation thereto arising as a result of a corporate event where the relevant record or reference date or time is on or after the exercise or expiry of such contract shall be determined in accordance with these Delivery Procedures.

While the Clearing House will use reasonable efforts to carry out the steps set out below, it shall have no liability for any loss or damage arising out of or connected with any action or inaction on its part or on its behalf in connection with any corporate event.

The Clearing House shall not be obliged to provide or forward any information, or deliver any notice, document or instruction received by it, or of which it is aware, relating to or in connection with any corporate event, to any Clearing Member.

In the event that a Clearing Member fails to take delivery of a Deliverable by the final date for delivery of such Deliverable, due to insufficient funds, failure to match, by not allowing transactions to settle because of priority settings or for any other reason, the Clearing House may charge to that Clearing Member any costs incurred by the Clearing House or of which it is aware as a result thereof. Such charges will be debited from the Clearing Member's relevant Account.

Although Clearing Members are not permitted to delete claims in the relevant settlement system, the Clearing House may, in its discretion at any time, agree with a Clearing Member to give effect to a corporate event claim processed outside the relevant settlement system. In such circumstances, and always subject to the Clearing House's prior approval, the Clearing Member concerned may, in accordance with the Clearing House's instructions, thereafter delete the claim within the relevant settlement system and the Clearing House will seek to facilitate settlement through the Clearing House's systems. Without limiting the Clearing House's discretion in this regard, Clearing Members are advised that generally this is only likely to occur when there are, in the Clearing House's opinion, circumstances that would be likely to prevent settlement in the relevant settlement system.

### **4.2 Elective Corporate Events**

Neither the Clearing House nor any Selling Clearing Member is under any obligation to accept any instructions from a Buying Clearing Member in relation to any corporate event requiring an election to be made, where such election would occur after the expiry or exercise date but prior to the date of settlement, unless the Buying Clearing Member notifies the Clearing House of a request to make an election prior to any deadlines stated within these procedures, or by any other means by the Clearing House. For securities settling through Euroclear UK & Ireland (CREST), Buying Clearing Members must submit election notices directly via the CREST ACON process. Buyer election notices will not be accepted by the Clearing House for events which are not supported by the CREST ACON process. Therefore, any affected failing transactions will automatically receive the default option.

Buyer election notices should be submitted to the Clearing House by 11 a.m. UK Time on the day before the relevant deadline set by the relevant issuer of the Deliverable for such election (or such other deadline as the Clearing House may specify). If the Clearing House receives a valid and timely request from a Buying Clearing Member to make an election, it shall promptly notify the Selling Clearing Member of the request and the Selling Clearing Member and Buying Clearing Member shall, upon receipt of the request by the Selling Clearing Member, simultaneously become bound by the effects of the request. Buying Clearing Member election notices must be submitted to the Clearing House in

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writing, and will not be deemed to have been accepted by the Clearing House unless and until confirmed so by the Clearing House. It is the responsibility of the Buying Clearing Member to ensure receipt of the election notice by the Clearing House. The corresponding notification to the Selling Clearing Member by the Clearing House may be made after the Buyer election deadline stated above, but in any case, as soon as reasonably possible. Upon receipt of an election notification from the Clearing House, the Selling Clearing Member must act upon that notification accordingly, and reduce settlement priority of the relevant unsettled transaction(s) to zero.

Where no instructions are received by the Clearing House by 11 a.m. UK Time on the day before the relevant deadline, the Selling Clearing Member shall allow the elective corporate event to default to the 'default option' for elections, as directed by the relevant settlement system. The Selling Clearing Member and Buying Clearing Member shall simultaneously become bound by the default option election.

Where a Selling Clearing Member does not act in accordance with an election relating to a Deliverable and/or an Investment made pursuant to the Contract Terms (including pursuant to any instructions made by the Clearing House in accordance with this Paragraph 4.2), that Selling Clearing Member will be responsible for reimbursing the Clearing House for any costs, expenses and other losses suffered by the Clearing House or Buying Clearing Member in connection with or as a result of that failure or omission.

Where a Buying Clearing Member provides the Clearing House with a request for instructions in relation to an election after 11 a.m. UK Time on the day before the relevant deadline set by the relevant Issuer for such election, such claim shall be treated as invalid by the Clearing House and neither the Clearing House nor the Selling Clearing Member shall be under any obligation whatsoever to effect settlement on the basis of such election.

### 4.3 Cash Claims

Subject to Paragraphs 4.1 and 4.2, where a corporate event giving rise to a Cash Claim occurs where the relevant record or reference date is after the expiry or exercise date of the relevant Equity Futures/Options Contract or stock contingent trade, the Buying Clearing Member shall be entitled, in addition to delivery of the Deliverable (if applicable), to such Cash Claim, and the Clearing House and (if applicable) the Selling Clearing Member shall be obliged to effect settlement of such Equity Futures/Options Contract or stock contingent trade taking into account such Cash Claim.

Subject to Paragraphs 4.1 and 4.2, in the event of a failure of settlement, a Buying Clearing Member's rights in respect of reimbursement or settlement shall be calculated to include the Cash Claim (or may, consist entirely of the Cash Claim, as the case may be).

All such Cash Claim amounts should be settled on their intended settlement date in accordance with the relevant settlement system rules and procedures. If the Selling Clearing Member receives the proceeds of a Cash Claim, the relevant amount shall be transferred by it to the Clearing House in accordance with the Finance Procedures. If the Clearing House receives the proceeds of a Cash Claim or an amount in respect thereof from a Selling Clearing Member, the relevant amount shall be transferred by it to the Buying Clearing Member in accordance with the Finance Procedures.

Where Cash Claims are not settled in accordance with the procedures of the relevant settlement system, the Clearing House compensates Cash Claims on a net of tax basis, in accordance with Part 3 of the Rules and the Finance Procedures. The cash compensation is not itself a dividend payment and the Clearing House does not provide tax vouchers or certificates in respect of dividends. The Clearing



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House does not reclaim Tax on a Clearing Member's behalf. If a Clearing Member is entitled to receive Tax benefit, then it will need itself to deal directly with the relevant Tax authority.

If the Clearing House incurs any liability to pay any Tax (which may include stamp duty, income tax, withholding tax or corporation tax) in respect of the cash compensation then it will require reimbursement in respect of such Tax liability and any costs and other expenses incurred in relation thereto, from the Clearing Member who is or was party to the Contract concerned in accordance with Part 3. The Clearing House will debit such amounts from the relevant account of that Clearing Member.

### **4.4 Distributions**

Subject to Paragraphs 4.1 and 4.2, where a corporate event giving rise to a Distribution occurs where the relevant record or reference date is after the expiry or exercise date of the relevant Equity Futures/Options Contract or stock contingent trade, the Buying Clearing Member shall be entitled, in addition to delivery of the Deliverable, to such Distribution and the Clearing House and (if applicable) the Selling Clearing Member shall be obliged to effect settlement of such Equity Futures/Options Contract or stock contingent trade taking into account such Distribution (including, for the avoidance of doubt, any rights or warrants under a rights issue or any other rights in relation to an equity underlying except for Cash Claims or Transformations).

Subject to Paragraphs 4.1 and 4.2, in the event of a failure of settlement, a Buying Clearing Member's rights in respect of reimbursement or settlement shall be calculated to include such Distribution.

All such claims in respect of Distributions should be settled on their intended settlement date in accordance with the relevant settlement system rules and procedures. If the Selling Clearing Member receives the Distribution, it shall transfer such Distribution to the Clearing House as soon as reasonably practicable following receipt, through the same settlement system as that in which the relevant Deliverable and/or Investment is settled. If the Clearing House receives the Distribution from a Selling Clearing Member, it shall transfer such Distribution to the Buying Clearing Member as soon as reasonably practicable following receipt, through the same settlement system as that in which the relevant Deliverable and/or Investment is settled.

Where Distributions are not settled in accordance with the procedures of the relevant settlement system, the Clearing House compensates Distributions on a net of tax basis, in accordance with Part 3 of the Rules. The cash compensation is not itself a dividend payment and the Clearing House does not provide tax vouchers or certificates in respect of dividends. The Clearing House does not reclaim Tax on a Clearing Member's behalf. If a Clearing Member is entitled to receive Tax benefit, then it will need itself to deal directly with the relevant Tax authority.

If the Clearing House incurs any liability to pay any Tax (which may include stamp duty, income tax, withholding tax or corporation tax) in respect of the cash compensation then it will require reimbursement in respect of such Tax liability and any costs and other expenses incurred in relation thereto, from the Clearing Member who is or was party to Contract concerned in accordance with Part 3. The Clearing House will debit such amounts from the relevant account of that Clearing Member.

### **4.5 Transformations**

Subject to Paragraphs 4.1 and 4.2, where a corporate event giving rise to a Transformation occurs where the relevant record or reference date is after the expiry or exercise date of the relevant Equity Futures/Options Contract or stock contingent trade, the Buying Clearing Member shall be entitled, in addition to the delivery of the relevant Deliverable (if applicable), to such Deliverable and/or

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Investment to which it would be entitled to pursuant to a Transformation if it were the owner of record of the relevant Deliverable at the relevant record or reference date, and the Clearing House and (if applicable) the Selling Clearing Member (subject to below) shall be obliged to effect settlement of such Equity Futures/Options Contract or stock contingent trade upon the basis of such Transformation.

A Selling Clearing Member may only deliver the original equity underlying provided that the delivery occurs prior to the Last Time for Delivery. The Last Time for Delivery is the close of delivery versus payment equity settlement in the relevant settlement system, one relevant settlement system Business Day prior to the call payment or registration date. Thereafter, such a Selling Clearing Member must deliver the new equity underlying. In the event that the original equity underlying continues to exist, a Selling Clearing Member delivers the original equity underlying, and the Buying Clearing Member declines to accept delivery of such original equity underlying, then the Clearing House will return the original equity underlying to the Selling Clearing Member and the Selling Clearing Member shall be obliged to deliver to the Clearing House the new equity underlying in accordance with such directions as may be given by the Clearing House.

Subject to Paragraphs 4.1 and 4.2, in the event of a failure of settlement, a Buying Clearing Member's rights in respect of reimbursement or settlement shall be calculated upon the basis of such Transformation.

All such claims in respect of Transformations should be settled on their intended settlement date in accordance with the relevant settlement system rules and procedures. If the Selling Clearing Member receives Deliverables and/or Investments pursuant to a Transformation, the relevant Deliverables and/or Investments shall be transferred by it to the Clearing House as soon as reasonably practicable following receipt, through the same settlement system as that in which the relevant Deliverable and/or Investment is settled. If the Clearing House receives Deliverables and/or Investments pursuant to a Transformation from a Selling Clearing Member, the relevant Deliverables and/or Investments shall be transferred by it to the Buying Clearing Member as soon as reasonably practicable following receipt, through the same settlement system as that in which the relevant Deliverable and/or Investment is settled.

Where the relevant settlement system does not perform a Transformation, the Clearing House will manually enter the particulars of the physically delivered Equity Future/Option Contract or stock contingent trade, which will include particulars of the new equity underlying. Clearing Members must immediately input matching instructions in order to match with those new particulars.

Where Transformations are not settled in accordance with the procedures of the relevant settlement system, the Clearing House compensates Transformations on a net of tax basis, in accordance with Part 3 of the Rules. The cash compensation is not itself a dividend payment and the Clearing House does not provide tax vouchers or certificates in respect of dividends. The Clearing House does not reclaim Tax on a Clearing Member's behalf. If a Clearing Member is entitled to receive Tax benefit, then it will need itself to deal directly with the relevant Tax authority.

If the Clearing House incurs any liability to pay any Tax (which may include stamp duty, income tax, withholding tax or corporation tax) in respect of the cash compensation then it will require reimbursement in respect of such Tax liability and any costs and other expenses incurred in relation thereto, from the Clearing Member who is or was party to Contract concerned in accordance with Part 3. The Clearing House will debit such amounts from the relevant account of that Clearing Member.

**5. DELIVERY DOCUMENTATION SUMMARY**

**5.1 Summary Clearing Member Stock Deliveries Report (MPSDR)**

This report is made available to members upon early exercise or expiry of a physically delivered Equity Future or Option Contract, or the execution of a stock contingent trade, and informs Clearing Members of the following:

- (a) the Contract mnemonic of the shares to be delivered or received;
- (b) the settlement day on which delivery will occur;
- (c) the quantity of shares to be delivered or received and the delivery price;
- (d) the cash consideration to be delivered or received;
- (e) the stock identifying ISIN code to be delivered; and
- (f) the CSD settlement location.

It will be available via ECS or MFT (or any successor system) to all Clearing Members by 07:00 UK Time every Business Day.

**Clearing Members are advised to retain this report on a daily basis as a record of their Contracts which are subject to delivery obligations.**

This report is cumulative until trades have been settled.

**5.2 Clearing Member Stock Contingent Trades Report (MTSCT)**

This report is made available to Clearing Members who execute stock contingent trades and informs Clearing Members of the following:

- (a) the Clearing Member's sub account;
- (b) the "underlying mnemonic" of the Equity Contract to be delivered or received;
- (c) the "derivative mnemonic" of the Equity Contract;
- (d) the trade ID number;
- (e) a buy/sell indicator;
- (f) the quantity of shares to be delivered or received and the delivery price;
- (g) the associated option trade type put/call;
- (h) the associated option trade expiry; and
- (i) the associated option strike price.

It will be available via ECS or MFT (or any successor system) to all Clearing Members by 07:00 UK Time on the Business Day following trade.

**Clearing Members are advised to retain this report as a record of their Contracts subject to delivery obligations.**

### 5.3 **Stock Contingent Allocation Change Request Form**

Clearing Members requiring the allocation of the stock leg of a stock contingent trade on trade day plus 1 must complete this form. The form must be completed in full by all Originating Members and relevant receiving Clearing Members involved in the allocation and submitted by no later than 16:00 UK Time on trade day plus 1. The Clearing House reserves the right to charge a fee per Originating Member and Receiving Member per bargain.