



# SWX Europe

## Directive 13: Settlement Discipline

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03.03.08

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## 1. Scope

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The provisions of this Directive apply to SWX Europe transactions other than the following:

- cleared trades which are subject to action under the settlement discipline or buying-in provisions of one of the central counterparties (LCH or x-clear) or
- the back-to-back transactions between a clearing member and a non-clearing member arising under the Rules from a cleared trade.

## 2. How to request settlement discipline action

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A request for settlement discipline action must:

- a) be made in accordance with these Procedures and
- b) satisfy the settlement discipline eligibility criteria set out in these Procedures.

For the purposes of this directive a member:

- a) which requests settlement discipline action shall be known as the requesting member and
- b) against whom the settlement discipline action is invoked shall be known as the liable member.

A requesting member must:

- a) have contacted the liable member in an attempt to resolve the unsettled transaction
- b) complete and sign a settlement discipline request form as prescribed from time to time by SWX Europe (see [http://www.swxeurope.com/download/members/forms/settlement\\_discipline.pdf](http://www.swxeurope.com/download/members/forms/settlement_discipline.pdf))
- c) provide any other information that SWX Europe may require.

A requesting member must submit the request to SWX Europe before 13.30 (CET) on the day on which the requesting member requires settlement discipline action to be taken. Requests received by SWX Europe after 13.30 (CET) will be processed on the following business day.

A requesting member may withdraw its request at any time before settlement discipline action is taken by the liable member.

## 3. Settlement discipline eligibility criteria

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A member can request settlement discipline action in respect of a SWX Europe transaction from ISD+3, except:

- in the case of a CREST residual security where action can be requested from ISD+20 or
  - where there is dependency on a cleared trade which is subject to buying-in action by the CCP, in which case action can be requested from ISD+5.
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## 4. Notification of settlement discipline action

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Upon receipt of a request for settlement discipline action, SWX Europe will inform the liable member in writing of the:

- a) full details of the transaction which is subject to the settlement discipline request and
- b) date by which the liable member must purchase the outstanding number of shares for immediate delivery to the requesting member.

A liable member shall:

- a) comply with these instructions in accordance with the rules and
- b) immediately notify SWX Europe of the outcome of the settlement discipline action.

Where, due to market conditions, the liable member is not successful in the settlement discipline action, the liable member must notify SWX Europe immediately and:

- a) with the consent of the requesting member, close the trade or
- b) continue to attempt to execute the purchase under direction from SWX Europe.

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## 5. Passing on of settlement discipline action

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A liable member may, where it acted as principal in the transaction subject to the settlement discipline action, nominate in its place another member which has an outstanding obligation to deliver securities of the same description to the liable member.

When nominating another member, a liable member shall:

- a) return the original settlement discipline notification to SWX Europe and
- b) submit a new settlement discipline request form containing the reference number from the original settlement discipline notification in the special conditions box.

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## 6. Refusal and suspension of settlement discipline action

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SWX Europe reserves the right to refuse or suspend requests from a requesting member in circumstances where:

- a) the settlement discipline action would not be effective or could not be executed or
  - b) the liable member can demonstrate to SWX Europe sufficient reason for non delivery.
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## 7. Settlement Discipline Charges

Upon receipt of a settlement discipline action request from a member, SWX Europe will issue a notice to the liable member, which will be charged as shown below.

GBP (Pound Sterling) consideration			
Member	UK	Swiss	Other
Up to £100,000 (incl.)	£25	CHF 50.00	€ 40.00
Up to £500,000 (incl.)	£50	CHF 125.00	€ 75.00
Over £500,000	£75	CHF 175.00	€ 125.00

CHF (Swiss Francs) consideration			
Member	UK	Swiss	Other
Up to CHF 250,000 (incl.)	£25	CHF 50.00	€ 40.00
Up to CHF 1,250,000 (incl.)	£50	CHF 125.00	€ 75.00
Over CHF 1,250,000	£75	CHF 175.00	€ 125.00

EUR (Euro) consideration			
Member	UK	Swiss	Other
Up to €150,000 (incl.)	£25	CHF 50.00	€ 40.00
Up to €750,000 (incl.)	£50	CHF 125.00	€ 75.00
Over €750,000	£75	CHF 175.00	€ 125.00

NOK (Norwegian Krone) consideration			
Member	UK	Swiss	Other
Up to 1,250,000 NOK (incl.)	£25	CHF 50.00	€ 40.00
Up to 6,500,000 NOK (incl.)	£50	CHF 125.00	€ 75.00
Over 6,500,000 NOK	£75	CHF 175.00	€125.00

DKK (Danish Krone) consideration			
Member	UK	Swiss	Other
Up to 1,250,000 DKK (incl.)	£25	CHF 50.00	€ 40.00
Up to 6,000,000 DKK (incl.)	£50	CHF 125.00	€ 75.00
Over 6,000,000 DKK	£75	CHF 175.00	€ 125.00

SEK (Swedish Krona) consideration			
Member	UK	Swiss	Other
Up to 1,500,000 (incl.)	£25	CHF 50.00	€ 40.00
Up to 7,500,000 (incl.)	£50	CHF 125.00	€ 75.00
Over 7,500,000	£75	CHF 175.00	€ 125.00

The exchange rates, which will be reviewed periodically, have been fixed as follows until further notice:

GBP – CHF: 2.1747  
GBP – EUR: 1.4562

If the liable member does not action the request by the specified date, further charges will apply as follows unless SWX Europe is satisfied that the liable member has taken every reasonable endeavour to settle the outstanding transaction:

- a one-off charge of 0.25% of the consideration of the transaction and
- a charge of 0.1% of the consideration of the transaction for each market day for which the delivery remains outstanding.

Failure to settle the transaction 7 business days after the specified date may result in disciplinary action.

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