

## Implementation of the buy-in procedure - Regulation of the European Parliament and of the Council of the European Union

Dear Clearing Members,

LCH.Clearnet SA would like to update you on the implementation of the [European Short Selling Regulation Article 15](#) on 1 November 2012.

As a result of this new regulation, the settling on net fails related to transactions executed on markets operated by a market undertaking will be shortened from Intended Settlement Date+7 to ISD+4.

**This procedure adjustment will be effective for trades with ISD on 29 October 2012.**

Please find below:

- the full updated version of this procedure which will be available from 26 October 2012 on the following link:  
[http://www.lchclearnet.com/rules\\_and\\_regulations/sa/instructions.asp](http://www.lchclearnet.com/rules_and_regulations/sa/instructions.asp)
- The table which illustrates the roll-out of the first buy-in procedure at ISD+4 on the following link: [http://www.lchclearnet.com/images/timescale\\_Short\\_selling.pdf](http://www.lchclearnet.com/images/timescale_Short_selling.pdf)

LCH.Clearnet SA will adjust its current fee structure on fails and buy-ins on 1<sup>st</sup> November, as shown below\*:

- The fail penalty fee is made up of:
  - A fixed fee unchanged of €15.00;
  - **A variable fee ("EONIA-based rate" + 1%) / 360 x amount** - Currently, the "EONIA-based rate" used is 0.12%; unless significant changes are registered;
  - **The CAP of €500 is no longer applied for the variable fee;**
  - The passing back mechanism remains unchanged;
- Buy-in / purchase costs of €150. This is charged for each buy-in process initiated by LCH.Clearnet SA in addition to any amount due to meet the cost of purchasing the securities.

(\* subject to regulatory approval)

Should you require any additional information, please do not hesitate to contact the Operations Department at [Lchclearnetsa\\_DO\\_Equities@lchclearnet.com](mailto:Lchclearnetsa_DO_Equities@lchclearnet.com) - + 33 1 70 37 42 92 or your account manager.