Cboe Clear SM

# Regulation Settlement

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# 1. Introduction

This Regulation is enacted pursuant to and in accordance with the Clearing Rule Book.

Capitalised terms used in this Regulation, and not otherwise defined herein, shall have the meaning ascribed thereto in the Clearing Rule Book.

This Regulation applies as of _____~~12 June 2025~~.

Changes to this Regulation will be implemented in accordance with the Changing Cboe Clear Rulebook & Regulations Procedure as published on Cboe Clear's website.

# 2. Settlement of Securities

## 2.1 General

The settlement cycle is Trade Date (T)+2 for all markets in which Cboe Clear conducts settlement activities.

All gross executions accepted for clearing are netted, according to the Clearing Participant's netting preferences, and result in settlement instructions which will be submitted in the respective CSD system in the evening of T, except for the Spanish market. Settlement instructions for the Spanish market are submitted on T+1 by Cboe Clear to support the realignment process used in the Spanish market.

Local holidays in the various countries where Cboe Clear conducts settlement activities, including the countries of origin of currencies in which Cboe Clear is active, are set out in the Cboe Clear Settlement Calendar, as published on Cboe Clear's website and updated from time to time. Where settlement cannot take place in a relevant country due to a local holiday, set out in the Cboe Clear Settlement Calendar or an unscheduled holiday (e.g. as announced by governments or central banks), settlement takes place the next business day in the relevant country.

## 2.2 Partial settlement

Partial settlement means settling only a part of the original quantity or amount when full settlement is not possible due to lack of securities or cash. This process is supported through automated functionality offered by the settlement system or by manual intervention of the settlement process. The partial process comes in the following forms:

### 2.2.1. Automated Partial Settlement

Cboe Clear mandates partial settlement where available across all cleared markets and supports the automated partial functionality offered by the respective settlement platforms. Clearing Participants shall use the partial indicator PARQ or PART when the PARQ indicator is not supported by the local CSD.

### 2.2.2. Manual splitting

Cboe Clear offers a partial settlement process, where Cboe Clear and its Clearing Participants can send split requests to each other. Split requests will only be accepted for markets were auto-partial is not (fully) offered by the relevant CSD or in exceptional circumstances to support settlement performance.

Clearing Participants shall follow the instructions from Cboe Clear to cancel and / or reinstruct in respect of the partial settlement process.

The size of the split requests from a Clearing Participant towards Cboe Clear will be dealt with at the discretion of Cboe Clear on a case-by-case basis. All split requests should be sent to email address: mbo.cboeclearеu@cboe.com.

## 2.3 Shaping

Cboe Clear may request a Clearing Participant shape a pending settlement instruction. In case of such a request by Cboe Clear, the Clearing Participant shall accept the request and shall (before 15:00 CET) cancel and re-instruct the settlement instructions for the agreed shape. When the CSD PoA is in place, Cboe Clear will manage the cancellation and submission of the settlement instructions. Cboe Clear may request Clearing Participants to shape a settlement instruction as from T+1.

The threshold for shaping will be a net settlement consideration of EUR 20 million (or equivalent in other currencies).

Cboe Clear will send shaping instructions to Clearing Participants by email, using the same email addresses which it has on file for the splitting process.

## 2.4 Pair Off procedure

Clearing Participants may pair-off settlements in the same ISIN, same currency, in the same CSD across different Settlement Dates provided that:

1) pair-off requests will be processed by Cboe Clear on the day of receipt on a reasonable effort basis after closure of the settlement system of the relevant market to avoid duplicate settlement and
2) Cboe Clear will process no more than five (5) ISIN pair-off requests per day per Clearing Participant.

Cboe Clear will only process pair-off requests where the following conditions are met:

1) the Clearing Participant has a failed sale transaction(s) that has reached SD+3; and
2) the Clearing Participant has failing purchase transactions (SD+1 and later) in the same ISIN code that create a pair-off opportunity.

Pair-off requests, detailing the trades that require pair-off, should be sent to Cboe Clear's Middle and Back Office via email: mbo.cboeclearеu@cboe.com.

Cboe Clear will not process pair-off requests for the Spanish market due to ownership reporting in the second tier register applicable to CSD participants (excluding CCPs).

## 2.5 Strange nets

Multilateral netting results in one of the following outcomes[1]:

[1] Please note that for the UK market, strange net processing is processed in a different manner in the CSD.

| | | Stock Movement | Cash Movement |
|---|---|---|---|
| 1 | “Normal” purchase | Receive | Deliver |
| 2 | “Normal” sale | Deliver | Receive |
| 3 | Deliver with payment | Deliver | Deliver |
| 4 | Receive with payment | Receive | Receive |
| 5 | Deliver stock with no cash | Deliver | 0 |
| 6 | Receive stock with no cash | Receive | 0 |
| 7 | Deliver cash but no stock | 0 | Deliver |
| 8 | Receive cash but no stock | 0 | Receive |
| 9 | No stock or cash movement | 0 | 0 |

By default, Cboe Clear will resolve scenarios 3 to 9 by means of a directional net. In this case, all buys and sells will be netted “directional” resulting in two settlement instructions.

In scenarios 3, 4, 5 and 6 the strange net can also be resolved by means of Free Of Payment (**FOP**), with or without a separate payment instruction. Please note that for technical reasons (different settlement operating model) this model is not supported for transactions that settle in Euroclear UK&I. Therefore, for the UK market, these strange nets will always result in two directional settlements. The use of FOP is not available in the Spanish market. For scenarios 7, 8 and 9, the strange net can also be resolved by means of a cash settlement (or no settlement at all, for scenario 9) only. This means that no settlement instruction is sent to the CSD. Clearing Participants shall grant Cboe Clear the right to direct debit their account(s) for the purposes of cash settlement of strange nets and shall execute and deliver such documents to Cboe Clear as it may reasonably require for this purpose.

Scenarios 3 to 9 could also settle via instruction types Delivery With Payment (DWP), Receive With Payment (RWP) and Payment Free of Delivery (PFOD). These instruction types are supported for markets that migrated to T2S.

Since the alternative methods of resolving strange nets are not the default option, Clearing Participants shall inform Cboe Clear via an e-mail detailing for which Trading Participant(s) and market segment(s) this option should become applicable. Furthermore, the e-mail should also contain the payment details. It is possible to send Cboe Clear payment details per underlying client.

Please note that Cboe Clear will accumulate the results of all cash settlements and as such will only expect one payment or make one payment per Clearing Participant or Trading Participant per currency. This is depending on the requested set-up per Clearing Participant or Trading Participant with regards to netting preferences.

All requests should be distributed to Cboe Clear’s Middle and Back Office via email: mbo.cboeclearеu@cboe.com.

# 3. Settlement Authorisation

Clearing Participants shall have arranged, by no later than 31 December 2025 a settlement Power of Attorney (**PoA**) that authorises Cboe Clear to initiate the settlement instruction on their behalf either (i) in the CSD system (CSD PoA) or (ii) through their settlement agent in the form of a settlement agent PoA (**Settlement Agent PoA**). Cboe Clear may waive a Clearing Participant's obligation to arrange a CSD PoA or a Settlement Agent PoA where it is not technically possible to arrange one.

## 3.1 CSD Power of Attorney

The CSD PoA authorises Cboe Clear to initiate the settlement instruction on behalf of the Clearing Participants directly within the CSD settlement system.

To provide this service, the CSD participant (Clearing Participant or settlement agent) needs to sign a CSD POA allowing Cboe Clear to submit settlement instructions on behalf of the Clearing Participant in the CSD settlement system.

In the markets were the CSD supports the CSD PoA, the Clearing Participant or its settlement agent shall grant Cboe Clear a CSD PoA. This applies for settlement within the following CSDs:

- Clearstream Banking Frankfurt
- Euroclear Belgium, Euroclear France, Euroclear Netherlands
- Euroclear Bank
- Euroclear UK & International (direct input)
- Euronext Securities Milan, Porto, Oslo
- Iberclear (mandated by CSD)
- OeKB
- SIX SIS

Except for Iberclear, Cboe Clear will send the settlement instructions to the relevant CSDs at the end of the day on trade date. For Iberclear, settlement instructions are submitted in T2S on T+1 due to the realignment process.

Further detail about the CSD PoA in the different markets can be found in the Framework Settlement Instruction Authorisation, published on the Cboe Clear website.

## 3.2 Settlement Agent Power of Attorney

Under the Settlement Agent PoA model, Cboe Clear is authorised to send the settlement instruction leg on behalf of the Clearing Participant to their Settlement Agent.

The settlement instruction leg of the Clearing Participant will be sent at the same time Cboe Clear submits its own leg in the settlement system. Upon receipt of the settlement instructions, the Clearing Participant’s settlement agent is required to forward the settlement instruction to the settlement platform for matching with the Cboe Clear settlement instruction as soon as reasonably possible.

The Clearing Participant will need to sign the Cboe Clear Power of Attorney form. Depending on the settlement agent involved, a separate bilateral agreement needs to be signed allowing Cboe Clear to send the settlement instructions on behalf of the Clearing Participant to the settlement agent.

The Settlement Agent POA is only available to Clearing Participants in markets where a CSD PoA is not available:

- Euroclear Sweden, Euroclear Finland
- Euronext Securities Copenhagen
- KPDW, Keler and CDCP

# 4. Hold & Release Functionality

Clearing Participants who have authorised Cboe Clear to submit settlement instructions in the CSD system, can apply for the Hold & Release service. Cboe Clear can set the Clearing Participant leg on "hold" by default on request of the Clearing Participant. The Clearing Participant or its settlement agent must release the held settlement leg by updating the settlement instruction in the CSD system accordingly.

A Hold & Release service is supported in T2S markets that support the Already Matched functionality and Euroclear Bank.

Market claims resulting from dividend events (Stock or Cash) created in T2S with a "Hold" status, shall be released by the Clearing Participant or its settlement agent on or before the day the original trade settles.

Further detail about the Hold & Release functionality can be found in the Framework Settlement Instruction Authorisation, published on the Cboe Clear website.

# 5. CSDR Cash Penalties

Regulation EU No 909/2014, chapter 3 and Commission Delegated Regulation (EU) 2018/1229 (together **CSDR**) detail the provisions on settlement discipline. CSDR requires that penalties are applied for settlement instructions that fail to match and/or fail to settle on the intended settlement date (**ISD**). The calculation, reporting, collection and distribution of such penalties is performed by the relevant CSD, including for cleared transactions, where the relevant financial instrument has been classified as CSDR eligible by the European Securities and Markets Authority (**ESMA**). CSDR does not apply in the Swiss and UK markets. For failing settlement instructions in these markets or in non-CSDR eligible instruments, the Cboe Clear Fail fee will be applied.

Late Matching Fail Penalties (**LMFP**) are charged to the CSD participant that last touched or sent the late matching settlement instruction. Settlement Fail Penalties (**SEFP**) are charged to the CSD participant responsible for failing to complete settlement on ISD.

Where LMFP or SEFP are applied to Cboe Clear by the CSD, Cboe Clear will reallocate the penalty charge to the relevant Clearing Participant(s). Clearing Participants should refer to the relevant CSD-issued report for information on the LMFP and SEFP charges reallocated to them.

Cboe Clear reserves the right to mutualise the reallocation of LMFP or SEFP charges where it is unable to allocate to a specific Clearing Participant. The results of the mutualisation (this may be a deficit or cash surplus) will be charged and reflected in EUR in the Fee Information File (FIF) file no later than the 10$^{th}$ Clearing Day of the following month. LMFP

or SEFP in non-EUR will be converted to EUR based on the final foreign exchange (FX) rate of the month that the penalties were calculated by the CSD.

Where a Clearing Participant consistently and systematically fails to deliver financial instruments on ISD, Cboe Clear may, in consultation with its competent authority, suspend such Clearing Participant and publicly disclose the identity of such Clearing Participant, provided it gives such Clearing Participant the opportunity to submit its observations and has duly informed the Cboe Clear competent authority.

### 5.1 Appeal

If a Clearing Participant does not agree with a CSDR penalty, they can lodge an appeal at the relevant CSD against the decision of the CSD.

## 6. Cash and Securities Settlement Instruction

### 6.1 Cboe Clear procedure for payments

Payments resulting from a pair-off or strange net, will be initiated by Cboe Clear towards Clearing Participants with a value date being the Settlement Date. It is possible to instruct Cboe Clear with different account numbers per underlying Trading Participant.

Each Clearing Participant shall provide Cboe Clear with standing payment instructions for using the Cboe Clear Direct Debit Authorisation form with respect to strange nets payments.

These payments should be made to the relevant accounts specified in the document 'Cboe Clear Standard Settlement Instructions' (as amended from time to time) as published on the website of Cboe Clear.

### 6.2 Cboe Clear Standard Settlement Instructions (SSIs)

Cboe Clear operates its own securities accounts with the CSDs established in the following markets: Austria, Belgium, Denmark, France, Finland, Germany (domestic and international), Italy, The Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and United Kingdom . In addition to this, Cboe Clear operates its own securities account with Euroclear Bank for the settlement of Irish, Depositary Receipts & ETF securities, an account with Clearstream Bank Luxembourg and has appointed a sub custodian for the markets of Czech Republic, Hungary and Poland. The Standard Settlement Instructions (SSIs) for these settlement locations are specified in the document 'Cboe Clear Standard Settlement Instructions' (as amended from time to time) as published on the website of Cboe Clear.

# 7. Settlement specifics per market

## 7.1 Settlement specifics – Spanish market

### 7.1.1. Execution Realignment

Cboe Clear offers services to support execution realignment requests on Trade date or on T+1.

If trade legs are booked to an incorrect position account or sub account, Cboe Clear will support the transfer or re-alignment of the trade legs.

Clearing Participants may instruct Cboe Clear to re-align trade legs by providing a file detailing those trade legs to be re-aligned. Each trade leg in the file must contain the original and new position account or sub account. Clearing Participants may only re-align executions between their own accounts. This process is also possible on a part of an individual trade leg.

Cboe Clear will process the file upon receipt and the trade legs will be booked as contra-entries in the original account and booked in the new account in accordance with the information provided in the file.

The execution re-alignment files are processed between 08:00 – 14:30 CET and between 18:50 – 19:10 CET on Trade Date and on Settlement Date (SD) - 1 between 08:00 – 14:30 CET. The Spanish Transactions and Settlements (STS) file includes the amendments resulting from the re-alignment process and is available at the end-of-day.

### 7.1.2. Settlement Day - 1: Submission of settlement instructions

Settlement instructions (with the status 'hold' or 'release') will be sent to the Target 2 Securities platform (T2S) on SD-1 prior the first Night Time Settlement in T2S start. Settlement instructions will only be sent to the CSD once the processing of the Execution Re-alignment files are completed on SD-1 prior to 20:00 CET.

## 7.2 Settlement specifics – UK & International

For settlement obligations that settle within the UK, Cboe Clear uses the Central Sponsor Services (Direct Input settlement model) of EUI. Cboe Clear sends a settlement instruction for its own leg to the settlement platform (Crest) and the Direct Input functionality automatically creates matching counterparty leg. To facilitate correct straight through processing of settlement instructions for which direct input is not used, the EUI participant must:

1) match within the settlement instruction the same “trade price” as Cboe Clear, or leave the field “trade price” empty; and
2) quote stamp status – “K - No SDRT liability & Irish exempt, net/aggregate transaction or assessed elsewhere” – within the transaction stamp status field of all matching settlement instructions versus Cboe Clear.

Clearing Participants (or their settlement agents) are also required to set Cboe Clear as their “Stamp Data Provider” (**SDP**) in EUI with ID EMCFNLKE to allow Cboe Clear to act as such. This will help to avoid stamp reconciliation failures being reported by EUI to the relevant tax authorities.

Clearing Participants may also opt to perform all Strange Net scenarios in EUI, with the exception of the scenario resolved by means of Free Of Payment (FOP)– see section 2.5.

## 7.3 Settlement specifics – France

French registered securities settle in a separate securities account as specified in the document 'Cboe Clear Standard Settlement Instructions' (as amended from time to time) as published on the website of Cboe Clear.

## 7.4 Settlement specifics – Norway

Settlement instructions must be instructed always using the partial indicator "PART". The use of the NPAR partial indicator (no partial settlement) is not allowed and will be overridden if used to keep settlement efficiency as high as possible. The partials take place at (S-1) 20.00-(S) 06.00, 12.00-12.10 and 14.30-14.40 (all CET).

To settle on ISD settlement instructions must be matched before 14:00 CET on ISD.

## 7.5 Settlement specifics – Sweden

Settlement instructions must be instructed always using the partial indicator "PART". Due to partial functionality not being available in Sweden on Held instructions, Cboe Clear, upon the request of a Clearing Participant, will accept manual splits delivering stock into Cboe Clear on a case-by-case basis. The partials take place at 9.30, 11.30, 12.30, 13.30, 14.30 and 15.15 (all CET).

## 7.6 Settlement specifics – Czech Republic

Settlement instructions must be instructed always using the partial indicator "PART". The use of the NPAR partial indicator (no partial settlement) is not allowed.

## 7.7 Settlement specifics – Deutsche Borse trading activity

This section only applies to trading activity during the extended opening hours of Deutsche Borse between 19:30 and 22:00 CET.

While gross executions accepted for clearing from Deutsche Borse are netted according to the Clearing Participant's netting preferences and result in settlement instructions, which will be submitted in the respective CSD system in the evening of the Trade Date around 19:45 CET, gross executions accepted for clearing after 19:30 CET are netted according to the Clearing Participant's netting preferences and result in a second settlement instruction with the same Trade Date. This settlement instruction will be submitted in the respective CSD system in the evening of the Trade Date around 22:30 CET.

# 8. Settlement of Derivatives Contracts

## 8.1 Notification Daily Settlement Price and Exchange Delivery Settlement Price

Cboe Clear shall notify Clearing Participants of the Daily Settlement Price and the Exchange Delivery Settlement Price for Futures Contracts and Options Contracts as determined by the relevant Exchange, via e-mail or other electronic message. Cboe Clear shall not be liable towards Clearing Participants for any errors in the notification.

## 8.2 Settlement of Cash Settled Obligations and Index Option Contracts Premium Payments

With respect to Cash Settled Obligations and Premium Payments in respect of Index Option Contracts, Cboe Clear shall aggregate such amounts and calculate a single net amount payable or receivable per Position Account, per currency, per Clearing Participant, per day.

Cboe Clear shall be entitled to directly debit the relevant account of a Clearing Participant for the net amount per Position Account, per currency payable by the Clearing Participant on the next Clearing Day following such calculation of the amount payable.

The relevant direct debit instructions will be released by Cboe Clear at approximately 07:00 CET. Payment must be received by Cboe Clear before 07:45 CET. Cboe Clear shall credit the relevant account of a Clearing Participant for the net amount per Position Account, per currency receivable by the Clearing Participant on the next Clearing Day following such calculation of the amount receivable, after 08:30 CET. The Clearing Participant shall procure that debit instructions received from Cboe Clear are processed by the relevant bank.

## 8.3 Settlement of Contracts of Sale and Equity Options Contracts Premium Payments

A Contract of Sale is settled in accordance with the T+2 settlement cycle period, in accordance with section 2 of this Regulation. Deliveries of underlying Securities arising from Contracts of Sales may be netted separately or together with a Clearing Participant's deliveries of Securities arising from cash equity transactions per Position Account, per currency, per day. Clearing Participants shall select which netting option shall be applied as part of the SSI set-up. The Clearing Participant shall fulfil the relevant delivery and payment obligations in accordance with Cboe Clear's instructions.

For Premium Payments in respect of Equity Options Contracts, Cboe Clear shall be entitled to directly debit the relevant account of a Clearing Participant for the net amount payable per Position Account, per currency payable by the Clearing Participant on the next Clearing Day following such calculation of the amount payable. The relevant direct debit instructions will be released by Cboe Clear at approximately 07:00 CET. Payment must be received by Cboe Clear before 07:45 CET. Cboe Clear shall credit the relevant account of a Clearing Participant for the net amount per Position Account, per currency receivable by the Clearing Participant on the next Clearing Day following such calculation of the amount receivable, after 08:30 CET. The Clearing Participant shall procure that debit instructions received from Cboe Clear are processed by the relevant bank.