

# Clearstream Default Management

## Consequences of default on settlement instructions

To the extent permitted by law, and according to the contractual agreements in place between Clearstream and the customer, Clearstream may block the processing of settlement instructions.

In the specific case of customer insolvency, the handling of pending settlement instructions is in principle performed according to the rules presented in the below table.

Scenario	Description	Applicable rule if Clearstream is notified of the insolvency <u>on</u> the date of opening of insolvency proceeding	Applicable rule if Clearstream is notified of the insolvency <u>after</u> the date of opening of insolvency proceeding
1	Transfer orders entered into the system and validated before the moment of the opening of insolvency proceedings (the "Opening Moment").	No action will be taken (that is, transfer orders will be processed according to system rules).	No action will be taken (that is, transfer orders will be processed according to system rules).
2	Transfer orders entered into the system after the Opening Moment, which were matched before Clearstream becomes aware and <u>for settlement on the business day</u> of the Opening Moment.	If settled before the end of the business day of the Opening Moment, no action will be taken (that is, transfer orders will be processed according to system rules).  Transfer orders still pending at the end of the business day of the Opening Moment will be put on hold and cancellation requested <sup>1</sup> .	Unless already settled, transfer orders will be put on hold and cancellation requested <sup>1</sup> upon Clearstream becomes aware.
3	Transfer orders entered after the Opening Moment, which were matched before Clearstream becomes aware but <u>for settlement later</u> than on the business day of the Opening Moment.	Transfer orders will be put on hold and cancellation requested <sup>1</sup> when Clearstream becomes aware.	Transfer orders will be put on hold and cancellation requested <sup>1</sup> when Clearstream becomes aware.  Transfer orders entered after the Opening Moment which were matched for settlement later than the business day of the Opening Moment may still settle if Clearstream is not aware of the insolvency at settlement.
4	Transfer orders entered after the Opening Moment, which were not matched by the time Clearstream becomes aware.	As soon as Clearstream becomes aware, transfer orders will be put on hold and cancellation requested <sup>a</sup> .	As soon as Clearstream becomes aware, transfer orders will be put on hold and cancellation requested <sup>1</sup> .
5	Transfer orders entered after the moment Clearstream becomes aware of insolvency proceedings upon request or with the approval of the insolvency liquidator.	Transfer orders will be processed according to system rules (exception to rejection rule under Scenario 6).	Transfer orders will be processed according to system rules (exception to rejection rule under Scenario 6).
6	Transfer orders entered after the moment Clearstream becomes aware of insolvency proceedings without request or approval of the insolvency liquidator.	Transfer orders will be rejected.	Transfer orders will be rejected.

1. Cancellation requests are executed in accordance with the respective system/markets rules and may be subject to bilateral cancellation.