MALTA
STOCK EXCHANGE

CHAPTER 7
CLEARING AND SETTLEMENT

7 CLEARING AND SETTLEMENT

Part I

7.0 MaltaClear

General

7.00.01 Malta Stock Exchange plc (hereinafter the Operator) shall establish and maintain a system, which shall be designated as "MaltaClear", for the purpose of clearing and settlement of transactions in financial instruments traded on the Exchange's markets, securing collateral in support of credit operation transactions or of securities lending, as well as any other financial instruments' transactions as may be specified and agreed to by the Operator.

7.00.02 Settlement of all transactions in ISINs denominated in Target-2 Securities eligible currencies where the CSD is the Issuer CSD, shall be out-sourced to Target-2 Securities (T2S), the pan-European Settlement System operated by the Eurosystem. In such cases settlement finality shall be declared on T2S and all such settlement so effected will take place in central bank money.

Furthermore, any new ISIN accepted in the CSD as Issuer CSD and denominated in a T2S eligible currency shall be made available on T2S.

7.00.03 Securities for which the CSD is the Issuer CSD or Technical Issuer CSD and which are settled in T2S in accordance with bye-law **7.00.02** above, shall be made available to another T2S Participating Investing CSD.

In the case where settlement of a security in which the CSD is the Issuer CSD or Technical CSD and which is not denominated in a T2S eligible currency, the security will be made available to all other Participating Investing CSDs upon their request in an FOP or CoSD manner.

Such requests shall be entertained without delay and at no extra cost in accordance with relevant Regulations and in accordance with a relevant standard contract.

7.00.04 For the purposes of these Bye-laws, transactions settled on T2S, are deemed to be MaltaClear Transactions.

7.1 Responsibilities of the Operator

Collateral

7.01.01 The Operator shall ensure that the necessary financial support or guarantees, including but not limited to the provision of overdraft arrangements and collateralised financial instruments in its favour, are in place in order to maintain the financial integrity and continued operations of MaltaClear.

Publication of data

7.01.03 The Operator shall ensure that any data relating to MaltaClear Participants and T2S Participants or their Payment Banks or Executing Banks shall remain confidential. However, the Operator shall not be prohibited from publishing any aggregated data or statistics.

Systems failure

7.01.04 The Operator shall make all possible contingency arrangements it deems necessary, including the suspension or replacement of any of the arrangements contained in these Bye-laws and Appendices, by manual procedures and/or alternative automated procedures, in order to ensure that settlement finality is achieved when a failure occurs in any of the arrangements described in these Bye-laws and the Appendices. Where appropriate, T2S contingency arrangements shall be applied.

7.01.05 Should the Operator fail to perform any of its obligations as set out in these bye-laws, as a result of the failure of any of its systems or arrangements, MaltaClear shall not incur any liability resulting from such failure towards the injured party. Any losses suffered by the injured party as a result of a failure to ensure fulfilment of the conditions for settlement will be incurred by MaltaClear only to the extent of the direct losses incurred by the injured party based on the value of the relevant securities on settlement date but without consideration to any loss of future earnings. However, in the case of settlement of T2S, where the claimed losses arise from or are attributable in whole or in part to any failure of T2S, the liability of the Exchange as MaltaClear operator in connection with such a failure shall only extend and shall be restricted and limited to the legal responsibility of the T2S operator for any such T2S failure. Finally, the Exchange shall also not be responsible for any failure to perform any of its obligations insofar as such failure is due to conditions beyond its reasonable control as a result of :

a) force majeure; or

b) acts or omissions by any third party to the extent that such third party's acts or omissions were beyond its reasonable control

7.01.06 In the case of a failed settlement as outlined in bye-law 7.01.05 above, the injured party shall have fifteen (15) working days from the date of such failure to make the appropriate claims for direct losses to MaltaClear.

7.2 Ownership of Financial Instruments

Transfer of ownership

7.02.01 The transfer of ownership of financial instruments dealt in a cash sale transaction on MaltaClear transactions shall be in accordance with the provisions of "Transfer of Listed Financial Instruments Regulations" and is complete for all purposes of law upon the payment, in full and final settlement of the consideration where such payment is effected on Settlement Day, through a Payment System approved and authorised by the Central Bank of Malta or by any other recognised Competent Authority.

7.02.02 The Payment Systems approved and authorised by the Central Bank of Malta for the purpose of funds settlement of MaltaClear transactions as well as the procedures for such settlement for each of the said Payment Systems are as detailed in Part 3 of this Chapter.

7.02.03 MaltaClear may from time to time offer links with other securities settlement systems (SSS). Where MaltaClear acts as Investor SSS, the finality of transfers on MaltaClear only takes place after receiving confirmation of the finality of the relevant transfers in the records of the linked Issuer SSS.

7.02.04 In the event of links with other SSS, subject to any ad hoc provision in any relevant custody service contract, MaltaClear as an Investor SSS will provide assistance to its participants when pursuing their rights under Maltese law due to acts and omissions of the linked Issuer SSS provided that such assistance shall :

1. not extend to any MSE CSD liability for costs, expenses and/or losses suffered by such custody participants; and

2. be conditional upon an indemnity being entered into by such custody participant in favour of the MSE-CSD in respect of any such costs, expenses and/or losses.

7.3 Delivery versus Payment (DVP)

7.03.01 Settlement of transfers of MaltaClear transactions shall be effected on a DVP basis where the final settlement of financial instruments occurs upon the final settlement of funds occurs.

Financial Instruments' Settlement

7.03.02 Financial instruments' settlement of MaltaClear transactions shall be effected gross on a trade-by-trade basis on Settlement Day within security accounts held at the Exchange's CSD or on financial instruments accounts held at other approved CSDs.

Funds Settlement

7.03.03 Funds settlement of MaltaClear transactions Euro transactions shall be settled gross on a trade-by-trade basis on Settlement Day. The net amounts arising from non-Euro transactions, calculated in accordance with bye-law 7.03.05 below, shall be effected through, and in accordance with, the rules of any of the authorised Payment Systems indicated in Part 3 of this Chapter.

Calculation of net balances – non-Euro Transactions

7.03.04 Immediately following the close of a trading session and upon the submission of the relevant data by MaltaClear Participants in accordance with Appendix 7.1, MaltaClear initiates the process of calculation of net non-euro payments due or owed on Settlement Day for each MaltaClear Participant, including any applicable compensation for accrued interest, in respect of settlement instructions that match with securities balances within the set time-limit of Trade date (T+0).

7.03.05 The net amount is calculated by converting the considerations owed by or owing to each MaltaClear Participant in respect of the settlement instructions entered into the relevant pre-settlement Session into one claim or one obligation resulting from such instructions with the result that only a net payment claim can be demanded or a net payment obligation be owed.

Accrued interest

7.03.06 Accrued interest will be calculated gross; withholding tax will not be taken into consideration. Accrued interest will be calculated by reference to the rate specified in the financial instrument and the number of days which have elapsed from the last payment date up to settlement day.

Calculation of gross settlement considerations – Non-Euro Settlement

7.03.07 Transaction instructions as may be agreed to by the transacting parties and accepted by the Operator, may be effected on a gross, trade-for-trade, basis through any of the MaltaClear Payment Systems as may be applicable shown in Part 3 of this Chapter. The consideration of such transactions shall be excluded from the calculation of the net balance as computed in accordance with bye-law 7.03.05 above.

7.4 Settlement

Settlement Cycle

7.04.01 MaltaClear transactions settle on a rolling settlement cycle of T+2, where "T" is trading day and "2" indicates the two normal business days following the trading day when the transaction was executed.

Extension of settlement periods in case of default – non-euro settlement

7.04.02 Settlement periods may in the case of a default, as defined in bye-law 7.04.01 above may be extended in order to allow for the settlement of any trades resulting from the implementation of any Default Rules as outlined in bye-laws 7.06.01 – 7.06.31 below.

7.04.03 The Operator shall publish at least annually by means of an Exchange Notice, the Settlement Calendar and updates thereof in respect of MaltaClear together with Payment Systems' Operating Time-tables.

Registration

7.04.04 Book entry credits and debits on financial instruments' accounts held at the CSD will take place on Settlement Day upon confirmation from MaltaClear that Settlement Finality III (SF III) has been achieved. SF III is defined as the moment of irrevocability of transfers (bookings in securities and cash accounts) according to the rules of T2S. This is the 'point of finality', when account entries are considered as unconditional, irrevocable and legally enforceable. Thereupon, the CSD shall amend the registers of the financial instruments to reflect the MaltaClear transactions.

Notification

7.04.05 The CSD will notify both transfers and transferees of any book entry credit and debit on financial instruments' accounts on Settlement Day as outlined in Bye-law 7.04.04 above.

Point of entry into MaltaClear

7.04.06 For the purposes of Paragraph 9 of Central Bank of Malta Directive No. 2 (hereinafter CBM Directive No. 2), and for the purposes of Regulation (EU) No 909/2014 Art 39(2) the moment of entry of MaltaClear securities or cash transfer orders shall occur upon validation, which shall comply with Settlement Finality I (SFI) as defined in the T2S validation criteria where such an order is entered for T2S settlement.

On entry into MaltaClear, all orders shall benefit from protection under the CBM Directive No 2 and will be acknowledged as valid transfer orders and Settlement Finality II (SFII) achieved. SFII is when transfer orders are matched and become irrevocable.

7.04.07 The provisions of CBM Directive No. 2 shall apply in relation to MaltaClear transactions from the moment of point of entry of a transfer order into MaltaClear as defined in bye-law 7.04.06 above.

Blocking of Sold Balances

7.04.08 Upon confirmation of a market trade, the CSD shall immediately block the appropriate amount of listed financial instruments registered in the relevant seller's MSE Account thereby effectively preventing the relevant amount of transacted securities from being used for further disposal or charging by title of usufruct or as collateral by pledge or otherwise for the period of the settlement cycle in MaltaClear.

7.04.09 Financial instruments blocked through a market trade shall not preclude a seller from enjoying the rights of or interests in the relevant blocked financial instruments until final settlement.

Buyer's Right of Forward Delivery – market transaction

7.04.10 At the close of the trading session in which a purchase of financial instruments has been executed, as long as the relevant settlement instruction matches with an available balance of such instruments in the transferor's securities account, the CSD shall, record the relevant amount of financial instruments in the buyer's MSE account indicating the acquisition to a right of forward delivery of those instruments upon full funds settlement on settlement day. The buyer may re-sell and alienate the said acquired right in the next trading session following the trading session in which the said purchase of financial instruments has been executed.

7.04.11 Thus until final settlement a buyer merely acquires a corresponding right for the forward delivery of the relevant financial instruments from the seller if the former discharges his payment obligation in favour of the seller within the set time-limit on Settlement Day.

7.5 Participation in MaltaClear

Participation criteria

7.05.01 A person will be considered a Participant of MaltaClear, and all the authorised Payment Systems shown in Part 3, by the Operator if he satisfies any of the following criteria:

7.05.01.01 is a Member of the Malta Stock Exchange duly authorised in terms of Chapter 3 of these Bye-laws; or

7.05.01.02 is an authorised intermediary in terms of Council Directive 93/22/EEC of the 10 May 1993; or

7.05.01.03 is a central securities depository, international central securities depository, clearing and settlement system, central counterparty or clearing house or any other entity which is a signatory to the EU Code of Conduct on Clearing and Settlement.

Where the applicant is not a Member of the Exchange, the applicant must confirm that he has pledged an amount as may be determined by the Board from time to time but which at no time shall exceed the amount applicable to Members as outlined in bye-law 3.04.02 by Maltese Government financial instruments, any other euro fixed interest financial instrument admitted to any of the Exchange's

recognised lists or a recognised bank guarantee in favour of the Exchange.

Where an applicant for Participation in MaltaClear will be settling Euro transactions, the MaltaClear Participant must make the relevant arrangements with a Payment Bank to have a Dedicated Cash Account as outlined in Part 2 Bye-law 7.08.11 below.

7.05.02 Notwithstanding Bye-law 7.05.01 above a person may be considered by the Operator to be a Participant of MaltaClear, and all the authorised Payment Systems shown in Part 3, if he satisfies the participation criteria of any other payment system approved by the Central Bank of Malta in accordance with the directives issued in terms of the Central Bank of Malta Act (Chap.204 of the Laws of Malta).

Application for Participation in MaltaClear

7.05.03 Any request for participation in MaltaClear must be made on the appropriate application form as per the attached Appendix 7.2, duly signed.

7.05.04 The application for participation in MaltaClear must be submitted to the Operator at least one (1) month before the proposed date of the start of participation in MaltaClear.

7.05.05 The Operator will confirm in writing to the applicant of the approval or rejection of the application within the above-mentioned time frame. In the case of rejected applications the Operator shall state the reasons for such rejection.

Maintenance of Accounts in respect of non-Euro Settlement

7.05.06 A Participant in MaltaClear must maintain an active bank account with one or more Executing Banks eligible as participants in the approved Payment Systems indicated in Part 3 of this Section. These accounts shall be maintained by the MaltaClear Participant exclusively for MaltaClear purposes and the details of these accounts shall be communicated in writing to the Operator.

7.05.07 In the event of termination, suspension or in any way inactivation of any of these accounts the MaltaClear Participant shall promptly advise the Operator in writing of such fact. In the case where the MaltaClear Participant had indicated only one settlement account in a particular Payment System the Participant shall forthwith make provisions for the opening of a suitable alternative.

Responsibilities of MaltaClear participants

7.05.08 The MaltaClear Participant must accept full responsibility for the discharge of all obligations arising from participation in MaltaClear and must comply with all the relevant obligations and operational procedures as laid down in the MaltaClear rules

7.05.09 The Participant must give appropriate authorisation to the Operator, where required by the specific Payment System shown in Part 3, in accordance with the 'Direct Debit Agreement' attached in Appendix 7.3 to this Chapter, to debit his Settlement Accounts.

7.05.10 MaltaClear participants shall assume full responsibility for any consequences arising

from lack of coverage of liquidity resources or financial instruments. Furthermore, MaltaClear Participants shall be responsible for remitting to the seller, as soon as possible, the consideration received through his Executing Bank in respect of settlement of MaltaClear transactions.

Suspension and termination of MaltaClear Participant

7.05.11 The Operator shall suspend with immediate effect a Participant from further participation in MaltaClear on account of:

7.05.11.01 the suspension from Membership of the Exchange of a MaltaClear Participant or of any other licence or authorisation that is required under any relevant law for the said MaltaClear Participant to carry on the business of a Member of the Exchange or of an authorised intermediary, or the suspension of any other licence or authorisation of a MaltaClear Participant indicated in bye-law 7.05.01.03 above,

7.05.11.02 non-compliance with any one or more of the requirements for such participation as set out by the Operator, and

7.05.11.03 insolvency proceedings in respect of any MaltaClear Participant.

Provided further that the Operator may suspend or terminate participation in MaltaClear in the case of one or more defaults by a MaltaClear Participant.

7.05.12 Notification of such suspension for any of the reasons given in bye-law 7.05.11 above shall be communicated in writing to the MaltaClear Participant who shall have five (5) working days from the date of notification of suspension to apply in writing to the Board giving his reasons why the Operator should reconsider its decision.

7.05.13 The Board shall reply to any such application as mentioned in bye-law 7.05.12 above, within five (5) working days.

7.05.14 The Board's determination of the application for reconsideration submitted in terms of bye-law 7.05.12 above shall be in writing and shall be served on the applicant.

Voluntary termination of participation

7.05.15 Subject to any obligations already assumed in respect of other MaltaClear Participants, a MaltaClear Participant may terminate his participation in MaltaClear upon giving the Operator one (1) month advance written notice of such intention to terminate participation. Such termination shall not, however, become effective until full and final settlement of any obligations already assumed by the retiring MaltaClear Participant under the MaltaClear rules.

7.05.16 Upon notification of a MaltaClear Participant's intention to terminate his participation the Operator shall immediately notify all other current MaltaClear Participants, the Malta Financial Services Authority and the Central Bank of Malta of such intended termination of participation. Participants shall have fifteen (15) working days within which to advise the Operator in writing of any amount and any other relevant details of any liabilities owed to them by the Participant intending to terminate his participation in connection with any MaltaClear transactions.

7.05.17 Termination of participation shall not effect or prejudice any liability for debts and dues or any obligation incurred in terms of the rules of MaltaClear.

7.05.18 In the case of a MaltaClear Participant's voluntary termination of participation, the Board shall have the right without prejudice to any other rights available to it at law, to retain the Participant's pledged funds in accordance with bye-law 7.05.01 above and to place such monies or other sums realised thereby to such reserve or other account as the Board may deem appropriate and use any such monies to discharge the liabilities of the said MaltaClear Participant towards other participants. Any remaining balances shall be refundable to the said MaltaClear Participant.

7.6 Default Rules

Voluntary renunciation to execution of settlement obligation

7.06.01 A settlement default or fails occurs it he case of insufficient settlement funds or financial instruments due by the intended settlement date relevant deadline. A settlement default or fail shall be subject to the following Default Rules as may be applicable although the Exchange may, on a case by case basis, derogate such Default Rules where the trading counterparties express in writing their respective voluntary renunciation to the execution of the settlement obligations by the expiry of the settlement date. Any such derogation from the following Default Rules shall not prejudice the right of the Exchange to impose any penalties and sanctions on the defaulting party in accordance with Section 7.07.00 of these Bye-laws.

Insufficient coverage of settlement funds

Auto-collateralisation of purchased securities

Buying Client

7.06.02 A buying client of an unsettled trade may seek to utilise the financial instruments purchased as collateral against a loan facility from a credit institution to pay for the financial instruments so purchased.

7.06.03 Should the buying client decide to avail himself of the option as outlined in bye-law 7.06.02 above, he shall inform the MaltaClear Participant acting on his behalf by no later than close of business on T+1 providing all the relevant details of the credit facility obtained or to be obtained for delivery of the requisite funds by the set deadline on T+2 as the intended settlement date (hereinafter 'ISD').

7.06.04 The MaltaClear Participant is to inform the Exchange of such occurrence by no later than T+1 that during the settlement and delivery process on T+2 as the ISD, such financial instruments may be registered in the name of the buyer but pledged in favour of the credit institution providing the loan facility and deposit of funds as aforesaid.

7.06.05 The buying client is to ensure that in such circumstances as outlined in bye –law 7.06.04 above, the Exchange is in receipt of the necessary documentation in order to effect and acknowledge the pledge and that the credit institution is in a position to advance the funds for settlement prior to the cut-off time on T+2 as the ISD.

Participant – Novation

7.06.06 In cases where the buyer has not advanced the appropriate funds for settlement or will not be in a position to advance the appropriate funds for settlement to the MaltaClear Participant, the MaltaClear Participant may be entitled to acquire title to the purchased securities provided that the Participant himself effects or procures the payment of the relevant settlement total in accordance with the Standard Novation Clause included in the Client Agreement Letter as stipulated in bye-law 4.01.05 which Agreement letter caters for the client's consent for delivery of title to the purchased securities subject to a default by the buying client to settle the requisite settlement funds within close of business of T+1 where the Intended Settlement date is T+2. The novated securities shall upon successful settlement, be credited to the securities account as may be specified.

7.06.07 Should the Participant decide to utilise the novation facility entitlement as outlined in bye-law 7.06.06 above, by paying the requisite settlement funds for the financial instruments himself, he must inform the Exchange immediately he becomes aware of such a situation of the buying client's inability to advance the said funds, but no later than close of business on T + 1, giving all relevant details of the buyer who has failed to settle so as to ensure that during the delivery and settlement process the financial instruments will be registered in his name and not in that of the buyer.

7.06.08 Should the Participant decide to utilise the entitlement as outlined in bye-law 7.06.06 above to secure collateral against the financial instruments bought to obtain sufficient funds to effect settlement of an excluded trade, he should inform the Exchange immediately, but definitely not later than close of business on T + 1 giving full details of the financial terms entered into. The Participant shall ensure that, should he decide to utilise this option, the Exchange is in receipt of the necessary documentation in order to effect and acknowledge the pledge and that the credit institution is in a position to advance the funds for settlement prior to the stipulated cut-off time.

Selling-out procedure

7.06.09 Should neither the buyer nor the participant acting on his behalf be in a position to take up the options of auto-collateralisation and novation as described in Bye-Laws 7.06.01 – 7.06.08 above, a sell-out procedure may be resorted to immediately upon notification of default, but not later than T + 2. Settlement of the selling-out sale will be on a T + 0 gross basis...

7.06.10 In such circumstances, the relevant sell order shall be placed on the market and every endeavour shall be made to obtain the best possible price for such sale. However, any losses incurred on such sale arising from market fluctuations shall be borne by the defaulting MaltaClear Participant.

7.06.11 Such sell order as indicated in bye-law 7.06.10 above shall remain available on the regular market until executed or until the unsettled trade is due to be excluded from the delivery versus payment system as mentioned hereunder, whichever comes first, provided that both parties to the defaulting trade agree.

Roll-back procedure – Non-Euro Settlement

7.06.12 A roll-back procedure shall be resorted to in circumstances where the lack of cash coverage persists despite all the above-mentioned courses of remedial action.

7.06.13 A roll-back procedure is a process of the last resort where the Exchange concludes that the removal from the calculation of the multilateral netting balances of unsettled transactions is inevitable and the roll-back procedure is resorted to so as to facilitate the clearing and settlement process.

7.06.14 The Exchange shall inform all Participants that it shall be effecting a roll-back procedure by the cut-off time on Settlement Day as stipulated in the Settlement Time-table issued by the Operator from time to time. Such Notice shall also call on Participants to credit any funds top-up by a set deadline within the same T+2 as the ISD.

7.06.15 In a roll-back procedure, all those trades that can be settled should be settled and such trades remaining unsettled by the set deadline due to insufficient funds shall be excluded from the recalculated multilateral netting balances. All trades that may be settled are included in recalculated multilateral netting balances and they shall be settled by the Operator so that the greatest number of trades are settled provided that the participants affected by any increased financial contributions arising from the re-calculated net multilateral balances advance the notified funds top-up by a set deadline for such top-up. Upon credit into the MaltaClear Opeartor's cash account of all the remaining funds top-up, the trades included in the recalculated multilateral netting will be settled on T+2 as the ISD.

7.06.16 In a roll-back procedure, the multilateral netting balances will be recalculated after the unsettled transactions have been identified and excluded from the new netting balances and after the trades settled as outlined in bye-law 7.06.15 above are excluded from the new multilateral netting balances.

7.06.17 The Operator shall inform the affected Participants of the recalculated netting balances soonest following the processing of the said recalculation. Such recalculated netting balances, including any consequent funds' top-ups, shall be due for settlement by the set deadline of T+2 as the ISD.

7.06.18 Any top-up contributions owed by Participants as a result of a roll-back procedure shall at all times be arrived at according to the relevant trading session market prices of the instruments transacted in addition to any applicable accrued interest calculations for debt instruments and relevant charges in accordance with normal procedures.

7.06.19 The Exchange may take any action and/or impose any fines on the defaulting Participant as described in bye-laws 7.07.01 to 7.07.03 below.

Excluded Trades – Non-Euro Settlement

7.06.20 The transactions that have been excluded from the recalculated multilateral netting balances shall be due for settlement on a gross basis on the next working day following the original Settlement Date, i.e. T + 3.

7.06.21 Such transactions shall remain available for settlement until T + 3, after which time should such transactions remain unsettled, the Operator shall give notice to the relevant Participants of the outstanding transactions which shall then be excluded from MaltaClear settlement.

7.06.22 In the event that unsettled transactions are excluded from MaltaClear settlement as aforesaid, the Exchange disclaims any responsibility for and shall not be liable in respect of any claims for losses or damages, whether direct or indirect, suffered by MaltaClear Participants or their clients.

Insufficient coverage of Financial Instruments

Coverage of shortfall by Participant acting on behalf of seller

7.06.23 In circumstances where the Exchange identifies a lack of a sufficient amount of financial instruments on Settlement Day, the MaltaClear Participant shall be informed accordingly. The Exchange may propose to the Participant to seek to cover the shortfall in theseller's relevant securities balance by the ISD cut-off time by supplying the requisite amount from any balances standing to the credit of such Participant's securities account in favour of the seller's account held at the CSD.

7.06.24 Should such Participant agree to cover the shortfall in financial instruments from his own holdings, he shall inform the Exchange accordingly prior to the ISD cut-off time and authorise the Exchange to debit his holdings in his account held at the CSD so as to credit the seller's account held at the CSD in order that the settlement and delivery process may continue unimpeded.

Lending and Borrowing of Financial Instruments

7.06.25 A Participant may opt to cover the lack of coverage in financial instruments through an appropriate lending and borrowing arrangement agreed to between the parties against adequate indemnity for any financial loss that may be suffered by the lender in the event of any default under the securities lending and borrowing arrangement.

7.06.26 Should the Participant be taking up this option, he shall inform the Operator accordingly by not later than 09.30 hours on Settlement Day and shall also provide the Operator with a copy of the borrowing agreement and all other appropriate details in order that the settlement and delivery process may be effected unhindered.

Buying-in procedure

7.06.27 Should the option described in bye-laws 7.06.23 to 7.06.26 above not appear to be possible the Exchange shall instruct the Participant to effect a buying-in procedure on the next day that the trading system is available.

7.06.28 In such circumstances the Participant will be bound to effect a purchase on the market of the financial instruments not available for settlement. The relevant purchase order shall be placed on the market and every endeavour shall be made to obtain the best possible price for such purchase. However, any losses incurred on such purchase arising from market fluctuations

shall be borne by the defaulting selling Participant.

7.06.29 Such purchase order shall remain on the trading system until executed or until such time that the excluded trade is due to be removed from the MaltaClear delivery versus payment system, whichever comes first provided that both parties to the defaulting trade agree.

Roll-back procedure for Non-Euro Settlement

7.06.30 Should the lack of cover of financial instruments still persist by close of the trading session of T+2 on the ISD, the Exchange shall effect a roll-back procedure similar to that effected in the circumstances of lack of cash coverage in accordance with bye-laws 7.06.13 to 7.06.23 above.

7.7 Penalties and sanctions

7.07.01 The Operator may impose financial penalties or administrative sanctions on MaltaClear Participants against any breach of the relevant rules as it may deem appropriate.

7.07.02 Notification of any such penalty shall be communicated to the defaulting MaltaClear Participant in writing who shall have five (5) working days from date of such notification to apply for reconsideration by the Board.

7.07.03 Should the MaltaClear Participant not make such application for reconsideration as outlined in bye-law 7.07.02 above, the notified penalty or sanction shall be considered to have been accepted by the Participant.

Part 2

Approved Payment Systems

Section A

Euro Settlement on Target-2 Securities (T2S)

7.8 T2S – Euro Settlement

Settlement of Euro transactions

7.08.01 In accordance with bye-law 7.00.01 above, MaltaClear transactions effected in Euro shall be settled on the T2S platform, through the link between the CSD and T2S.

7.08.02 Transactions in Euro settled on T2S include :

- DVP market trades
- FOP OTC transactions currently reported through the trading infrastructure
- Credit operation Transactions
- Corporate Actions – DVP and FOP

Off-market transfers, as indicated in Chapter 6 of these Bye-laws (Central Securities Depository) will not be settled on T2S.

7.08.03 In the case of DVP transactions, finality of transactions will be declared at the level of T2S Participant Accounts.

Participation in T2S - Operating Model

7.08.04 In adapting to T2S, the Exchange shall adopt a "layered model" approach, whereby all CSD Holder Accounts are aggregated under a number of T2S Participant Technical Accounts.

7.08.04 Participants in T2S and the relevant Securities Technical Accounts under each Participant are as indicated in Appendix 7.3

7.08.05 The Securities Technical Accounts opened in T2S will be used for the purpose of settlement. The rights attached to the securities account held in the CSD remain unchanged.

7.08.06 All Securities Participant Accounts within T2S will be identified by an addressable BIC Code.

Connectivity with T2S

7.08.07 Participants in T2S may be Directly Connected Parties (DCPs) or Indirectly Connected Parties (ICPs). Communication between MaltaClear and T2S will be the sole responsibility of the CSD, where the Participant in T2S is an indirectly connected (ICP). Communication between ICPs and the CSD therefore, continue to be through mechanisms as identified by the CSD from time-to-time. Where a Participant in T2S is directly connected (DCP), such Participant must seek the authority of the CSD for such connectively but technical implementation and compliance with T2S criteria as set out by T2S will be the responsibility of the DCP.

7.08.08 DCPs may access the T2S settlement platform directly using the following interfaces:

- Application-to-Application (A2A) access using ISO 20022 messages through a selected network provider, or
- User-to- Application (U2A) access using the T2S Graphical User Interface (T2S GUI through a selected network provider.

7.08.09 DCPs have to :

- Maintain a contractual relationship with the CSD subject to terms and conditions as the CSD will inform the market from time to time
- Be authorised by the CSD
- Be certified by the Eurosystem to ensure that it is able to interface with T2S without prejudicing the operations of T2S. Such certification of a DCP, assigned to a particular CSD is valid for all other T2S participating CSDs
- Have a technical communication to the T2S platform through one of the licensed VAN network providers
- Use T2S messages as may be relevant based on ISO 20022 formats for A2A access

7.08.10 When a new security holder is registered within the CSD which falls within the definition of a T2S Participant as outlined in Appendix 7.3, the CSD will also open a relevant Participant Account within T2S as an ICP unless specifically requested to be a DCP.

Dedicated Cash Accounts

7.08.11 Each Participant in T2S, who is also a MaltaClear Participant, must have one or more Dedicated Cash Accounts (DCA) opened

in its appointed Payment Bank/s, which will be linked by the CSD to the securities account/s in T2S. A single DCA may be linked to several securities accounts within T2S or a single DCA may be linked to a specific securities account within T2S. At the end of the day, all DCAs will have a zero balance. Any remaining balance will be automatically transferred by T2S to the RTGS account associated to the DCA.

Payment Banks will only be expected to make up for any short-falls in cash under auto-call arrangements. Where at the end of the settlement day there is insufficient funds in the relevant DCA, failed settlement will be declared.

7.08.12 Payment Banks as T2S DCAs will be linked to external RTGS accounts. Multiple T2S DCAs may be linked to one single RTGS account.

7.08.13 Before participation in MaltaClear is authorised, the prospective MaltaClear Participant must confirm details of the DCA it will be using for settlement purposes. Any changes to the DCAs used by the MaltaClear Participant must also be immediately communicated to the CSD to ensure continuity of settlement processes.

7.08.14 The National Central Bank of the relevant Payment Bank will be responsible for the opening and maintenance of the T2S DCAs.

7.08.15 Such DCAs will be used for the purposes of settlement of DVP instructions, auto-collaterisation purposes as well, as for DVP corporate action processing.

7.08.16 On Trading Day (T+0) the CSD will provide the Payment Banks acting on behalf of MaltaClear Members with the relevant Cash Forecast, for cash due for settlement on Settlement Day (T+2). Such information will be provided by the CSD a format as may be agreed to between the CSD and the Payment Bank.

Auto-collateralisation

7.08.17 T2S auto-collateralisation processes are provided to National Central Banks and Payment Banks as an automatic process to supply intraday credit, secured with eligible collateral.

7.08.18 Such processes are triggered when a buyer does not have sufficient funds to settle a securities transaction, DVP or payment free of delivery instructions or corporate actions related delivery versus payment or payment free of delivery instructions. Liquidity obtained is then immediately used to settle the underlying securities transactions.

7.08.19 The types of auto-collateralisation available in T2S are :

- Central Bank collateralisation – intraday credit provision where the Central Bank is the credit provider and the Payment Bank the credit consumer; or
- Client collaterisation—intraday credit provision where the Payment Bank is the credit provider and its client the credit consumer.

7.08.20 The collateral provided to secure intraday credit may be the securities being purchased or other securities already held by the buyer. T2S uses collateral on flows first and after collateral on stock. Therefore, if the

settlement instruction indicates that securities being purchased could be used as collateral on flow in an auto-collaterisation with the Central Bank or with a Payment Bank, then, in the event of insufficient funds, these securities will be used to obtain the intraday credit to settle instructions. When the collateral value of the securities on flow is not sufficient to cover the amount of credit granted, the collateral on flow is complemented by collateral on stock.

Settlement

7.08.21 Settlement in MaltaClear Euro transactions settled in T2S will be on a T + 2 basis in accordance with the time-table outlined in Appendix 7.4.

7.08.22 Settlement of Corporate Actions in Euro will also be settled in T2S on a DVP or FOP basis as may be applicable in accordance with the time-table outlined in Appendix 7.4

7.08.23 In the case of ICPs, all settlement messages including those related to Corporate Actions will be sent by the CSD in accordance with T2S standards and time-tables as indicated in Appendix 7.4.

7.08.24 Settlement processes in relation to MaltaClear transactions and Corporate Actions are as indicated in Appendix 7.5.

Corporate Actions

7.08.25 All corporate action processing will be carried out by the CS, however, the related settlements will be settled in T2S. (Appendix 7.5)

7.08.26 Corporate Actions with a cash distribution, such as dividends and interest payments will be settled on the indicated Payment Date, on a DVP basis, via the DCA attached to the CSD Participant Account within T2S. Cash distribution funds are to be received within the CSD's T2-RTGS Account in accordance with the time-frame established by the CSD on Payment Date in order to ensure settlement into final holder accounts on due date.

7.08.28 Corporate Actions without a cash distribution (FOP) will also be settled via T2S during the night time settlement period in accordance with the time-table outlined in Appendix 7.4.

Part 3

7.9 Funds Settlement of MaltaClear Transactions in Non-euro Currencies (Non€Clear)

7.09.01 The Operator shall set-up, maintain and operate a Payment System (Non€Clear).

7.09.02 This Section, together with Bye-laws contained in Part I of this Chapter and the relevant Appendices, shall be the formal arrangement between the Operator, the Settlement Agent, Participants and their Executing Banks and shall constitute the common rules and standardised arrangements for the settlement of MaltaClear transactions denominated in a currency other than euro between Participants.

Opening, maintenance and operations of Settlement Accounts.

7.09.03 The Operator shall open multiple MaltaClear Settlement Accounts within any commercial bank (the Settlement Agent) for those currencies other than euro in which settlement of MaltaClear transactions as defined in bye-law 7.00.03 shall be effected. These accounts shall be operated by the Operator for the sole purpose of deposit and withdrawal of funds in respect of settlement of MaltaClear transactions as defined in bye-law 7.00.03 and denominated in currencies other than euro.

7.09.04 For each currency denomination, MaltaClear Participants shall maintain one or more active accounts with one or more Executing Banks into which funds are deposited by either the Participant or the Operator for the sole purpose of settlement of MaltaClear transactions as defined in bye-law 7.00.03 above and denominated in a currency other than euro and shall be designated 'Name of MaltaClear Participant – Currency Settlement Account'.

7.09.05 Should a MaltaClear Participant require that a different Settlement Account other than that/those indicated to be used for settlement or should such Participant require that more than one account be used, he shall inform the Operator in accordance with the prevailing facilities that the Operator has put in place.

7.09.06 An Executing Bank appointed by the Participant in accordance with bye-law 7.05.06 above must have entered into an "Executing Bank Direct Debit Agreement" with the Operator as shown in Appendix 7.6 to this Chapter.

7.09.07 In accordance with the procedures as laid down by the Exchange from time to time, the Operator shall issue the necessary instructions to Participants and the Settlement Agent in order to ensure that the transfer of funds between the respective Settlement Accounts are completed up to or on Settlement Day.

Payment of Net Amount Due by Participants

7.09.08 The Operator shall forward to the Participants, where applicable, instructions detailing the value date, amount due, currency and account numbers to be credited in respect of settlement of MaltaClear transactions. The Participants shall pass on these instructions to their respective Executing Banks in order that the Operator's Settlement Account/s are credited with the relevant settlement amount/s in those currencies by cut-off time on Settlement Day.

7.09.09 Participants shall ensure that, by the cut-off time on Settlement Day as laid down by the Exchange from time to time, the funds in the respective currency deposited into their Settlement Account/s are cleared funds in such a way as to enable the transfer into the Operator's Settlement Account.

Payment of Net Amounts Owed to Participants

7.09.10 The Operator shall issue instructions to the Settlement Agent to debit the Operator's Settlement Account/s and to credit the Settlement Accounts of the Participants held with their Executing Banks in accordance to the procedure and timetable as laid down by the Exchange from time to time.

Settlement Finality

7.09.11 Settlement of funds in the respective currencies between Participants of all MaltaClear transactions shall be deemed to be final upon confirmation of receipt of the relevant funds within the Settlement Account/s held by the Operator

Part 4

7.10 Corporate Actions

Corporate Action Processing

7.10.01 The CSD shall process corporate actions on behalf of Issues in accordance with appropriate standards and procedures as outlined in the subsequent bye-laws below and Appendix 7.8 to this Chapter.

Corporate Action Settlement in T2S

7.10.02 Settlement of corporate actions in respect of securities denominated in T2S eligible currencies will take place on T2S as may be appropriate in accordance with the time-table indicated in Appendix 7.4 to this Chapter.

7.10.03 For the purposes of settlement in T2S, corporate actions are identified as :

- Payment Free of Delivery (PFOD) – eg. Dividend or Interest Payment
- Delivery Free of Payment (FOP) – eg. Bonus Issue
- Delivery versus Payment (DVP) – eg. Rights Issue

7.10.04 Corporate Actions with a cash distribution, such as dividend and interest payments will be settled on the indicated Payment Date, on a DVP basis, via the DCA attached to the CSD Participant Account within T2S. Cash distribution funds are to be received within the CSD's T2-RTGS Account within T2S. Cash distribution funds are to be received within the CSD's T2-RTGS Account in accordance with the time-frame established by the CSD on Payment Date in order to ensure settlement into the final holder accounts on due date.

7.10.05 Corporate Actions with a cash distribution will be settled via T2S during the night time settlement period in accordance with the time-table outlined in Appendix 7.4 to this Chapter.

Transaction Management

Market Claims

7.10.06 A market claim shall be raised where the contractually entitled party has not received the undertaking securities when there is a pending underlying transaction at the close of business on record date, i.e. a market claim will relocate the proceeds of a distribution to the contractually entitled party. The objective of such market claim is to ensure that the proceeds of a distribution will reach the entitled party of a pending transaction.

7.10.07 The CSD will process market claims in T2S in accordance with procedures as outlined in Appendix 7.8 to this Chapter.

Transformations

7.10.08 A transformation shall be triggered where pending transactions still unsettled by the end of Record Date will be cancelled and replaced in terms of the mandatory reorganisation or voluntary reorganisation. The objective of such transformation is to ensure that the original transaction can continue its life-cycle.

7.10.09 The CSD will process transformations in T2S in accordance with the procedures as outlined in Appendix 7.8 to this Chapter.

Buyer Protection

7.10.10 A Buyer Protection process will be triggered where a buyer who has yet to receive the securities of an elective corporate action, instructs the seller in order to receive the outturn of his choice.

7.10.11 The CSD shall adopt manual Buyer Protection mechanisms which will involve a bi-lateral agreement between the respective trading parties. Relevant processes are as outlined in Appendix 7.8 to this Chapter.

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STOCK EXCHANGE

Appendix 7.1

PRE- TRADING AND POST-TRADING PROCESSES

7.1 PRE- TRADING AND POST-TRADING PROCESSES

1.0 Earmarking of financial instruments

1.1 Members may avail themselves of the facility as may be provided by the Exchange to earmark financial instruments being the subject of a sell order.

1.2 Members may avail themselves of the facility throughout the pre-trading and continuous stage of trading. Such facility will be made available again during the post-trading session once all of the day's regular market pre-settlement processes have been effected.

1.3 Such earmark may be released by the CSD when the relevant balance is subject to processes being effected by the CSD, including those related to Causa Mortis, Court Orders and Regulatory Sanctions.

1.4 In the case of the removal of an earmark as a result of CSD processes as described in 1.3 above, a notification will be sent to the Member concerned through the earmark facility or any other facility as may be provided by the Exchange from time to time, informing him about such removal of an earmark.

1.5 Earmarks relating to open sell orders will remain so marked in the relevant client accounts held within the CSD until they are cancelled either by the Member or by the CSD as described in 1.3 above.

1.6 It is the responsibility of the Member concerned to ensure through the facility provided by the Exchange that at all times the status of earmarked orders reflects at any point in time the status of his open sell orders on the market.

1.7 The Exchange will not be liable for any claims for losses or damages by any Member and/or client where a Member has failed to cancel any indication of interest on sell balances as appropriate resulting in any loss or damages in respect of another Member and/or client.

2.0 Match and Allocation

2.1 Throughout the continuous stage of trading, Members may complete Match and Allocation details for all trades affected on the regulated market and OTC, in accordance with the process and in the format as may be determined by the Exchange and may submit such details to the CSD. In respect of Euro settlement on T2S, details of DCA/s will be included within this process.

3.0 Cash Settlement Forecasts – Euro Settlement

3.1 On trading day (T+0) the CSD shall provide MaltaClear Participants and Payment Banks with the Cash Forecast in relation to executed trades to be settled on a GROSS basis in T2S on the ISD.

4.0 Calculation of netting balances for Non-Euro Settlement

4.1 Match and Allocation details in respect of regulated market trades will be processed by the CSD as a batch process following the close

of continuous trading when all such details have been received but by no later than half an hour after the close of the continuous stage of trading, in order to calculate the net payment due or owed on Settlement Day for each MaltaClear participant in accordance with bye-law 7.03.04.

5.0 OTC Trades

5.1 Match and Allocation details in respect of OTC trades will be processed by the CSD as a batch process following the close of the post-trading stage of trading but by no later than half an hour after the close of the post trading session.

6.0 Blocking of sold balances post-trading

6.1 During the batch process in respect of trades effected on the regulated market, sold balances will be blocked in the relevant sellers' accounts. Such blocking will take place in the time sequence of the trades affected.

6.2 Bought balances shall be recorded in the buyers' MSE Accounts indicating the acquisition of a right of forward transmission of those instruments upon full funds settlement on settlement day in accordance with bye-law 7.04.10.

7.0 Insufficient coverage of financial instruments – regulated market

7.1 Should it result from the batch process that there is insufficient coverage of financial instruments to satisfy one or more trades, as a first instance, the Member will receive appropriate notification that there is an error in a particular account and should recheck details given in the Match and Allocation Process. Should the Member be in a position to rectify the situation, he may resubmit Match and Allocation details in respect of the identified error within fifteen [15] minutes of receipt of notification.

7.2 Should it not be possible for the Member to rectify the situation that arose as outlined in 7.1 above within the stipulated time frame or, the details given in the resubmitted information do not result in the original error being rectified, the relevant trade/s will be excluded from the netting process and will be available for settlement on a gross basis. In the case where a Member has resubmitted details to rectify and error and the resubmitted details are also erroneous, the trade with the original settlement details will be excluded from the netting process and made available for gross settlement.

7.3 The Default Rules as outlined in 7.06.22 to 7.06.30 will come into force at this stage.

8.0 Insufficient coverage of financial instruments - OTC

8.1 Should it result in the registration process with respect to OTC trades that there is insufficient coverage of financial instruments to satisfy one or more trades, the selling Member will be informed that registration cannot take place in the CSD.

8.2 In such instances the CSD will inform the counter-party broker that registration cannot occur.

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STOCK EXCHANGE

Appendix 7.2

APPLICATION FOR PARTICIPATION IN MALTACLEAR

7.2 APPLICATION FOR PARTICIPATION IN MALTACLEAR

How to use this Application Form

1) Applicants must submit a completed Application Form together with any supporting documents to :

   The Chief Executive
   Malta Stock Exchange Plc
   Garrison Chapel
   Castille Place
   Valletta VLT 1063

2) The Application should be read in conjunction with the Financial Markets Act (Cap.345 of the Laws of Malta) and any regulations made thereunder and the Bye-laws of the Malta Stock Exchange plc (available on www.borzamalta.com.mt).

3) Applications will only be considered provided that all relevant sections have been duly completed and supporting documents have been appended.

4) Misleading or incorrect information on any material point shall render the application invalid.

5) All information submitted in the application is for the sole use of the Exchange and will not be divulged to third parties other than the Competent Authority/ies as deemed appropriate.

1.0 APPLICANT

Name: _____

Please indicate whether the Applicant is:

1. A Member of the Exchange
2. An Authorised Intermediary
3. Other (please indicate the type of organisation – CSD, ICSD, etc)

1.1

Authority/Licence Ref No: _____

(Kindly attach copy of relevant authority/licence and/or constitutional document)

1.2

Country of Incorporation: _____

Date of incorporation: _____

Registration No. _____

1.3

Registered Address: _____

_____

_____

Telephone no: _____

Fax no: _____

E-Mail Address: _____

1.3

Contacts: _____

_____

2.0 PAYMENT BANK

Name: _____

Registered Address: _____

_____

Telephone No: _____

E-Mail Address: _____

Fax: _____

DCA to be utilised for Euro Settlement : _____

3.0 DIRECTORS/OFFICERS APPOINTED TO SIGN OBO APPLICANT

Name: _____ Name: _____

Signature: _____ Signature: _____

Kindly attach:

1. Board Resolution authorising participation in MaltaClear (not applicable to Members of the Exchange)

2. Board Resolution authorising above mentioned to sign on behalf of applicant

4.0 FEES

Upon receipt of confirmation of admittance, a Participant shall pay an Admission Fee of €2,325. In addition, an Annual Fee of €465 per calendar year is payable pro-rata on admission and annually thereafter.

[Not applicable to persons authorised as Members of the Exchange]

5.0 DECLARATION BY THE APPLICANT

1. We declare that the information contained in this application and supporting documents is complete and correct.
2. We declare that we are aware of the provisions of the ACT, any regulations made thereunder and the Bye-laws issued by the Malta Stock Exchange plc that may be in force from time to time and hereby declare that we will comply and be bound by all such relevant provisions contained therein.
3. We declare that the Directors shall be responsible for and be bound by all the actions and omissions of its officers and employees in their activities in connection with MaltaClear.
4. We declare that we shall keep the Malta Stock Exchange plc notified of any significant changes in the information supplied in this application which occur after the date of submission of the application and prior to receiving notification of the Malta Stock Exchange's decision.

Signed: _____ Date : _____

Signed: _____ Date: _____

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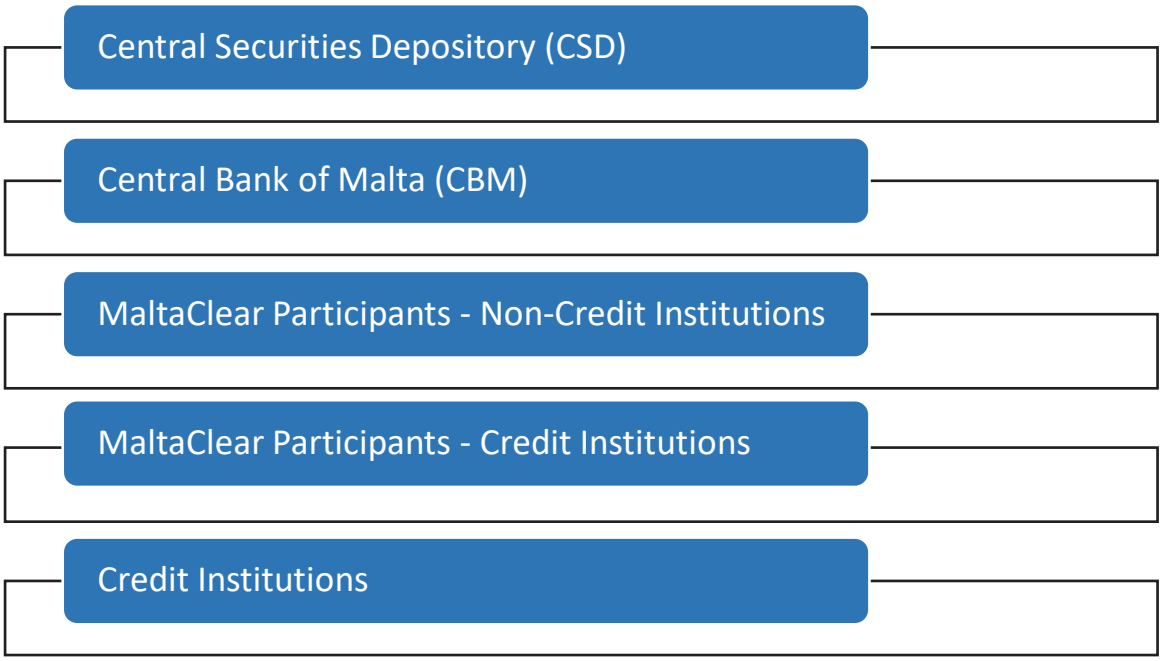
STOCK EXCHANGE

Appendix 7.3

T2S PARTICIPANTS SECURITIES ACCOUNT STRUCTURE

7.3 T2S PARTICIPANTS - SECURITIES ACCOUNT STRUCTURE

EURO SETTLEMEMT



- CSD, CBM and MaltaClear Participants must all have one or more Dedicated Cash Account/s attached to their Securities Accounts within T2S for the purpose of Settlement.
- Each Participant in T2S will be recognized by an addressable BIC Code.
- A number of Securities Technical Accounts will be opened under each Participant in T2S for the purposes of Settlement.
- As the layered model is being implemented, a number of CSD Accounts will be aggregated under the Securities Technical Accounts within T2S as indicated below.

CSD	CBM	MaltaClear Part Non-Credit Inst	MaltaClear Part. Credit Inst.	Credit Institutions
• Own Account •Retail •MSE as Cust. •Issuance Accts.	• Own Account/s •CCBM Accouts •Settlement Account	•Own Account/s • Settle. Account •Clients/Nominee Accounts	• Own Account/s • settle. Accoun •Clients/Nominee Accounts •Custody Accounts	• Own Account/s •Client/Nominee Accounts •Custody Accounts

- The Settlement Accounts opened in T2S in respect of MaltaClear Participants will be reflected within the CSD.
- The Issuance Accounts opened in T2S in respect of MaltaClear Participants will be reflected within the CSD.

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Appendix 7.4

T2S - SCHEDULE
EURO SETTLEMEMT

7.4 EURO SETTLEMENT - T2S SCHEDULE

Start of Day [SOD]	1845 – 1945 hrs	Settlement Day (T+2) starts on T+1 (CSD configured to T2S schedule to ensure matching in systems and no mismatch in rights of holders)
End of Day	1800 – 1845 hrs	T + 2
Night Time Settlement (Settlement of MaltaClear Transactions)	1930 – 0300 hrs	DVP Transactions
Night Time Settlement (FOP Corporate Actions)	1845 – 1930 hrs	Settlement of corporate actions with no cash distribution
Day-Time Settlement (Settlement of MaltaClear Transactions)	0500 – 1800hrs	T+2 DVP cut-off : 1600hrs FOP cut-off: 1800hrs
Corporate Actions	0930hrs	Payment Date Cash available CSD DCA

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Appendix 7.5

SETTLEMENT PROCESS

7.5 SETTLEMENT PROCESS

MALTACLEAR TRANSACTION – DVP

Trading Day [T+0] - Match & Allocation [CSD]	
Securities Available - Block Cash Forecasts - Sent to Members/Payment Banks	Securities Not Available - Settlement Pending

Settlement Day - [Night-time/Day-time]	
Confirmation of Cash availability in relevant DCAs	FOP Transfers from CSD Seller Accounts to Selling Broker Settlement Account in CSD/T2s

Settlement Day	
DVP between Securities Settlement Accounts	Cash transfers between DCAs FOP security transfers between Technical Accounts and CSD

Corporate Actions - [DVP/Payment free of Delivery] -Payment Date	
MSE RTGS Account in T2 funded in accordance with instructions from Issuer to his Bank	0930 hrs - cut-off time on Payment Date for receipt of funds in CSD DCA

Settlement Day - [Night-time/Day-time]	
Confirmation of receipt of funds in CSD DCA	Payment Free of Delivery - Funds transferred to relevant receiving bank for distribution

Settlement Day	
Confirmation of receipt of funds in CSD DCA	Declaration of DVP Transfers of securities in T2S/CSD Tr

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Appendix 7.6

MALTACLEAR PARTICIPANT'S DIRECT DEBIT AUTHORISATION FORM

7.6 MALTACLEAR PARTICIPANT'S DIRECT DEBIT AUTHORISATION FORM

Date: _____

To: _____ From: _____

_____ _____

_____ _____

The Executing Bank The Participant

AUTHORISED ACCOUNT/S (Number/s) **EURO** _____

USD _____

GBP _____

The Participant hereby authorises the Executing Bank to pay in accordance with any Direct Debit instructions, for any amount, purporting to be received by SWIFT from the _____(The Malta Stock Exchange) SWIFT (BIC) Address, and authenticated in accordance with normal SWIFT standards and procedures, or, in the event of SWIFT failure, by any other contingency means agreed to from time to time between the Executing Bank and the Malta Stock Exchange, by the debit of the Participant's account/s specified above, until further written notice.

It is understood and agreed that any transaction carried out in pursuance of any Direct Debit Instruction will be subject to the terms between the Participant and the Executing Bank, agreed from time to time or, if none, the Executing Bank's (then) current terms of business which apply to that transaction, even if the Participant has not signed them.

It is understood and agreed that the Executing Bank is at liberty to dishonour any payment if the Participant's account with the Executing Bank does not have sufficient funds to meet such Direct Debit Instructions, or in the event of there being an impediment, legal or other, to effect payment, or the Direct Debit instructions from the Malta Stock Exchange being unclear or technically incorrect, and that any charges resulting or any dishonoured payment shall be debited to the Participant's account.

It is understood and agreed that the Executing Bank is entitled to terminate any direct debit arrangement at its sole discretion by advising the Participant and the Malta Stock Exchange in writing.

The Participant hereby undertakes to keep the Executing Bank harmless and fully indemnified against any liability, loss or damage the Executing Bank may incur for any reason which is beyond the Executing Bank's control in consequence of making this facility available.

The Participant shall inform the Malta Stock Exchange in writing three calendar months in advance if the Participant wishes to cancel these instructions.

This document may be retained by the Malta Stock Exchange. The Malta Stock Exchange's request to debit the Participant's account may be construed by the Executing Bank that the Malta Stock Exchange possesses this authorisation.

It is understood and agreed that the Executing Bank will not be liable to the Participant in contract, tort (including negligence) or otherwise for indirect or consequential loss or damage howsoever arising out of the carrying out or the failure to carry out by the Executing Bank of any SWIFT Instruction (including but not limited to, loss of business, loss of data, loss of profit and third party claims) whether or not that loss or damage was foreseeable by the Executing Bank.

For and on behalf of _____ The Participant)

Signature: _____

Designation: _____

Date: _____

MALTA
STOCK EXCHANGE

Appendix 7.7

DIRECT DEBIT AGREEMENT

7.7 DIRECT DEBIT AGREEMENT

Date:_____

Between: The Malta Stock Exchange

And: _____
(The Executing Bank)

1. Purpose

The scope of this Agreement is to standardise the settlement of Participants' multilateral net debit balances in euro or any other currency in which transactions are currently concluded, arising from transactions in listed securities, by the use of the Direct Debit instrument to be originated by the Malta Stock Exchange and transmitted to the Executing Bank where the Participant's account is held to collect payment.

2. Definitions

In this Agreement the following expressions shall have the following meanings:

Authorised Account
means the account of the Participant with the Executing Bank which the Participant has authorised to be debited in accordance with Direct Debit instructions originated by the Malta Stock Exchange;

Direct Debit
means an instruction by the Malta Stock Exchange to the Executing Bank to debit the Participant's Authorised Account with such Executing Bank with a specified amount in euro or any other currency in which transactions are currently concluded, and to credit the Malta Stock Exchange's account held with a Settlement Bank/Agent:

- initiated or purporting to be initiated in the SWIFT system and which is received by the computer linked to the SWIFT system which is controlled by the Executing Bank to receive such requests or instructions (the Executing Bank's computer)
- by SWIFT MT 204 authenticated in accordance with SWIFT standards and procedures to the Executing Bank's SWIFT (BIC) Address, or
- by other contingency means agreed to between the Malta Stock Exchange and the Executing Bank.

Participant
has the same meaning as that assigned to "investment firms" as defined in the European Passport Rights for Investment Firms Regulations, [L.N. 325 of 2007];

Participant's Direct Debit Authorisation Form
means the authorization by the Participant to the Executing Bank to pay any Direct Debit instructions purporting to be received from

the Malta Stock Exchange by the debit of the Participant's Authorised Account, as Appendix 7.2;

SWIFT
means the computerized telecommunications network run by the Society for Worldwide Interbank Financial Telecommunication that operates a system for transmitting financial messages over dedicated lines among its members;

SWIFT MT 202
means the "General Financial Institution Transfer" by which the Executing Bank will effect payment in accordance with the Direct Debit instructions received from the Malta Stock Exchange as per format and specifications attached to this Agreement;

SWIFT MT 204
means the standard SWIFT "Financial Markets Direct Debit Message" sent by an exchange or a clearing house, or another financial institution, to a SWIFT member or submember, to instruct the Receiver of the message to debit the account(s) of a third party specified in the message and to pay or credit the corresponding amount in favour of the Sender of the message as per format and specifications attached to this Agreement.

3. Procedure

The Malta Stock Exchange

- will obtain the standard Participant's Direct Debit Authorisation Form, duly signed by each Participant in accordance with its Memorandum and Articles of Association. The Malta Stock Exchange is to retain the signed Participants' Direct Debit Authorisation Form in its records;
- will transmit, on Settlement Day (T+2), Direct Debit instructions to the Executing Bank, subject to cut-off time.

The Executing Bank

On Settlement Day (T+2), subject to cut-off time:

Upon receipt of Direct Debit instructions from the Malta Stock Exchange

AND

SUBJECT to the account of the Participant (Debit Institution) specified it the Direct Debit Instructions having sufficient funds, there being also no impediment, legal or other, to effect payment, and the Direct Debit instructions being clear and technically correct

- will effect payment by SWIFT 202, or by other contingency means in accordance with the Direct Debit instructions received from the Malta Stock Exchange; and
- will communicate any rejects, stating reference, Participant's name, amount and reason (technical or insufficient funds), by SWIFT MT 299 to the Malta Stock Exchange's SWIFT (BIC) Address, or by other contingency means.

Payment/Reject Cut-off times: Settlement Day (T+2)

- MT 204 1030 hrs
- MT 202 1200 hrs
- MT 299 Rejects 1200 hrs

4. Limitation of Liability

The role of the Executing Bank is that of a Settlement Agent, as defined in the Central Bank of Malta Directive No. 2 – Directive on Payment and Settlement Systems.

Any transaction carried out in pursuance of any Direct Debit Instruction will be subject to the terms between the Participant and the Executing Bank, agreed from time to time or, if none, the Executing Bank's (then) current terms of business which apply to that transaction, even if the Participant has not signed them.

The Executing Bank will not be liable for delay in executing or failure to execute any SWIFT Instruction in pursuance of this Agreement due to any cause beyond its reasonable control, including, but not limited to, the failure, malfunction or unavailability of telecommunications, data communications and computer s6ystems and services over which the Executing Bank has no control, war, hostilities, invasions, civil unrest, strikes, lockouts or other industrial action or trade disputes)whether involving the employees of the Executing Bank or any other party).

In case of default or negligence on the part of the Executing Bank, its liability is strictly limited to any direct loss incurred by the Malta Stock Exchange, save where such loss is attributable to the Malta Stock Exchange or the Participant. Any responsibility for any direct, indirect, or consequential loss incurred by any other party, whatever the connection of such party with the securities transaction in question, is excluded.

Furthermore, the Executing Bank shall have no liability to ascertain whether any SWIFT Instruction from the Malta Stock Exchange is correct or that any officer or individual purporting to act on behalf of the Malta Stock Exchange is duly authorised and that it shall be sufficient for the Executing Bank (and the Executing Bank shall be obliged) to check that the SWIFT Instruction which it has received appears to have been authenticated as coming from the Malta Stock Exchange in accordance with the normal procedures under the SWIFT System then current in relation to the SWIFT Instruction; and that subject to such check the Executing Bank may act upon the said SWIFT Instruction, regardless of whether or not such SWIFT Instruction is initiated or transmitted without the authorization of the Malta Stock Exchange, the Participant, or any other party, and regardless of whether or not such SWIFT Instruction is or purports to be sent by the Malta Stock Exchange on behalf of the Participant, any other party, or any party at all.

Moreover, the Executing Bank is not liable for the integrity of the SWIFT Instructions until they are received by the Executing Bank's Computer.

5. Warranty

The Malta Stock Exchange warrants that it will hold the Participant's Direct Debit Authorisation, signed by the Participant specified as "Debit Institution" in the SWIFT MT 204, or in the contingency Direct Debit message where applicable.

6. Confidentiality

The Malta Stock Exchange shall treat as confidential all data and information concerning the business of the Executing Bank, and its dealings, transactions, or affairs or those of the subjects of the data which the Malta Stock Exchange may obtain pursuant to this Agreement, and the Malta Stock Exchange shall not at any time use such information (other than in the course of the Malta Stock Exchange's performance of this Agreement), or divulge any such information to any person without the prior written consent of the Executing Bank (except to those of the designated employees who shall have a need to know or use the data for the purpose of the performance of this Agreement).

Any breach or potential breach of the provisions of this clause shall be immediately notified in writing by the Malta Stock Exchange to the Executing Bank.

7. Integrity of Data

All data contained in the Participant's Direct Debit Authorisation Form addressed to the Executing Bank shall remain the sole and exclusive property of the Executing Bank. Data shall not be used by the Malta Stock Exchange for any other purpose than for the proper

performance of this Agreement, and shall not be disclosed to any third party.

The Malta Stock Exchange undertakes to implement such strict security procedures in respect of the integrity and confidentiality of the data whilst in its possession. None of the data shall be mechanically copied or otherwise reproduced by the Malta Stock Exchange and shall not be altered or supplemented with other data (other than for the purpose of the performance of this Agreement) without the Executing Bank's express written permission or at the specific written direction of the Executing Bank.

The Malta Stock Exchange undertakes to notify the Executing Bank with any breach or potential breach of the provisions of this clause in writing.

8. Indemnity

On account of the Executing Bank accepting to act on the Malta Stock Exchange's instructions as outlined in this Agreement, the Malta Stock Exchange hereby keeps the Executing Bank indemnified upon the Executing Bank's first demand against all actions, claims, damages, costs and expenses arising directly or indirectly from any de biting or failure to debit any customer's account and, without the Malta stock Exchange requiring proof of its agreement to the validity of such demand, the Malta Stock Exchange shall forthwith pay the amount thereof; the Executing Bank being authorised to set-off any such amounts as being due from any account held by the Malta Stock Exchange with the Executing Bank.

The Malta Stock Exchange authorizes the Executing Bank to admit, compromise or reject any claims made upon the Executing Bank without reference to the authority from the Malta Stock Exchange.

This indemnity is to be binding on the Malta Stock Exchange as a continuing security notwithstanding any payments from time to time made to the Executing Bank or any settlement of account.

9. Termination

This Agreement shall be for an indefinite term and shall continue unless terminated by any of the parties by giving not less than one month's notice of its intention to terminate. Any termination will not prejudice the proper fulfillment of the parties' obligations arising hereunder.

10. Governing Law

This Agreement shall be read and construed in accordance with the Laws of Malta and the Malta Stock Exchange agrees that any proceedings arising out of or in connection with this Agreement may only be brought in the Courts of Malta but that nothing in this Agreement will limit the Executing Bank's rights to take proceedings against the Malta Stock Exchange in the Courts of any other county or territory and that the Executing Bank's taking of proceedings in one jurisdiction will not prevent the Executing Bank taking them in any other.

Signed

For and on behalf of the Malta Stock Exchange:

_____
Signature

_____ Date: _____
Designation

For and on behalf of the Executing Bank:

_____
Signature

_____ Date:_____
Designation

MT 204 Financial Markets Direct Debit Message

Note:
The use of this message type requires Message User Group (MUG) registration.

Scope

This message is sent by an exchange or clearing house, or another financial institution to a SWIFT Member or submember, to instruct the Receiver of the message to debit the account/s of a third party specified in the message and to pay or credit the corresponding amount in favour of the Sender of the message.

Format Specifications

The MT 204 consists of two types of sequences:

- **Sequence A Common Elements** – Reimbursement Details, is a single occurrence sequence and contains default information which is valid for all individual transactions described in Sequence B and the total amount to be reimbursed.
- **Sequence B Transaction Details,** is a repetitive sequence. Each occurrence gives the details concerning one debit.

Status	Tag	Field Name	Specific Details Required
Sequence A Common Elements – Reimbursement Details			
M	20	Transaction Ref No.	Single transaction ref. no. Same as in Tag 20, Sequence B.
M	19	Sum of Amounts	Single transaction amount Same amount as in Tag 32 B.
M	30	Value Date	
O	57a	Account with Institution	MALTMTMD
O	58a	Beneficiary Institution	XMALMTMT
Sequence B – Repetitive Transaction Details			
M	20	Transaction Ref. No.	Same as in Tag 20, Sequence A
M	32B	Transaction Amount	Same as in Tag 19
M	53a	Debit Institution	Participant's Name And Account No.

(M – mandatory; O – optional)

MT 202 General Financial Institution Transfer

Scope

This message is sent by or on behalf of the ordering institution directly, or through correspondent/s, to the financial institution of the beneficiary institution.

It is used to order the movement of funds to the beneficiary institution.

This message may also be sent to a financial institution servicing multiple accounts for the Sender to transfer funds between these accounts. In addition it can be sent to a financial institution to debit an account of the Sender services by the Receiver and to credit an account, owned by the Sender at an institution specified in field 57a.

Status	Tag	Field Name	Specific Details Required
Sequence A Common Elements – Reimbursement Details			
M	20	Transaction Ref No.	Single transaction ref. no. Same as in Tag 20, Sequence B.
M	21	Related Reference	Single transaction amount Same amount as in Tag 32 B.
M	32A	Value Date Currency Code Amount	Same as Tag 32 in MT 204
M	58a	Beneficiary Institution	Same as Tag 58a in MT 204

(M – mandatory; O – optional)

MALTA
STOCK EXCHANGE

Appendix 7.8

CORPORATE ACTIONS & TRANSACTION MANAGEMENT PROCESSING

7.8 CORPORATE ACTIONS & TRANSACTION MANAGEMENT PROCESSING

1.0 Categories of Corporate Actions

The market standards and processes as described hereunder apply to the following categories of Corporate Actions :

1.1 Distributions

Distributions are divided into:

- Cash Distributions – eg. Dividends, interests
- Securities Distributions – eg. Stock Dividend, Bonus Issue
- Distributions with Options – eg. Optional Dividend

1.2 Reorganisations

Reorganisations are divided into:

- Mandatory reorganisations with options – eg. Rights Issues
- Mandatory reorganisations - eg. Share splits, Redemptions
- Voluntary Reorganisations – eg. Tenders

2.0 Corporate Actions on Stocks

The market standards and processes described hereunder relate to :

- Information Flows
- Key Dates, and
- Processing

2.1 Cash Distributions

(a) Information Flows

1. The Issuer is to inform the CSD regarding the details of a Cash Distribution including all the key dates, as described below, concurrently with the issue of the relevant Company Announcement giving details of such Cash Distribution including the key dates (eg. Record date/ Payment date). Such notification to the CSD will be made in SWIFT ISO 20222 format. Any changes to such Cash Distribution are also to be notified to the CSD on the concurrently with the issue of the relevant Company Announcement notifying the market of such changes.

2. The CSD shall communicate such information as indicated in (1) above, immediately upon receipt from the Issuer to its Participants, other (I)CSDs or other intermediaries in the chain, as may be applicable, who have a direct holding or Pending Transaction in the Underlying Security with the Issuer. Such communication shall be in SWIFT ISO 20222 format.

3. End-investors shall receive information on cash distributions by means of an account statement.

(b) Key Dates

1. For Bonds key dates are Record Date and Payment Date

2. For equities key dates are ex-Date, Record Date and Payment Date

3. For floating rate instruments, the payable rate should be confirmed as soon as possible but not later than three (3) business days before the Payment Date

4. The Payment Date should be as close as possible to the Record Date, preferably the next Business Day.

(c) Processes

1. Funds related to settlement of Cash Distributions in securities in eligible T2S currencies, should be received for processing by the CSD in accordance with the processes and time-frames as outlined in bye-laws 7.10.04 and 7.10.05 and Appendix 7.4.

2. Where Payments related to the settlement of Cash Distributions in securities in currencies not eligible in T2S, the Issuer should make Payments as early as possible on Payment Day and no later than 1200 CET.

3. Interest payments will be processed separately from any relevant redemption payment, even in instances where the two Payment Dates co-incide.

4. All payments shall be in the original currency of the security.

5. Should an amendment to the Payment be required, a full-reversal followed by an amended Payment shall be made.

2.2 Securities Distributions

(a) Information Flows

1. The Issuer is to inform the CSD regarding the details of a Securities Distribution including all the key dates, as described below, concurrently with the issue of the relevant Company Announcement giving details of such Securities Distribution including the key dates (eg. Record date/ Payment date) and the ISIN of the outturn security. Such notification to the CSD will be made in SWIFT ISO 20222 format. Any changes to such Securities Distribution are also to be notified to the CSD on the concurrently with the issue of the relevant Company Announcement notifying the market of such changes.

2. The CSD shall communicate such information as indicated in (1) above, immediately upon receipt from the Issuer to its Participants, other (I)CSDs or other intermediaries in the chain, as may be applicable, who have a direct holding or Pending Transaction in the Underlying Security with the Issuer. Such communication shall be in SWIFT ISO 20222 format.

3. End-investors shall receive information on cash distributions by means of an account statement.

(b) Key Dates

1. Key dates are ex-Date, Record Date and Payment Date

2. The public Announcement by the Issuer should be made at least six (6) business days before the ex-date

3. The ex-date should precede the Record Date by one (1) Settlement Cycle minus one (1) business day

4. The Payment Date should be the next Business Day after Record Date.

(c) Processes

1. Funds related to settlement of Securities Distributions in securities in eligible T2S currencies, should be received for processing by the CSD in accordance with the processes and time-frames as outlined in bye-laws 7.10.04 and 7.10.05 and Appendix 7.4.

2. Where Payments related to the settlement of Securities Distributions in securities in currencies not eligible in T2S, the Issuer should make Payments as early as possible on Payment Day and no later the opening time of the Settlement System.

3. All payments shall be in the original currency of the security and shall be processed by rounding down to the nearest whole number (top-down method).

4. Should an amendment to the Payment be required, a full-reversal followed by an amended Payment shall be made.

2.3 Distributions with Options

a. Distributions with Options shall be represented by an Interim Security with a separate ISIN.

b. The issuance of the Interim ISIN and the options attached to it shall be processed as two separate Corporate Actions, i.e. a Distribution and a Mandatory Re-organisation with Options or a Voluntary Re-organisation

c. The Issuer should communicate the relevant information to the CSD concurrently including also details of the second Corporate Action as indicated in 2.2 above.

d. The start of the Election Period as determined by the Issuer should not precede the Payment Date relating to the Interim Security.

e. The Intended Settlement Date of any transaction in the Interim Security should not precede the Payment Date of the Interim Security.

Mandatory Reorganisations with Options

(a) Information Flows

1. The Issuer is to inform the CSD regarding the details of a Mandatory Reorganisation with Options including all the key dates and Issuer Default Option, as described below, concurrently with the issue of the relevant Company Announcement. Such notification to the CSD will be made in SWIFT ISO 20222 format. Any changes to such Mandatory Reorganisation with Options are also to be notified to the CSD on the concurrently with the issue of the relevant Company Announcement notifying the market of such changes.

2. The CSD shall communicate such information as indicated in (1) above, immediately upon receipt from the Issuer to its Participants, other (I)CSDs or other intermediaries in the chain, as may be applicable, who have a direct holding or Pending Transaction in the Underlying Security with the Issuer. Such communication shall be in SWIFT ISO 20222 format.

3. End-investors shall receive information on cash distributions by means of an account statement.

(b) Key Dates

1. The Company Announcement by the Issuer must be made by the Issuer at least two (2) Business days before the start of the Election Period

2. The start of the Election Period as determined by the Issuer must be at least ten (10) Business Days before the market deadline

3. The Guaranteed Participation Date must precede the Buyer Protection Deadline by one Settlement Cycle (2 Business Days) plus 2 hours.

4. The Buyer Protection Deadline must be at least one (1) Business Day before the Market Deadline

5. The Payment Date relating to the elected Option should be as close as possible to the Market Deadline, preferably the next Business Day.

(c) Processes

1. For payments in cash or securities related to mandatory reorganisations with options in eligible T2S currencies, should be received for processing by the CSD in accordance with the processes and time-frames as outlined in bye-laws 7.10.04 and 7.10.05 and Appendix 7.4.

2. Where Payments related to the settlement of mandatory reorganisations with options in currencies not eligible in T2S, the Issuer should make Payments as early as possible on Payment Day and no later than 1200 CET.

3. All payments shall be in the original currency of the security.

4. Should an amendment to the Payment be required, a full-reversal followed by an amended Payment shall be made.

Mandatory Reorganisations

(a) Information Flows

1. The Issuer is to inform the CSD regarding the details of a Mandatory Reorganisation including all the key dates, as described below, concurrently with the issue of the relevant Company Announcement. Such notification to the CSD will be made in SWIFT ISO 20222 format. Any changes to such Mandatory Reorganisation are also to be notified to the CSD on the concurrently with the issue of the relevant Company Announcement notifying the market of such changes.

2. The CSD shall communicate such information as indicated in (1) above, immediately upon receipt from the Issuer to its Participants, other (I)CSDs or other intermediaries in the chain, as may be applicable, who have a direct holding or Pending Transaction in the Underlying Security with the Issuer. Such communication shall be in SWIFT ISO 20222 format.

3. End-investors shall receive information on Mandatory Reorganisations by means of an account statement.

(b) Key Dates

1. The Company Announcement by the Issuer must be made by the Issuer at least two (2) Business days before the last trading date as determined by the Issuer

2. The last trading date . i.e. the last date on which the Underlying Security (old ISIN) may trade, must precede the Record Date by at least one (1) Settlement Cycle (2 Business Days)

3. The Payment Date should be as close as possible to the Record Date, preferably the next Business Day for both cash and security outturns.

(c) Processes

1. For payments in cash or securities related to mandatory reorganisations in eligible T2S currencies, should be received for processing by the CSD in accordance with the processes and time-frames as outlined in bye-laws 7.10.04 and 7.10.05 and Appendix 7.4.

2. Where Payments related to the settlement of mandatory reorganisations with options in currencies not eligible in T2S, the Issuer should make Payments as early as possible on Payment Day and no later than 1200 CET.

3. All payments shall be in the original currency of the security.

4. All payments shall be processed using the rounding down method to the nearest whole number.

Voluntary Reorganisations

(a) Information Flows

1. The Issuer is to inform the CSD regarding the details of a Voluntary Reorganisation including all the key dates, as described below, concurrently with the issue of the relevant Company Announcement. Such notification to the CSD will be made in SWIFT ISO 20222 format. Any changes to such Mandatory Reorganisation are also to be notified to the CSD on the concurrently with the issue of the relevant Company Announcement notifying the market of such changes.

2. The CSD shall communicate such information as indicated in (1) above, immediately upon receipt from the Issuer to its Participants, other (I)CSDs or other intermediaries in the chain, as may be applicable, who have a direct holding or Pending Transaction in the Underlying Security with the Issuer. Such communication shall be in SWIFT ISO 20222 format.

3. End-investors shall receive information on Voluntary Reorganisations by means of an account statement.

(b) Key Dates

1. The Company Announcement by the Issuer must be made by the Issuer at least two (2) Business days before the start of the Election Period as determined by the Issuer or the Offeror, as the case may be, which should be at least ten (10) days before the market deadline.

2. The Guaranteed Participate Date must precede the Buyer Protection Deadline by one Settlement Cycle plus two (2) hours

3. The Buyer Protection Deadline must be at least one (1) Business Day before the Market Deadline

4. The Payment Date should be as close as possible to the Record Date, preferably the next Business Day

(c) Processes

1. For payments in cash or securities related to voluntary reorganisations in eligible T2S currencies, should be received for processing by the CSD in accordance with the processes and time-frames as outlined in bye-laws 7.10.04 and 7.10.05 and Appendix 7.4.

2. Where Payments related to the settlement of voluntary reorganisations in currencies not eligible in T2S, the Issuer should make Payments as early as possible on Payment Day and no later than 1200 CET.

3. Each Option shall have a unique ISIN.

4. All payments shall be in the original currency of the security.

3.0 Transaction Management

These processes and standards relate to:

- Market Claims resulting from a Distribution
- Transformations resulting from a Reorganisation, and
- Buyer Protection in an Elective Corporate Action that is applicable when a transaction is still unsettled before the Market Deadline

3.1 Market Claims

(a) Information Flows

1. The CSD shall notify its Participants or any other intermediary as may be applicable of a market claim both at the moment of its creation and at the time of its settlement giving details of both the Distribution and Underlying Transaction which gave rise to the Market Claim.

2. Such notification shall be given using SWIFT ISO 20222 standards.

(b) Creation and Detection of Market Claims

1. The CSD shall create and detect market claims as transactions separate from the underlying transaction in respect of irrevocable settlement transactions:

    a. For equities – from the seller to the buyer when trade date precedes ex-date and there is a Pending Transaction at the close of Record Date or

    b. For equities – from the buyer to the seller when the trade date is the same as or after ex date and the settlement date is the same or before the Record Date

    c. For bonds – from the seller to the buyer if the Settlement Date is the same as or before the Record date and there is a Pending Transaction at close of business on Record Date

2. Underlying counterparties may choose to "opt-out" from the market claim mechanism for any given transaction which indication shall be flagged to the CSD through the appropriate mechanism.

(c) Processing

1. The CSD shall create any Market Claim by the close of business of the Record Date, or in circumstances that transactions become eligible for Market Claims after the Record Date, as soon as possible thereafter but no later than twenty (20) business days after the Record Date.

2. All Market Claims shall be in the outturn of the Distribution to which they are related.

3. The Intended Settlement Date of any Market Claim shall be on Payment Date. In circumstances where the Market Claim is created after Payment Date, the Intended Settlement Date of the Market Claim should be at the earliest Settlement Date possible.

4. Settlement of the Market Claim shall be independent of that of the underlying transaction to which it relates.

3.2 Transformations

(a) Information Flows

1. The CSD shall notify its Participants and any other intermediary as may be applicable giving details of the original transaction to which the transformation refers, as well as reference to the original Corporate Action.

2. Such notification shall be given using ISO 20222 standards.

(b) Processes

1. The CSD shall carry out transformations between the end of Record Date for Mandatory Reorganisations or the end of the Market Deadline in respect of Voluntary Reorganisations whichever is applicable and the opening of the SSS, for value on the next Business Day.

2. In the case of Mandatory Reorganisations, settlement in the original ISIN will be discontinued after the Record Date or the Market Deadline, whichever is applicable.

3. An instruction can still be processed in the original ISIN after the Guaranteed Participation Date/last Trading Date with trade date before or on the Guaranteed Participation Date/last Trading Date, whichever is applicable. Should relevant instructions match, a transformation will take place. An instruction with trade date after Guaranteed Participate Date/last trading date shall always be the new ISIN.

4. The Replacement Transaction should not settle before Payment Date or before the Intended Settlement Date of the underlying transaction.

5. In the case where there are multiple outturns, each replacement transaction shall settle independently of any other similar transaction.

6. In cases where the Reorganisation relates to the replacement of an underlying security, such as in a redemption, the transformation will be cash against cash. In such cases, two new transactions will be created, the first for the original cash amount and the second for the cash benefit relating to the Reorganisation.

3.3 Manual Buyer Protection

(a) Creation of Buyer Protection

Instructions/Information Flows

1. The Buyer must create a buyer Protection Instructions if the requested option is not the default option, quoting the Corporate Action to which the instruction refers, the chosen option or options, quantity/volume of securities and the details of the Underlying Transaction, as outlined in the template as shown at the end of this Appendix.

2. The Buyer Protection Instruction should be communicated to the CSD for onward transmission to the Seller using the template as shown at the end of this Appendix or else by means of an ISO 20222 message should this be available.

(b) Processes

1. The Buyer Protection Deadline should be the Guaranteed Participation Date plus one Settlement Cycle.

2. The creation of a Buyer Protection Instruction is allowed until close of the settlement of the date of the Buyer Protection Deadline.

3. The Buyer Protection Deadline is one (1) Business Day before Market Deadline

4. Any Buyer Protection Instruction prior to the Buyer Protection Deadline and related to a transaction of which the trade date is on or before the Guaranteed Participation Date with an intended settlement date no later than the Buyer Protection Deadline is a valid instruction.

5. In the case of any Buyer Protection Instruction prior to the Buyer Protection Deadline, the Underlying Transaction shall be allowed until the Buyer Protection Deadline.

6. A Buyer Protection Instruction that is issued in respect of a Pending Transaction that settles on or before Buyer Protection Deadline is void.

7. Transactions with a valid Buyer Protection Instruction attached that are still pending on the Buyer Protection Deadline shall be cancelled by both the buyer and the seller and new instructions are to be issued in accordance with the buyer's preference to prevent settlement after the Buyer Protection Deadline their Transformation into the default option

8. The Transformation of the Underlying Transaction shall be carried out in accordance with the Buyer Protection Instruction on the Market Deadline/Record Date of the relevant Corporate Action.

9. In the case of Mandatory Reorganisations with Options, non-elected Transformation shall be transformed into the default option as set by the CSD.