



**RULES OF SETTLEMENT SYSTEM  
OF UNIVYC, A.S.**

**RULES OF SETTLEMENT PSE**

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# RULES OF SETTLEMENT SYSTEM OF UNIVYC, A.S.

## PART GENERAL

### CHAPTER I GENERAL PROVISIONS

#### Article 1

##### Scope of application

1. UNIVYC, a.s. with the registered office at Rybná 14, 110 05, Prague 1, company identification No.: 25 08 14 89, incorporated in the Companies Register kept by the Municipal Court in Prague in Section B, Insert 4308 (hereinafter referred to as "Univyc") is the operator of the settlement system in the sense of Section 82 et seq. Act No. 256/2004 Coll. On Undertaking on Capital Market (hereinafter referred to as the "Act").
2. The Rules of Settlement System of Univyc, a.s. (hereinafter referred to as the "settlement system") regulate conditions of participation in the settlement system, rights and duties of participants in the settlement system, conditions and procedure at settlement of exchange and over-the-counter trades and transactions and related activities (hereinafter referred to as the "trades and transactions"), as well as other requisites imposed on the settlement system by law.

#### Article 2

##### Definition of terms

1. **Stock Exchange** - Burza cenných papírů Praha, a. s. (Prague Stock Exchange )
2. **Session** – business day, on which it is traded on the Stock Exchange<sup>1</sup>.
3. **Time schedule** – describes individual stages of settlement from the point of view of participants of the settlement, including business hours of accepting orders for settlement and at the same time it contains the manner of arranging of orders for transfers of securities within each individual settlement cycle. The Time schedule forms Annex No. 2 hereto.
4. **Net position** – information for participants of settlement on volume of financial means transferred to the Clearing Centre of the Czech National Bank (hereinafter referred to as the "clearing centre" or "CC CNB") after closed settlement cycles which include money transfers.
5. **CNB** – Czech National Bank supervising over the capital market in the sense of Act No. 15/1998 Coll., on Supervision on Capital Market and Modification and Amending of Other Acts, as amended.
6. **Settlement cycle** – processing of allotments of securities transfers from the Securities Centre and Univyc's Separate register and carrying of securities transfers in Univyc register. Time determination of each settlement cycle (morning, forenoon, afternoon DVP and afternoon DFP

<sup>1</sup> *Stock Exchange Regulation – Trading Rules*

cycle) and possibility of settlement trades with or without money transfers is determined by Time schedule.

7. **Allotment** – compact set of transfers in electronic form.
8. **Depository** – depository of certificated securities, with which Univyc has concluded Contract on Deposit of Certificated Securities.
9. **Daily settlement price** – the price, the calculation of which is regulated by special regulation<sup>2</sup>.
10. **Daily settlement of price changes** – daily securing of financial settlement of profits and losses from purchased and sold futures and from open position of futures of preceding accounting day.
11. **Guaranteed trades** – trades closed in the business system of the Stock Exchange, to which the Rules of Exchange Guarantee Fund apply (hereinafter referred to as “GFB”).
12. **Identifier** – unique identification number, which is personal identification number for natural person and registration number for legal entity based in the Czech Republic; eventually substitute identification number (NID) assigned by Securities Centre or Univyc.
13. **Unilateral trade** – the trade, at which the same participant appears on the part of both purchase and sale (“cross trade”).
14. **Final settlement price** – the price, the calculation of which is regulated by special regulation.<sup>3</sup>
15. **Final settlement of futures** – financial settlement of obligations between the holder of short position and holder of long position as of the day of maturity of futures.
16. **Control and sanction limit** – limit of losses from trading with futures contracts during the exchange day corresponding to the proportional amount of margin contributions on deposit stipulated hereby.
17. **Open position limit** – limit of total open position of recorded futures contracts monitored by Univyc after termination of every session, which is stipulated for the authorized stock exchange member hereby.
18. **Asset account** – account, on which the investment instruments are registered in Separate register of Univyc.
19. **Margin** – guarantee for fulfillment of obligations from trades in futures deposited by the authorized stock exchange member in cash or in the form of bank guarantee, unless it is stipulated hereby otherwise.
20. **Multiplicator** – unit value of underlying asset
21. **Open position of futures of authorized stock exchange member** – absolute value of purchase or selling position of futures<sup>4</sup> of the respective series for all asset accounts, on which the given futures series are registered for the authorized member.
22. **Auxiliary asset account** – account in Univyc register, on which the securities registered in the Securities Centre are kept for the settlement purposes.
23. **Transfer** – order to change the state on an asset account, on which the investment instruments are kept, against transfer of money or without transfer of money.
24. **RCU** – registration number of participant.
25. **SCP** – Securities Centre, person keeping the register of book-entered or immobilized securities.
26. **Settlement system** – set of hardware, software, communication and organizational means, which serve for securing of matching of orders, for settlements of trades and transactions with securities and investment instruments and for securing of related activities.
27. **Own trade** – unilateral trade, at which the participant’s own account acts on the part of both purchase and sale.

<sup>2</sup> Stock Exchange Regulation – Standardization of futures contracts

<sup>3</sup> Stock Exchange Regulation – Standardization of futures contracts

<sup>4</sup> Stock Exchange Regulation – Rules of futures contracts trading in SPAD system

28. **Position closing** – purchase or sale of such number of contracts of certain futures series, in the consequence of which the open position in these series becomes zero.
29. **Accounting day** – time period including settlement processes in accordance with the Time schedule.
30. **Daily balance** – the moment of termination of changes registration on the given accounting day in the Separate register kept by Univyc and drawing up of final states at asset accounts.
31. **Clearing centre** – technical system of CNB for interbank system of payment.

### **Article 3**

#### **Clearing bank**

1. The clearing bank is the bank - participant, which participates in clearing of trades and transactions in Czech crowns for itself or for other participant by means of the clearing centre.
2. The clearing bank shall in its declaration for the clearing centre, the specimen of which is an Annex hereto (Annex No. 4), authorize Univyc for giving orders to clear financial means arising from the trades and transactions with investment instruments by means of the clearing bank account in the clearing centre, in the form of orders of the third party.
3. The clearing bank is entitled to modify or cancel the declaration under paragraph 2 only if it and the participants, for which it arranges the settlement of trades and transactions, fulfilled their obligations arising from these trades and transactions. The obligation arising from previous sentence shall be confirmed by the clearing bank in its declaration for Univyc, the specimen of which is an Annex hereto (Annex No. 5).

### **Article 4**

#### **Charges**

The charges for settlement and other activities of Univyc are regulated by the Univyc Charges Regulations.

### **Article 5**

#### **Operational risk management and control of Univyc procedures**

1. Univyc minimizes operational risk in the following manner:
  - a) by system of automated task processing, in which it is not able to disturb their succession by manual acting,
  - b) by control of two detached Univyc workplaces, through which processing of individual tasks passes,
  - c) by observing of stipulated working processes of the respective workplace,
  - d) by control of signatures on written orders of participants against specimen signatures.
2. Univyc is not liable for the risk arising from accepting of electronic order by the participant from the unauthorized person.
3. Univyc is not liable for the risk arising from misuse of signature template.
4. Univyc makes receiving inspection of all orders for settlement and related documents accepted for processing.
5. Handover of clearance documents from Univyc to the participants and depository is preceded by the output control.

## **CHAPTER II**

### **CONDITIONS OF PARTICIPATION IN SETTLEMENT SYSTEM**

#### **Article 6**

##### **Commencement of participation in settlement system**

1. The participant of the settlement system of Univyc, a.s. (hereinafter referred to as the “participant”) may be only the person mentioned in the Act<sup>5</sup>, which fulfilled the conditions for participation in the settlement system and which acceded to these Rules of Settlement System and other regulations of Univyc, which regulate activities of Univyc as the settlement system and which were duly published in the Stock Exchange Bulletin and on Univyc Internet Pages [www.univyc.cz](http://www.univyc.cz).
2. Participation in the settlement system commences by accepting of the participant in the sense of Article 9 and by signing of Statement of Accession, which forms Annex No. 1 hereto.
3. The participant may not be the person, to the property of which the bankruptcy was declared in accordance with special law <sup>6</sup> or the settlement was permitted or the proposal for declaration of bankruptcy was rejected for the lack of property, for the period of five years after termination of these proceedings. The participant may not be the person, which is bankrupt or the property stability of which is threatened in another material manner.
4. The participant may not be the person, whose permit to the activities, which authorize this person to the participation in the settlement system, was taken away.
5. The participant, which acceded to the settlement system under paragraph 1 and 2, agrees with the fact that the relations arising from the participation in the settlement system are governed by the Czech laws.

#### **Article 7**

##### **Basic duties of participant**

1. The participant, which is not the clearing bank, is obliged to have secured contractually financial clearance of trades in investment instruments by means of any of the clearance banks.
2. The participant is obliged to have the concluded contract with SCP, the subject of which is providing of services of SCP on the basis of requirements in the form of data sentences.
3. The participant must fulfill the technical presumptions in the sense of special regulation of Univyc<sup>7</sup>.
4. The participant must fulfill the conditions of participation for the whole period of its participation in the settlement system.
5. There is no legal claim for participation in the settlement system.

#### **Article 8**

##### **Proceedings on participation commencement**

1. Proceedings on participation commencement are initiated on the basis of the written application addresses to Univyc. The condition of filing of application is payment of the charge stipulated by special regulation of Univyc<sup>8</sup>. The charge is non-returnable.
2. The application under paragraph 1 contains:
  - a) applicant’s specification (business name, registered office, identification number),
  - b) permit for performance of activities, which authorize the applicant to become the participant, if such permit is necessary,

<sup>5</sup> Section 82 paragraph 4 and 5 Act

<sup>6</sup> Act No. 328/1991 Coll., on Bankruptcy and Settlement, as amended

<sup>7</sup> Communication connection of Univyc members to settlement system

<sup>8</sup> Univyc Charges Regulations, including Schedule of Charges

- c) Certificate of Incorporation containing the current data on the applicant and copies of proposals for carrying out or modification of the incorporation of the Companies Register, which were not registered as of the day of filing of the application in the Companies Register; the Certificate of Incorporation must not be older than one month before the day of presenting of the application,
  - d) number or numbers of the bank accounts, which the applicant shall use for settlement of trades in investment instruments,
  - e) copies of contractual stipulations under Article 7 paragraph 1 and 2,
  - f) mentioning of persons, which shall secure for the applicant the activities connected with settlement and their specimen signatures,
  - g) applicant's statutory declaration on fulfillment of conditions in the sense of Article 6 paragraph 3,
  - h) statutory declaration of the applicant's statutory body that the data mentioned in the application are complete and true.
3. If the applicant may not present all the data and documents under paragraph 2, it shall mention and give reasons for this fact in the application and at the same time it shall suggest the manner, in which it shall replace the missing data or documents.
  4. Unless it is stipulated otherwise, all the data in the application and annexes thereto must be mentioned in the Czech language. The deeds, the original of which is drawn up in foreign language must be attached to the application together with the officially verified translation. At the deeds, which form the annex to the application it is necessary to present their original or officially verified copy.

## **Article 9**

### **Acceptance decision**

1. The Board of Directors of Univyc decides on acceptance of the participant.
2. The Board of Directors of Univyc has the right to require for the purposes of decision on the application from the applicant other data or explanations or particularly to call it to complete the application and further to require the information on the applicant from the professional organizations, the member of which the applicant is and from the persons supervising over the applicant's activities.
3. The Board of Directors of Univyc shall decide on the application within 30 days after its receiving; the facts mentioned in previous paragraph result in suspension of this period. If the substitute data and documents under Article 8, paragraph 3 are not the part of the application, the period mentioned in the first sentence commences after their providing. Decision, by which the application is refused, must contain the grounds.
4. The applicant, the application of which is granted, is obliged to settle admission fee and lump-sum annual participation fee in accordance with the special regulation of Univyc<sup>9</sup>.
5. In the case of application refusal the applicant is entitled to file an application for revision of this decision within 15 days from the day of delivery of the decision on rejection. The Supervisory Board of Univyc decides on this application at its next meeting, however at the latest within 60 days from the day of delivery of this application. Decision of the Supervisory Board of Univyc is final.

## **Article 10**

### **Rights and duties of participants**

1. The participant is entitled to use the services of the settlement system to the extent and under the conditions mentioned herein and in special regulations of Univyc.

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<sup>9</sup> Univyc Charges Regulations, including Schedule of Charges

2. At activities under paragraph 1 only such persons may act on behalf of the participant, which were duly authorized to act with Univyc.
3. The participant is obliged to inform Univyc in writing and without undue delay on:
  - a) all changes in data registered in the Companies Register and other material organizational changes,
  - b) initiation of the proceedings on taking away of the permit, which authorizes the participant to participate in the settlement system, if such permit is necessary for the participation in the settlement system,
  - c) dissolution of the participant, initiation of bankruptcy proceedings or proceedings on settlement permitting or institution of receivership.
4. All the data, which the participant is obliged to present to Univyc in accordance with this regulation, are of confidential character and may be used only for the purposes of participation in the settlement system; this does not affect the Univyc duty to provide information under the generally binding legal regulations.
5. Univyc is obliged to publish for the needs of participants in the Stock Exchange Bulletin in particular information on Univyc regulations, their modifications and decisions of competent Univyc bodies issued on the basis hereof.
6. Obligations and receivables of the participant of the guaranteed trade, which were not settled as of the day of termination of its participation in Univyc, are solved under GFB Rules. Obligations and receivables of the participant of Univyc, which were not settled as of the day of termination of its participation in Univyc, are solved in accordance with generally binding legal regulations.

## **Article 11**

### **Participation suspension**

1. Participation in the settlement system may be suspended in particular for the following reasons:
  - a) the participant is bankrupt or its property stability is threatened in other material manner,
  - b) the participant breached materially or repeatedly these Rules and other regulations of Univyc,
  - c) it was proved on the basis of the decision of the competent body that the participant breached the generally binding legal regulations,
  - d) proceedings were initiated against the participant on taking away of the permit, which authorizes it for the participation in the settlement system,
  - e) proceedings on suspension of its membership in the Stock Exchange was initiated against the participant or the membership in the Stock Exchange of the participant was suspended in accordance with the special regulation<sup>10</sup>,
  - f) the participant is in delay with fulfillment of the obligation to pay the charges arising from the participation in Univyc in accordance with the special regulation of Univyc<sup>11</sup>,
  - g) the participant does not fulfill any of the duties stipulated in the provisions of Article 53 hereof.
2. From the day of effectiveness of the decision on suspension of the participation in the settlement system the participant loses the right to use Univyc services, to which it is entitled, unless it is stipulated in the decision otherwise.
3. Decision on suspension of participation contains the period stipulated for removal of shortages in the participant's activities, which are the reason for suspension of the participation.
4. If the reasons for suspension of participation in the settlement system pass off within the period under paragraph 3, the competent body shall decide on cancellation of suspension of participation in the settlement system.

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<sup>10</sup> *Stock Exchange Regulation – Membership rules*

<sup>11</sup> *Univyc Charges Regulations, including Schedule of Charges*

5. Univyc CEO is entitled to suspend the participation. Decision of Univyc CEO must be confirmed or cancelled by the Board of Directors of Univyc at its next meeting.
6. The decision on suspension of participation in the settlement system does not affect the already existing obligations and rights of the participant towards Univyc and other participants.

## **Article 12**

### **Participation cancellation**

1. The following facts are the reason for participation cancellation:
  - a) a bankruptcy was declared on the property of the participant or the settlement was permitted,
  - b) receivership was instituted at the participant,
  - c) the participant does not fulfill the conditions stipulated hereby, other regulations of Univyc and generally binding legal regulations,
  - d) in accordance with special law the permit for the activities performance was taking away from the participant, which authorizes it for the participation in the settlement system,
  - e) if the participant is in delay with payment of charges without material reason,
  - f) the participant does not fulfill, despite the call of Univyc CEO, any of the duties stipulated in the provisions of Article 53 hereof,
  - g) it came to the participant dissolution<sup>12</sup> and its legal successor does not fulfill the conditions stipulated by this regulation,
  - h) it was proved on the basis of the decision of the competent body that the participant breached the generally binding legal regulations,
  - i) submission of a written application by the Univyc participant.
2. The Univyc Board of Directors decides on cancellation of participation under paragraph 1 letter a) to h). The participant may appeal (in written form) against participation cancellation to the Univyc Supervisory Board within the period of 30 days from the day of delivery of the respective decision. The Univyc Supervisory Board shall decide at its next meeting, however at the latest within 60 days from the appeal delivery. Decision of the Supervisory Board is final. The participation cancelled upon the participant's own request under paragraph 1 letter i) terminates on the day mentioned in the application.
3. An appeal against decision on participation cancellation has the suspensory effect.
4. After cancellation of the participation in Univyc the participant of Univyc is obliged to fulfill all its obligations towards Univyc or possibly towards other participants of Univyc, unless it is stipulated in the decision on participation cancellation otherwise.

## **CHAPTER III**

### **KEEPING OF REGISTER**

#### **Article 13**

##### **Auxiliary asset account**

1. Univyc opens for the participants the auxiliary asset accounts, at which the securities kept on SCP file are registered, for the purposes of settlement of trades and transaction.
2. The auxiliary asset account contains:
  - a) RCU,
  - b) type of account and code of subaccount in Univyc,

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<sup>12</sup> *Commercial Code*

- c) ISIN/SIN,
  - d) number of securities.
3. It is distinguished according to the account type, whether the auxiliary asset account is the owner's account, at which such securities are registered, the owner of which is the participant of Univyc or whether it is the auxiliary asset account of the customer, at which the securities of the participant's clients are registered determined for settlement of trades and transactions by means of Univyc settlement system.
  4. The securities are accepted into the Univyc register on the basis of registration of order of Univyc participant to suspend the right to dispose of the securities on the asset account kept in SCP in favor of Univyc.
  5. The securities are taken away from the Univyc register on the basis of registration of order of Univyc participant to cancel suspension of the right to dispose of the securities on the asset account kept in SCP in favor of Univyc.
  6. The purchased securities are registered to the auxiliary asset account together with suspension of right to dispose of the security in favor of Univyc automatically at settlement of trades and transactions.

#### **Article 14**

##### **Asset account**

1. Univyc registers in its Separate register the investment instruments, with which it trades on the Stock Exchange or which it accepted into the Separate register for the purpose of settlement of trades and transactions in Univyc settlement system. Univyc registers the investment instruments in the Separate register on asset accounts.
2. The asset account contains in particular:
  - a) RCU,
  - b) account No. assigned by Univyc,
  - c) identifier of account owner,
  - d) type of account and code of subaccount in Univyc,
  - e) ISIN or other identification datum marking the issue,
  - f) number of registered investment instruments.

#### **Article 15**

##### **Separate register**

Manner of keeping register of the investment instruments in Separate register kept by Univyc is regulated by special regulation of Univyc<sup>13</sup>.

#### **Article 16**

##### **Form of keeping register**

Univyc keeps register in data files of computing system.

## **CHAPTER IV**

### **SETTLEMENT OF TRADES AND TRANSACTIONS WITH SECURITIES**

#### **Article 17**

##### **Order for settlement and its requisites**

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<sup>13</sup> Rules for keeping of Independent Register in UNIVYC, a.s.



1. Into the settlement system:
  - a) the Stock Exchange puts the matched orders for settlement of closed exchange trades,
  - b) the participants put the orders for matching and settlement of closed over-the-counter trades and transactions.
2. The orders for settlement are handed over to the settlement system by means of data communication or on the basis of special contract.
3. The order for settlement under paragraph 1 letter a) is handed over for settlement in structure of transfers, which is Annex No. 3 hereto.
4. The order for settlement under paragraph 1 letter b) must contain:
  - a) security ISIN,
  - b) RCU (counterparty's),
  - c) number of pieces of securities,
  - d) agreed price for one security or agreed volume of trade,
  - e) order direction (purchase or sale),
  - f) settlement date,
  - g) settlement type,
  - h) type of account and code of subaccount in Univyc,
  - i) identification No. of the participant, which gave the order,
  - j) period of order validity,
  - k) identifier of owner of account, from which/on which the securities shall be transferred,
  - l) number of account, from which/on which the securities shall be transferred.
5. The order may further contain:
  - a) order external No.,
  - b) participant's branch No.,
  - c) type of identifier used,
  - d) client's identification for CNB – this item is obligatory in the case that the participant concluded with Univyc special Contract on reporting of trades with investment instruments accepted for trading on public market or in the case that the settlement shall be carried out by other participant than the one, which registered the order in the system,
  - e) identification No. of the entry in the records of the stock exchange member in the case that the stock exchange member concluded or registered in the automated system of the Stock Exchange in accordance with the Stock Exchange Rules the trade, the settlement of which was not carried out on/from the asset account of the investor, which gave the instruction,
  - f) date and time of the trade closing in the case that the participant has concluded the Contract with Univyc in the sense of letter d) of this paragraph,
  - g) identification of participant of Univyc, which shall carry out the settlement,
  - h) trader's commission in the cases, when the settlement is carried out by another participant,
  - i) code for determination of manner of order matching.
6. Datum - settlement type under paragraph 4 letter g) contains determination, whether it is the settlement in the form of delivery of securities against payment or only in the form of delivery of the securities without payment, or it is the settlement of futures contracts, and further it determines the detailed specification of orders according to the type of trade or transaction and including in the settlement succession.

7. Period of order validity under paragraph 4 letter j) determines the period of validity of non-matched order.
8. If the security is registered in SCP register, the data mentioned in paragraph 4 letters k) and l) must be content of SCP register.
9. If the security is registered in Univyc Separate register, the data mentioned in paragraph 4 letters k) and l) must be content of Univyc register.

**Article 18****Irrevocability of order for settlement**

1. The order for settlement is considered as accepted in the settlement system from the moment, when Univyc commenced settlement by handover of the order for transfer of securities under Article 21.
2. The participant or the third party must not recall unilaterally the order from the moment of its accepting into the settlement system.
3. By commencement of settlement Univyc bears liability for securing of the settlement system against any attempt to recall unilaterally the order for settlement.

**Article 19****Settlement**

1. The settlement includes:
  - a) transfer of securities and rights connected with them and
  - b) transfer of financial means, if the delivery of securities against payment is concerned.
2. Univyc is liable for the concurrent transfer of securities against payment of corresponding amount of financial means or for not transferring of either securities or financial means relating to the given trade or transaction.
3. For fulfillment of main subject of activities under paragraph 1 Univyc carries out other activities, which are:
  - a) keeping of records of participants' securities and rights connected with them on asset accounts in Separate register of Univyc,
  - b) collective custody of certificated securities registered on asset accounts and keeping of register of impounded, i.e. lost and stolen certificated securities,
  - c) payment of returns and installments of principals from bonds in relation to foreign and certificated securities kept on asset accounts in the Univyc Separate register,
  - d) services connected with administration and management of amount of contributions of the participants associated in GFB,
  - e) lending of securities.
4. Univyc carries out the settlement in settlement cycles, when every cycle is commenced by transfer of securities from the asset account of the selling participant to the account of the purchasing participant and in case of settlement cycles with payment transfers also by transfer of financial means from the clearing bank of the purchasing participant to the account of the clearing bank of the selling participant in the clearing centre or at the chosen bank – participant (hereinafter referred to as the “chosen bank”).
5. Such participants of Univyc participates in the settlement, which closed the trade or the participants determined in the order for settlement on the basis of the written contract on settlement of trades in securities and instruction for settlement of the respective trade.
6. The participant, which carries out settlement but does not enter the order for settlement, shall receive the information on the fact that it shall carry out the settlement on the same day, when the trade was registered in the business system of the Stock Exchange or in the Univyc settlement

system. Such participant is obliged to fill in, at the latest until the moment of commencement of settlement, in the matched order for settlement the type of account in Univyc, identifier of owner of the account, from which/on which securities shall be transferred and number of account from/on which the securities shall be transferred. If it does not fill in this information in the matched order for settlement, the trade settlement is suspended. If it does not fill in the information even during the period of settlement suspension, the trade or transaction shall not be settled.

7. Data in the order for settlement may not be modified in the order with the exception of:
  - a) type of identification used and client's identification for CNB,
  - b) identification No. of record on instruction or identification No. of record on the trade on the own account of the stock exchange member mentioned in the records of the stock exchange member,
  - c) numerical code in datum on the settlement type,
  - d) type of account in Univyc, identifier of owner of the account, from which/on which securities shall be transferred and number of account from/on which the securities shall be transferred,
  - e) trader's commission,
  - f) settlement date,
  - g) volume of trade,
  - h) identification of participant of Univyc, which shall carry out the trade settlement.
8. Data under paragraph 7 of this Article must be filled in the order at the latest until the moment of settlement commencement. Change of data under paragraph 7 of this Article may be made also at the latest until the moment of settlement commencement with the exception of the change under letter h), which may be made at the latest until the moment of matching of the trade and changes under letter a) and b), which may be – in the case that another participant participates in the settlement than the one, which registered the trade – carried out at the latest until the termination of the session, on which the trade was matched. At trades, the settlement of which is suspended, the possibility of change lasts under letter a) to e) at the latest until the moment of the settlement commencement on the given accounting day.
9. The change under paragraph 7 letter c), f) and g) of this Article must be made by both participants. The change under paragraph 7 letter e) of this Article must be made by the participant, who registered the trade in the system and the participant, which settles the trade.
10. Change under paragraph 7 letter f) and g) of this Article may be made only in the case that it is the settlement of loan of securities, repo operations or buy and sell trade in securities and transfer settlement was not suspended under Article 23.
11. If the stock exchange member in accordance with paragraph 7 letter d) of this Article replaces in the case of exchange trade the data concerning its own account by the data on the client's account or customer or vice versa, it is obliged to inform on this fact without undue delay, however at the latest until the end of session, (by fax or by e-mail) the director of the Stock Exchange inspection department, including giving reasons and subsequently to confirm this petition within three days in writing.
12. Transfer of financial means includes at trades in bonds also the value of aliquot yield of interest (hereinafter referred to as "AUV") calculated by Stock Exchange business system as of the day of trade settlement.
13. AUV is calculated under parameters mentioned in the issue conditions and under the interest rate known by Univyc/Stock Exchange on the day of closing or registration of the trade in the Stock Exchange business system.
14. By suspension of trade settlement under Article 23 or 25 hereof the value of AUV calculated as of the due date of settlement does not change.
15. Situation, when the lack of securities determined for sale or lack of financial means required for purchase is shown, is solved by applying of regime described in provisions of respective Chapter of the Special part.

**Article 20****Clearance of financial means**

1. Univyc gives, on the basis of contract with CNB, in its own name on the owner's account as the third party, the orders for clearing of financial means within settlement of trades and transactions to the clearing centre. Clearing of trades or transactions in other currency than the Czech crowns is carried out by Univyc by means of the chosen bank in the form of payment.
2. The data for orders for clearing are the orders for settlement under Article 17 or possibly other documents.
3. Clearance of financial means is terminated by takeover of information from the clearing centre or from the chosen bank. Form and manner of takeover of information on clearance termination is contractually arranged between Univyc and clearing centre and between Univyc and the chosen bank.
4. Univyc is liable for the damage, which shall arise to the participant in the case of faulty order assigned to the clearing centre or particularly to the chosen bank under paragraph 1. The faulty order is such order, which does not correspond with the data contained in documents under paragraph 2.
5. Manner of making of payment orders at individual kinds of trades and transactions is described in the respective Chapter of the Special part.

**Article 21****Transfers of securities**

1. Order to register transfer of securities:
  - a) shall be made by Univyc in its own register,
  - b) in the case of securities registered in the SCP register it shall be handed over by Univyc for its carrying out into SCP register according to the Time schedule.
2. Securities and rights connected thereto registered in SCP register are transferred at the moment of registration of transfer in SCP. Securities registered in Univyc Separate register and rights connected thereto are transferred at the moment of registration of transfer in Univyc register.
3. Univyc is liable for the damage, which shall arise to the participant in the case of acceptance and settlement of faulty order under paragraph 1. The faulty order is such order, which does not correspond with the data contained in the handed-over order for settlement under Article 17 paragraph 4 (at over-the-counter trades and transactions) or data mentioned in Annex No. 3 (at exchange trades and transactions), or possibly data in other similar documents.

**Article 22****Types of security transfers**

1. Univyc carries out trade and non-trade transfers of securities under the rules mentioned in Article 21.
2. Trade transfers are:
  - a) purchases of securities,
  - b) sales of securities,
3. Non-trade transfers are in particular:
  - a) over-the-counter transactions (custody transfers, repo operations, buy and sell operations, loans of securities),
  - b) franco transfers, which are not mainly connected with transfers of financial means,
  - c) technical transfers without transfer of financial means (transfer of securities of one owner between the settlement participants).

4. Besides transfers under paragraph 2 and 3 Univyc may carry out other transfers, if other Univyc regulation or special contract stipulates so.

**Article 23****Suspension of settlement of securities transfer**

1. The transfer of securities may be suspended in particular for the reason of:
  - a) lack of securities determined for transfer,
  - b) formal mistake in the data necessary for registration of securities transfer.
2. Transfer of securities, which was not carried out is excluded from further processing by Univyc for this settlement cycle and thus the settlement of respective trade or transaction is suspended.
3. At the transfers, which were impossible to be carried out, it is proceeded under the respective Chapter of the Special part.

**Article 24****Procedure at transfers of financial means**

1. Transfer of financial means includes transfer of the amount corresponding to the volume of trade or transaction or possibly the trader's commission, transfers of guarantee means, charges for services and transfers of other amounts in accordance with the Univyc Charges Regulations.
2. Univyc shall calculate for each settlement cycle (which includes payment orders) the net financial position of all the participants and inform the participants, including the clearing bank at the non-bank participants on it.
3. Univyc shall hand over to the clearing centre the order for transfer of financial means among the accounts of individual clearing banks.
4. In the case that clearing shall be carried out in other currency than in the Czech crowns, Univyc shall check the state of financial means of the purchasing participant on the stipulated account at the chosen bank (hereinafter referred to as the "stipulated account") and then it shall hand over to the chosen bank the order for transfer of financial means in favor of the account of the selling participant.

**Article 25****Lack of financial means**

1. At clearing of trades and transactions the lack of financial means at the purchasing participant may arise for the reasons of:
  - a) missing financial means of non-banking participant on the account at its clearing bank,
  - b) lack of financial means of the clearing bank at its account in the clearing centre,
  - c) lack of financial means of the participant on the stipulated account at the chosen bank (in the case that clearing shall be carried out in other currency than in the Czech crowns).
2. For the reason of lack of financial means:
  - a) the amount for the closed trade or transaction may not be paid, or
  - b) charge in GFB may not be paid or
  - c) collateral for borrowing of securities may not be paid or
  - d) other payments stipulated by the Charges Regulations may not be paid.
3. Procedures of Univyc at the lack of financial means are described in the respective Chapter of the Special part.

**Article 26****Exchange Guarantee Fund**

1. Purpose of GFB is stipulated by the Rules of GFB.
2. Replenishment of property contributions of the participants into GFB and returning of surpluses from GFB is secured by Univyc by the order from the third part into the clearing centre or by the payment order to the chosen bank.
3. Univyc is liable for the damage, which shall arise to the participant in the case of incorrectly given order under paragraph 4.
4. The faulty order is such order, which does not correspond with the amount of contributions calculated under the Rules of GFB.
5. Types of trades, to which GFB guarantees relate, are mentioned in the respective Chapter of the Special part.

**Article 27****Day of settlement**

1. The day of settlement is deemed to be the settlement day determined in the order for settlement.
2. If the day of settlement falls in the period, in which the exercise of right to dispose of securities issue is suspended, Univyc shall carry out the settlement on the first accounting day after this suspension of exercise of right to dispose ceases to exist.

**Article 28****Additional period for trade settlement**

1. Additional period for trade settlement is number of accounting days following after the day of settlement mentioned in the transfer, in which the participant, which caused the settlement suspension (hereinafter referred to as the "failing participant"), may additionally settle the transfer. Number of days of the additional period is determined in the respective Chapter of the Special part.
2. Additional period for settlement of the suspended transfer of securities shall be extended by the period of suspension of the right to dispose of the securities issue in SCP or in Univyc.

## **PART SPECIAL**

### **CHAPTER I**

### **SETTLEMENT OF AUTOMATIC EXCHANGE TRADES AND TRADES IN SECURITIES CLOSED IN SYSTEM FOR SUPPORT OF STOCK AND BOND MARKET**

**Article 29****Scope of application**

1. This Chapter regulates the principles and conditions for settlement of automatic exchange trades closed in auction or continual regime and trades closed in system for support of stock and bond market (hereinafter referred to as "SPAD") on the Stock Exchange, as well as rights and duties of the participants of this settlement.
2. Order for settlement of these trades must have in the type of settlement (serial item No. 22 Annex No. 3) one of the mentioned markings.
  - a) AV0 for automatic exchange trade closed in auction regime,
  - b) AV1 for automatic exchange trade closed in continual regime,

- c) SV0 to SV7, where S means that the participant is not the market maker and it settles the transfer with the participant, which is also not the market maker,
- d) TV0 to TV7, where T means that the participant is the market maker,
- e) UV0 to UV7, where U means that the participant is not the market maker, however it settles the transfer with the market maker.

The second letter V means that it is the settlement of delivery of securities against transfer of money and the figure at the end of the marking means ordering into succession of settlement of other trades and transactions, which is described in Annex No. 2 (Manner of ordering of orders for transfers of securities).

### **Article 30**

#### **Settlement of automatic exchange trades and trades closed in SPAD system**

1. Settlement of automatic exchange trades and trades closed in SPAD system (hereinafter referred to as the "settlement"), is governed by Univyc in accordance herewith.
2. Settlement is carried out independently on settlement of other trades.
3. The trade is settled on the day mentioned in the order for settlement.
4. GFB guarantees apply to the settlement of trades. The exception are the unilateral trades, which are not taken into consideration at calculation of the required contribution in GFB. Unilateral trade is deemed to be the trade, at which the same participant appears on the part of both purchase and sale (the so-called "cross trade").
5. Cash settlement for automatic exchange trades is secured by aggregation of credit amounts and debit amounts individually for each settlement participant and by the transfer of these amounts from accounts of clearing banks on debit side in favor of banks on credit side. Cash settlement for trades closed in SPAD is secured in such a manner that the independent payment order is issued for every trade (hereinafter referred to as "by items").

### **Article 31**

#### **Guarantee**

1. Within the trades with participation of the market maker the participants mentioned in paragraph 2 of this Article are obliged to deposit on the special account the financial means, which serve as the guarantee for fulfillment of their obligations towards GFB specified in paragraph 4 of this Article (hereinafter referred to as the "guarantee"). The Stock Exchange publishes the amount of the guarantee and other conditions of its providing in its Bulletin.
2. The participant, who is reported by the Stock Exchange in writing to Univyc, is obliged to provide the guarantee in accordance with this Article.
3. The guarantee under paragraph 1 may be provided by the respective participant also in the form of bank guarantee under the special law<sup>14</sup>. In such case the Stock Exchange shall inform on the requisites of the bank guarantee and other conditions of its providing again in its Bulletin.
4. Univyc is entitled to use the guarantees under paragraph 1 or 3 of this Article solely in the case that the given participant does not fulfill duly and in time its obligation to settle its contribution into part of GFB, which is determined for securing of obligations and covering of risks from trades with participation of the market maker (hereinafter referred to as "FAS"). Use of guarantee does not exclude the use of participant's contribution in GFB. The respective guarantee shall be used by Univyc up to the amount determined by the following relation:

$$Z = SP + V - MF_M$$

where

**Z** is amount, up to which the respective guarantee shall be used,

<sup>14</sup> Act No. 513/1991 Coll., the Commercial Code, as amended

- SP** is the sum of charges for non-fulfillment of obligation under Article 35,  
**V** is the sum of compensation from non-settlement of trade under Article 36,  
**MF<sub>M</sub>** is the state of financial means of the participant in FAS from previous day.

5. Financial means deposited as the guarantee under paragraph 1 are improved by Univyc on the money market. Univyc shall get for administration of these financial means the remuneration at the amount stipulated by special regulation<sup>15</sup>.
6. Sum of reached returns from guarantees deposited in cash, decreased by the remuneration to Univyc shall be distributed among the participants proportionally according to the amount of the guarantees deposited by them in the respective month. Such returns are mature at the latest as of the fifth business day after the day of crediting of all the proceeds for the respective month and their payment is carried out by Univyc by means of the clearing centre by the order from the third part.
7. If the Stock Exchange informs Univyc in writing that the participant was deprived of the authorization for activities of the market maker or its membership in the Stock Exchange ceased to exist, Univyc is obliged to return to such participant, after settlement of all its obligations, the guarantee provided by it, at the latest within the period of 30 calendar days from the day, when the respective decision on deprival of the authorization for activities of the market maker or on extinction of its membership in the Stock Exchange.

## **Article 32**

### **Procedure at lack of financial means**

1. Chronological order of solution of the lack of financial means on the day determined for payment of the contribution into GFB or amount for the closed trade after expiration of the additional period (hereinafter referred to as the "D day"):
  - a) in the case of lack of financial means for contribution into GFB:

on day appointed for payment of contribution into GFB Univyc shall inform the Stock Exchange CEO, further Univyc shall proceed under following Articles of this regulation with using of the participant's contribution in GFB or possibly guarantee of the money market, if such participant is at the same time the market maker and if the conditions mentioned in Article 31 are fulfilled. If the means mentioned in previous sentence are not sufficient for fulfillment of the participant's obligations, the extraordinary replenishment of GFB shall be used,
  - b) in the case of lack of financial means for payment of the trade:
    - i. on D day Univyc shall inform the Stock Exchange CEO and shall suspend the trade settlement and it shall further proceed in accordance with Article 33;
    - ii. if the debtor does not pay the financial means even until the end of the period, when the settlement is suspended, Univyc shall proceed under the following Articles of this regulation using GFB means.

## **Article 33**

### **Substitute trade settlement**

1. In the case that for the reason of:
  - a) lack of securities in the Univyc register or
  - b) refusal of registration of transfer of securities in SCP or in other similar register or
  - c) lack of financial means at the purchasing participant or
  - d) refusal of transfer of money in the clearing centre

<sup>15</sup> Rules of Exchange Guarantee Fund

the trade settlement is suspended, it is the duty of the failing participant to remove the reason of the trade settlement suspension. The failing participant has the possibility in the additional period for carrying out of settlement to ask Univyc for finishing of trade settlement. In the case that during this period the exercise of right to dispose of securities issue is suspended, Univyc shall extend this period by the respective number of days. Additional period shall be stipulated by the Stock Exchange Committee for Exchange Trades and it is mentioned in the Time schedule as the period between the required day of settlement (S) and commencement of substitute trades initiated by Univyc.

2. The “institute” of substitute trade is formed from the participant's initiative under paragraph 34 paragraph 3, as one of the possibilities for the support of the failing participant – seller at securing of missing securities.
3. In the period, when the trade settlement is suspended under paragraph 1, the fee is charged to the failing participant for non-fulfillment of the obligation under Article 35.
4. If the participant causes that after expiration of the additional period for settlement the settlement is not carried out successfully, Univyc shall cancel the trade settlement. The sanction may be imposed on the participant under the special regulation of the Stock Exchange<sup>16</sup>.
5. If the participant does not pay the contribution into GFB, Univyc shall inform the Stock Exchange CEO on the arising situation. Subsequently Univyc CEO is entitled to decide on the fact that Univyc shall cancel settlement of already closed and still not settled trades of the participant.
6. If the trade settlement is cancelled under paragraph 4 or 5, Univyc shall proceed in accordance with Article 34 paragraph 4.
7. The participant, which caused the cancellation of the trade settlement under paragraph 4 or 5, is obliged to pay to Univyc the charge for the settlement cancellation under Article 35. This charge is mature on the following business day after cancellation of the trade settlement on the basis of the payment order of Univycu into the clearing centre.
8. After the trade settlement cancellation under paragraph 4 or 5, Univyc shall organize on its own initiative the substitute trades under Article 34 paragraph 4 and shall carry out the settlement under Article 36. Besides these cases Univyc is entitled to organize on its own initiative the substitute trade under Article 34 paragraph 4, only if the Stock Exchange Rules or Univyc Rules stipulate so.
9. The rules of the substitute settlement with the exception of paragraph 8 apply also for the substitute settlement of unilateral trades with the exception of own trades.
10. Univyc shall cancel the settlement of trade and shall not initiate substitute trade in case that trade settlement failure were caused by both trade participants. Univyc shall published this matter including identification of both participants of canceled trade and shall inform the Stock Exchange CEO. Both participants are obliged to pay the fee for cancellation of settlement under Article 35 to Univyc.

### **Article 34**

#### **Substitute trade**

1. Substitute trade is the trade between the participant and market maker or between two participants.
2. The substitute trade may be initiated by the failing participant or by Univyc.
3. The substitute trade initiated by the failing participant is closed between the failing participant and market maker. Such substitute trade may be closed at the latest one accounting day before expiration of the additional period.
4. The substitute trade initiated by Univyc is closed:
  - a) between the counterparty of the failing participant and the market maker or

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<sup>16</sup> *Stock Exchange Regulation - Membership rules*

- b) between two counterparties of the failing participant.
5. Univyc is obliged to initiate the substitute trade if the trade settlement is cancelled under Article 33 paragraph 4 or 5 on the day, when the settlement was cancelled. Univyc shall not initiate the substitute trade under letter a) of paragraph 4, if the counterparty of the failing participant is not interested in it and it informs Univyc on it.
  6. The participant of the substitute trade chosen by Univyc and the counterparty of the failing participant are obliged to conclude the substitute trade on the same day, when Univyc called them to do so, in such amount of securities, which was the subject of the trade, the settlement of which was cancelled and for the price under paragraph 9. The counterparty of the failing participant shall inform the Univyc on non-concluding of the substitute trade without undue delay.
  7. The substitute trade under paragraph 4 letter b) is entitled to initiate by Univyc solely in the case that on the given day the settlement of trades with the same securities issue and reverse order direction was cancelled. In such case Univyc shall call the counterparties of the failing participant to conclude the substitute trade.
  8. The substitute trade under paragraph 3 or paragraph 4 letter a) rests in the fact that Univyc shall call all the market makers for the given issue, to make the price offer to the substitute purchase or substitute sale of securities.
  9. If the substitute trade under paragraph 8 relates to automatic exchange trade, Univyc shall call all PSE members except the failed participant to make a price offer.
  10. Univyc shall choose the best price of offers of market makers or addressed PSE members in direction of announced substitute trade. In the case that more market makers or addressed PSE members make the same price offer to Univyc within the substitute trade, Univyc shall prefer the earlier received offer. In case there is no price offer for securities not traded in SPAD, Univyc shall proceed in accordance with Article 36 paragraph 3.
  11. The substitute trade is not considered as the exchange trade and GFB guarantees do not apply to it. In the case of its non-settlement within the term the provisions of this Article do not apply to it but Univyc only informs the Stock Exchange CEO on the non-settlement of the substitute trade. In the case of non-settlement of the substitute trade under paragraph 4 letter b) Univyc shall initiate the substitute trade under paragraph 4 letter a) on the day of settlement cancellation.
  12. The Stock Exchange Committee for Exchange Trades may stipulate limitation for the price of the substitute trade.
  13. The price of the substitute trade under paragraph 4 letter b) shall be stipulated as the arithmetic mean of prices of the respective trades, the settlement of which was cancelled.
  14. If in the case of the substitute trade under paragraph 4 letter a) the best price of offers of PSE members under paragraph 10 differs by more than 20% from the security rate valid at the moment of termination of accepting of these offers, it is deemed that the substitute trade was not closed and Univyc is entitled to proceed under Article 36 paragraph 3.
  15. The substitute trade under paragraph 3 is concluded when initiating participant confirms offer of PSE member chosen by Univyc. This substitute trade is concluded with the term of settlement T+1 to T+15. Order for transfer has to have IV0 (under Article 17 paragraph 4 letter g) as the settlement type of substitute trade for SPAD trade and IV1 as the settlement type of substitute trade for automatic exchange trade.
  16. The substitute trade under paragraph 4 is concluded with the term of settlement T+1. Order for transfer has to have IV0 (under Article 17 paragraph 4 letter g) as the settlement type of substitute trade for SPAD trade and IV1 as the settlement type of substitute trade for automatic exchange trade.
  17. Sequence of Univyc activities during realization of substitute trade under paragraph 4:
    - a) Univyc shall inform the Stock Exchange CEO by phone or his deputy immediately after afternoon DVP settlement cycle termination and finding that the trade was not settled from the reason of failure one of the participant and in accordance with Article 33 paragraph 6 Univyc

shall publish this matter with identification of participant who caused cancellation of trade settlement.

- b) Univyc shall initiate substitute trade immediately after afternoon DVP settlement cycle termination according to Time schedule; in offer Univyc is obliged to mention deadline for sending of offers of addressed PSE members.
- c) Univyc shall choose the price best or time best offer from PSE members offers under paragraph 10 and call both participants to conclude substitute trade and put it to the trading system with settlement term under paragraph 16.
- d) Univyc shall publish under Article 33 paragraph 6 information on substitute trade which was concluded.

### **Article 35**

#### **Charge for non-fulfillment of obligation**

1. For every day, when the trade settlement is suspended under Article 33 paragraph 1, or on the day, when the settlement is cancelled under Article 33 paragraph 4 and 5, the failing participant is obliged to pay to the counterparty of the trade the charge for non-fulfillment of the obligation.
2. The charge for non-fulfillment of the obligation decreased by the part of the charge determined for Univyc is in the respective register of GFB charged daily in favor of the contribution of the counterparty of the failing participant as the indemnification of the non-fulfillment of the obligation.
3. The amount of the charge for non-fulfillment of the obligation is stipulated by the fixed rate or percentage rate from the volume of trade, the settlement of which is suspended or cancelled. The amount of rate may vary under the number of days, when the trade settlement is suspended.
4. The amount of rate of charge for non-fulfillment of the obligation including the part of charge determined for Univyc is published in the Univyc Fee Regulations.

### **Article 36**

#### **Compensation**

1. In the case that substitute trade is closed under Article 34 paragraph 4, Univyc shall secure compensation of the price difference between the automatic exchange trade or to the trade in SPAD and substitute trade if:
  - a) the settlement was cancelled by the fault of purchaser and the price for one security<sup>17</sup>, mentioned in the instruction to the automatic exchange trade or to the trade in SPAD, is higher than the price for one security mentioned in the order for the substitute trade or
  - b) the settlement was cancelled by the fault of the seller and the price for one security mentioned in the instruction to the automatic exchange trade or to the trade in SPAD, is lower than the price for one security mentioned in the order for the substitute trade.
2. The compensation under paragraph 1 is stipulated as the product of number of pieces of securities mentioned in instructions and absolute value of the price difference for one security mentioned in the instruction to the automatic exchange trade or to the trade in SPAD and the price for one security mentioned in the order for the substitute trade.
3. In the case that substitute trade is not concluded under Article 34 paragraph 4 which was by not-failed counterparty agreed, Univyc shall secure compensation of the exchange difference of the trade if:
  - a) the settlement was cancelled by the fault of the purchaser and the price for one security mentioned in the instruction to the automatic exchange trade or to the trade in SPAD, is higher than the closing rate or

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<sup>17</sup> Stock Exchange Regulation – Rules of Trading in system for support of stock and bond market - Article 6 paragraph 2 letter d)

- b) the settlement was cancelled by the fault of the seller and the price for one security mentioned in the instruction to the automatic exchange trade or to the trade in SPAD, is lower than the closing rate.
4. The compensation under paragraph 3 is stipulated as the product of number of pieces of securities mentioned in instruction and absolute value of the price difference for one security mentioned in the instruction to the automatic exchange trade or to the trade in SPAD and the closing rate.
5. The closing rate under paragraph 3 and 4 is meant to be the closing rate under the special part of the Stock Exchange Rules<sup>18</sup>, stipulated for the session, on which the settlement was cancelled under Article 33 paragraph 4 and 5.
6. Compensation is accounted in the respective GFB register to the debit of the contribution of the failing participant and in favor of the contribution of its counterparty.
7. In the case that Univyc initiates the substitute trade under Article 34 paragraph 4 letter a) as the consequence of non-settlement of the substitute trade under Article 34 paragraph 4 letter b), at compensation of the difference between the automatic exchange trade or to the trade in SPAD and substitute trade the compensation is taken into account, which the counterparty of the failing participant has already received after closing of the substitute trade under Article 34 paragraph 4 letter b). The difference between compensation from the substitute trade under Article 34 paragraph 4 letter b) and the substitute trade under Article 34 paragraph 4 letter a) shall be paid to the participant from GFB or particularly shall be returned by the participant into GFB.

### **Article 37**

#### **Adjustment of contribution amount in GFB**

After termination of the session Univyc shall compare the position of the participant with its contribution in GFB. Under Article 7 paragraph 6 and 7 Rules of GFB, it shall give an order, on the following accounting day, to the clearing centre to transfer the contribution into GFB or particularly the returned amounts from GFB.

## **CHAPTER II SETTLEMENT OF BLOCK TRADES**

### **Article 38**

#### **Scope of application**

1. This Chapter regulates the principles and conditions for settlement of block trades registered on the Stock Exchange, as well as the rights and duties of the participants of this settlement.
2. The order for settlement of the block trades must have in the settlement type (serial item No. 22, Annex No. 3) filled in the datum DV0 to DV7, where the second letter V means that it is the settlement of delivery of securities against transfer of money and the figure at the end of the marking means ordering of the transfer into succession of settlement of other trades and transactions within one allotment, which is described in Annex No. 2 (Manner of ordering of orders for transfers of securities).

### **Article 39**

#### **Settlement of block trade**

1. Settlement of the block trade (hereinafter referred to as the "trade"), is carried out by Univyc in accordance herewith.
2. Settlement is carried out independently on settlement of other trades and transactions.
3. The Stock Exchange gives the order for settlement to Univyc in accordance with the Time schedule.

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<sup>18</sup>Stock Exchange Regulation – Trading rules - Article 15

4. The trade is settled on the day mentioned in the order for settlement.
5. The guarantees of the Exchange Guarantee Fund do not apply to the settlement of these trades.
6. Cash settlement is secured by items.

**Article 40****Procedure at lack of securities and financial means**

1. In the case that for the reason of:
  - a) lack of securities on the asset account of the selling participant or
  - b) lack of financial means at the purchasing participantthe trade settlement is suspended, the participants may ask Univyc in the additional period for the substitute trade settlement. Additional period shall be stipulated by the Univyc CEO and it is mentioned in the Time schedule as the period between the required day of settlement (S) and commencement of historicizing of the non-settled block trades.
2. In the case that the participants do not file an application under paragraph 1, Univyc shall not carry out the settlement of the given trade and it shall register the transfer in the historic register.
3. The participants may ask Univyc in writing for settlement of transfer from historic register. Both participants of the trade must ask for settlement.

**CHAPTER III****SETTLEMENT OF OVER-THE-COUNTER TRADES AND  
TRANSACTIONS IN SECURITIES****Article 41****Scope of application**

This Chapter regulates the manner and conditions of matching and settlement of over-the-counter trades and transactions (hereinafter referred to as the “transactions”) with securities, which were not closed on the Stock Exchange.

**Article 42****Settlement**

1. Settlement of transactions is carried out by Univyc in accordance herewith.
2. Settlement is carried out independently on settlement of other trades.
3. The transaction is settled on the day mentioned in the order for settlement.
4. The guarantees of the Exchange Guarantee Fund do not apply to the settlement of these transactions.
5. Cash settlement is secured by items.

**Article 43****Type of settlement**

1. Type of settlement under Article 17 paragraph 4 letter g) is the three-figure code, in which the first letter determines the purpose of settlement, the second letter distinguishes, whether it is the settlement in the form of delivery of securities versus payment or in the form of delivery of securities free of payment and the third figure determines, how the settlement of the respective transaction in securities shall be included within one amount in succession of settlement of other trades and transactions procured by Univyc.

2. The purpose of settlement distinguished by first letter of the code "type of settlement" may be the following:
  - a) settlement of trade in securities (letter E, F),
  - b) settlement of the so-called substitute SPAD trade or substitute automatic exchange trade (letter I),
  - c) transfer of securities from own account/to own account of the participant to the client's account/from the client's account purchased/sold by the trade closed or registered in the Stock Exchange system to own account for the client (letter V), when:
    - i. the client required in its instruction purchase/sale of a certain minimum amount of securities, which the participant purchased/sold in two or more trades or
    - ii. the client required in its instruction purchase/sale of securities as of a certain date and which the participant purchased/sold with the term of settlement, which precedes/follows after this date or
    - iii. the securities were purchased/sold within automatic trades or trades with participation of the market maker and the transfer is implemented by means of the person, which has concluded with the client the written contract on settlement of trades in securities, within which it has agreed with the client on the exclusive access on its account and it has the instruction for settlement of the respective trade or
    - iv. until the moment of orders matching in the Stock Exchange system, the participant, which closed the trade, does not know the participant, which shall settle the trade or
    - v. the client required in its instruction settlement in other currency than in the Czech crowns.
  - d) settlement of trade in securities (letter C) under the condition that none of the participants of the trade is participant of Univyc and the participant, which carries out the settlement, did not mediate closing of this trade, has concluded with the client the written contract on settlement of trades in securities and written instruction for settlement of the respective trade – custody transfer,
  - e) settlement of loan of securities provided that the contracting parties concluded the written contract on loan of securities (letter P),
  - f) settlement of the trade in securities, the subject of which is transfer of securities determined for securing of the credit or loan provided between the contracting parties against the transfer of financial means, provided that the contract between the contracting parties was concluded in writing or the subsequent transfer of securities determined for securing of the credit or loan without transfer of financial means (repo operation - letter R),
  - g) settlement of buy and sell trade in securities (letter B),
  - h) settlement of technical transfer of securities (letter X),
  - i) transfer of pledged securities on the account of the participant authorized by the pledgee to sell them (letter Z).
3. Other participant than the one, which registered the transaction in the system may not participate in the settlement of transactions under letter b), c) d), h) and i) of previous paragraph.
4. Manner of settlement in the form of delivery of securities versus payment is on the second position in the code "type of settlement" marked by letter V, manner of settlement in the form of delivery of securities free of payment is marked by letter F. In the case of settlement in the form of delivery of securities free of payment Univyc does not carry out even the transfer of the amount corresponding to the volume of trade or the transfer of the trader's commission.

## **Article 44**

### **Period of validity of order for settlement**

By the datum on validity period under Article 17 paragraph 4 letter j) the participant stipulates the required period of validity of the non-matched order for settlement. In the case that the order is not matched, its validity shall terminate on the day determined by the participant, however at the latest on the day of settlement under Article 17 paragraph 4 letter f).

#### **Article 45**

##### **Matching**

1. Orders given by two participants relating to the same transaction with securities must correspond to each other in the stipulated data in dependence on the type of settlement under Article 43 paragraph 2 as follows:
  - a) order for the type of settlement, where the transfer of financial means is provided by Univyc, must agree in the data mentioned in Article 17 paragraph 4 letter a), c) d), f), g), must relate to the reverse order direction under Article 17 paragraph 4 letter e) and further the datum in Article 17 paragraph 4 letter b) must agree with the datum in Article 17 paragraph 4 letter i) in the order of the counterparty,
  - b) orders for the type of settlement, when the transfer of financial means is not provided by Univyc, must agree in the same data as the order in paragraph 1 letter a),
  - c) orders for settlement of technical transfer of securities must agree in the same data as the order from paragraph 1 letter a) and the datum in Article 17 paragraph 4 letter d) is only the matching datum and shall not be transferred into subsequent outputs.
2. By entering of the code for determination of the manner of order matching the participant may secure that the orders shall be matched, if they agree in the data under paragraph 1 of this Article and in the mentioned code under Article 17 paragraph 5 letter i).

#### **Article 46**

##### **Order cancellation**

1. Orders handed over to Univyc for matching may be cancelled by inserting of the order for order cancellation anytime until the moment of their matching with the order of counterparty.
2. Orders, which have already been matched (transfer), may be cancelled only in case of written and signed request from both participants on both side of the transfer.

#### **Article 47**

##### **Periods for settlement**

The day of settlement under Article 17 paragraph 4 letter f) of the regulation may be stipulated by the participant within the range:

- a) sixteen to ninety nine accounting days after the day of matching of orders in Univyc for the type of settlement FV0 to FV7, FF0 and FF7,
- b) in the range zero to ninety nine accounting days after the day of matching the orders in Univyc for the type of settlement BV0 to BV7, BF0 and BF7, CV0 to CV7, CF0 and CF7, PV0 to PV7, PF0 and PF7, RV0 to RV7, RF0 and RF7,
- c) in the range of one to fifteen accounting days after the day of matching of orders in Univyc for the type of settlement IV0, IV1 and ZF0,
- d) in the range of zero to fifteen accounting days after the day of matching of orders in Univyc for the type of settlement VV0 to VV7, VF0 and VF7, EV0 to EV7, EF0 and EF7, XF0.

#### **Article 48**

##### **Additional period for settlement**

1. Additional period for settlement amounts to six accounting days after the day given in the order as the day of settlement. After expiration of this period the historicizing of the unsettled transactions is commenced under the Time schedule.

2. For substitute trades under SPAD and automatic exchange trades no additional period for the settlement is permitted and Univyc proceeds under respective provisions of the Article 34 paragraph 7.

**Article 49****Publishing of data on settlement**

Information on transactions with securities, which were settled in accordance herewith, is published by Univyc in the supplement to the exchange list of the Stock Exchange or possibly in other suitable manner.

**CHAPTER IV****SETTLEMENT OF FUTURES CONTRACTS****Article 50****Scope of application**

1. This Chapter regulates the principles and conditions for the settlement of trades in the futures contracts (hereinafter referred to as the "futures") closed on the Stock Exchange by the authorized stock exchange members and conditions of securing of risks arising from settlement of these trades.
2. Order for registration of these trades has in the type of settlement (serial item No. 22 Annex No. 3) filled in the datum:
  - a) AM0, AM1 for futures contracts included within the automatic trades,
  - b) SM3, TM3 and UM3 for futures contracts included within the trades in SPAD.

**Article 51****Settlement of futures contracts**

1. Settlement of futures contracts is carried out by Univyc in accordance herewith.
2. Settlement of futures contracts is carried out independently on settlement of other trades and transactions.
3. Settlement of futures contracts represents registration of futures contracts on the asset accounts in the Separate register of Univyc, daily settlement of price changes under Article 63 and final settlement of futures contracts under Article 63.
4. GFB guarantees and margin contributions of authorized stock exchange members under Article 55 apply to the settlement of futures contracts.

**Article 52****Participant of settlement of trades in futures**

From the point of view of clearing of trades in futures the participants of the settlement are:

- a) clearing bank under Article 3,
- b) authorized stock exchange members under Article 53.

**Article 53****Authorized stock exchange member**

The authorized stock exchange member is the member of the Stock Exchange, which gained the authorization to trade in derivatives on the Stock Exchange on its own or particularly on other person's account and which became on the basis of the Contract on Association of Exchange Guarantee Fund, the participant of the GFB.

**Article 54****Registration of closed trades**

1. After termination of every session Univyc shall take over from the Stock Exchange for the purpose of settlement the electronic file of orders for settlement of all the closed trades in futures on the given session. The order for settlement is handed in structure of transfers, which is Annex No. 3 hereto.
2. On the basis of this handed-over file the closed trades in futures are registered on individual asset accounts opened by the participants of Univyc in the Separate register kept by Univyc.
3. At registration of trades in futures Univyc:
  - a) registers opening of long position or increase of the present long position of the respective asset account of the purchaser, if no sold contracts were on this account, to which the closed trade related,
  - b) registers decrease of the short position of the respective asset account of the purchaser by number of contracts purchased within such trade; or particularly it registers closing of the short position or particularly the change of this position for the long position,
  - c) registers opening of short position or increase of the existing short position of the respective asset account of the seller, if no purchased contracts were on this account, to which the closed trade related,
  - d) registers decrease of the long position of the respective asset account of the seller by number of sold contracts; or particularly it registers closing of the long position or particularly the change of this position for the short position.

**Article 55****Providing of margin contributions and disposal thereof**

1. The authorized stock exchange member is obliged to provide guarantees for the fulfillment of obligations from the exchange trades in futures (hereinafter referred to as the "margin investments") at the amount, in the terms and in the manner stipulated hereby.
2. Minimum margin contribution separately for the authorized member, which is not the market maker and separately for the authorized stock exchange member, which is the market maker, shall be stipulated upon the Univyc proposal by the Committee for Trades Settlement and it shall be published in the Stock Exchange Bulletin and on the Univyc web pages.
3. The amount of the margin contributions is determined by the authorized stock exchange member in dependence on its business activities, however it must not decrease under the amount of the margin requirement calculated under Article 56, paragraph 1. Amount of margin contributions on deposit determines the amount of the control and sanction limit. The following relations apply for the individual limits:

$$\text{Control limit} = \text{margin contribution on deposit} * \text{coefficient L1}$$

$$\text{Sanction limit} = \text{margin contribution on deposit} * \text{coefficient L2}$$

Determination of L1 and L2 coefficient is in the competence of the Stock Exchange Committee for Exchange Trades.

4. Individual limits are during the exchange trading compared in regular interval with theoretic daily profits and losses, which would arise from the trades closed on the given session and from the open position of the preceding accounting day, calculated under Article 63 with the difference that the last current rate of futures shall be used for calculation instead of the day settlement price of futures.
5. In the case of exceeding the control limit Univyc shall ask the clearing bank of the authorized stock exchange member for the possibility of collection of additional margin contribution by the amount exceeding the control limit increased by ten percent from the current amount of the margin contribution on deposit, if the operation regime of CC CNB permits it. Until the moment before the

margin contributions are increased the authorized stock exchange member is obliged to proceed under the special regulation<sup>19</sup>.

6. At exceeding of the sanction limit the measures mentioned in special regulation apply to the authorized stock exchange member<sup>20</sup>.
7. The margin contributions are returned to the authorized stock exchange members on the basis of the written application of the authorized stock exchange member, however only in the case that carrying out of such instruction shall not result in the lack of margin contributions of the authorized stock exchange member for covering of risks connected with the settlement of contracts with futures. Univyc shall give the instruction for returning of the margin contributions after termination of the daily settlement of profits and losses or possibly the final settlement of futures contracts. Margin contributions, which remain on deposit in favor of Univyc must be higher or equal to margin requirement calculated under Article 56, paragraph 1. Together with returning of the margin contributions to the authorized stock exchange member Univyc shall give the instruction to the Stock Exchange to decrease the sanction and control limit.
8. If the authorized stock exchange member increases the margin contribution, Univyc shall give instruction to the Stock Exchange to increase the sanction and control limit corresponding to the margin contributions on deposit.
9. The margin contributions of the authorized stock exchange member shall be used in the case of its delay with fulfillment of obligations from settlement of futures contracts for substitute fulfillment of these obligations. On the day following after use of margin contributions the authorized stock exchange member is obliged to replenish their amount at least to the level of the margin requirement calculated under Article 56, paragraph 1.

## **Article 56**

### **Open position limit**

1. Open position limit for the authorized stock exchange member expresses the requirement for the minimum amount of margin contributions in dependence on the open position of the authorized stock exchange member in all futures series. The following relation applies for the open position limit:

$$\frac{MP_d}{MV_d} = 1$$

where

$$MP_d = \sum_i MA_i \times C_{d,i} \times JK_i \times |OP_{d,i}|$$

MV	amount of margin contribution on deposit of the authorized stock exchange member after session termination,
MP	margin requirement for the authorized stock exchange member after session termination,
MA	amount of margin for the contract of the respective underlying asset of futures series stipulated in percent,
C	daily price of settlement of the given futures series,
ML	multiplicator of futures series stipulated by special regulation <sup>21</sup> ,
OP	open position of futures series after session termination,
d	session after the termination of which the open position limit is checked,
i	is i <sup>th</sup> futures series accepted for trading on the Stock Exchange.

<sup>19</sup> Stock Exchange Regulation: Rules of futures contracts trading in SPAD system

<sup>20</sup> Stock Exchange Regulation: Rules of futures contracts trading in SPAD system

<sup>21</sup> Stock Exchange Regulation: Standardization of futures contracts

2. Amount of margin for the contract of respective underlying asset (hereinafter referred to as the “margin for contract”) shall be stipulated upon the proposal of Univyc by the Committee for Trades Settlement. Univyc shall publish the amount of margin for contract in the Stock Exchange Bulletin and on Univyc Internet pages. The amount of margin for contract determined in this manner remains valid always until the period of announcing of the new amount of margin for contract.
3. Univyc CEO is entitled to decide in the justified cases upon the proposal of the Commission for Risk Management on the increase of the margin for contract beyond the scope stipulated under the previous paragraph.
4. If the authorized stock exchange member exceeds the open position limit, i.e. that the open position limit is higher than 1, Univyc shall give the order to CC CNB for collection of the additional margin contribution, which corresponds to the difference between the calculated margin requirement under paragraph 1 and the margin contribution registered by Univyc.

### **Article 57**

#### **Form of margin contributions**

1. The authorized stock exchange member provides the margin contributions in money or in the form of the bank guarantee from the bank approved by Univyc.
2. Univyc keeps the overall register of the margin contributions provided by the authorized stock exchange member on the margin account of the authorized stock exchange member in the form and value under paragraph 1 of this Article.
3. Margin contributions in cash deposited by all authorized stock exchange members are collected on the financial account opened by Univyc for this purpose (hereinafter referred to as the “margin financial account”). These contributions are administered by Univyc.
4. Univyc transfers the interest from the margin contributions to the authorized stock exchange members monthly in the ratio to the amount of the margin contribution deposited in money. Univyc remuneration for administration of the margin contributions is 12.5 % from the paid-out interest.
5. If the authorized stock exchange member has concluded such Contract on Providing of Bank Guarantee, on the basis of which the required financial means shall be released if necessary in favor of Univyc on the same day, when Univyc asks for release, the margin contributions may be deposited only in the form of the bank guarantee.
6. If the bank guarantee shall be released in favor of Univyc later than on the day, on which Univyc asked for the release, however maximally within three business days, one half of the margin requirements must be deposited in money on the margin financial account. In the case of lack of disposable financial margin contributions for covering of the insolvent authorized stock exchange member, the means of the Guarantee Fund of derivatives shall be used until the moment of release of the bank guarantee.

### **Article 58**

#### **Transfers of financial means**

1. Univyc gives order for transfer of the financial means between the accounts of clearing banks in CC CNB serving for:
  - a) settlement of guarantees,
  - b) settlement of obligations,
  - c) settlement of fees.
2. After trading termination Univyc shall calculate for each authorized stock exchange member:
  - a) amount of collected margin contributions in money for replenishment of margin requirements,
  - b) amount of contributions or returns into/from the Guarantee fund for trades in derivatives,

- c) daily settlement of price changes for every futures contract closed on the given session and for the net position of the given futures series at the beginning of the session on the asset accounts opened by the authorized stock exchange member,
  - d) final settlement of futures for every futures contract closed on the last session and for the net position of the given futures series on the asset accounts opened by the authorized stock exchange member at the beginning of the last session,
  - e) total sum of charges for the settlement.
3. Univyc shall inform the authorized stock exchange members on the financial positions in classification under paragraph 2.
  4. Instructions for transfers of financial means in classification under paragraph 2 shall be sent by Univyc to CC CNB. Instructions under paragraph 2 letter c) and d) are carried out through the Univyc current account at the chosen bank. The bank selection is approved by the Committee for Trades Settlement. In case of opening Univyc account By CNB at CC CNB these payments shall be arranged via this account.

**Article 59****Time schedule of settlement of trades in futures**

The settlement is carried out in accordance with the Time schedule of the settlement, which is Annex No. 2 hereto.

**Article 60****Guarantee fund for trades in derivatives**

1. The Guarantee fund for trades in derivatives (hereinafter referred to as "FD") is the part of the Exchange Guarantee Fund.
2. The purpose of FD is gathering of financial means for the purpose of securing of obligations and covering of risks arising from settlement of trades in futures. FD activities and conditions of use of its means are regulated by the special regulation<sup>22</sup>.

**Article 61****Long position of futures**

The long position of futures on the asset account is represented by the number of registered purchased futures. The long position or particularly its amount is changed:

- a) at the purchase, when the long position is increased by number of futures, which are the subject of purchase of the authorized stock exchange member and their registration on the respective asset account,
- b) at the sale when the long position is decreased by number of futures, which are the subject of sale of the authorized stock exchange member and their registration to the respective asset account or particularly the long position is changed to the short one and its size is equal to the difference between the sold futures and original size of the long position in the case that more contracts were sold than the long position amounted to,
- c) as of the accounting day, which follows after the day of maturity of futures, the states on the asset accounts are reset.

**Article 62****Short position of futures**

The short position of futures on the asset account is represented by the number of registered sold futures. The short position or particularly its amount is changed:

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<sup>22</sup> Rules of Exchange Guarantee Fund

- a) at the sale, when the short position is increased by number of futures, which are the subject of sale of the authorized stock exchange member and their registration on the respective asset account,
- b) at the purchase when the short position is decreased by number of futures, which are the subject of purchase of the authorized stock exchange member and their registration to the respective asset account or particularly the short position is changed to the long one and its size is equal to the difference between the purchased futures and original size of the short position in the case that more contracts were purchased than the short position amounted to,
- c) as of the accounting day, which follows after the day of maturity of futures, the states on the asset accounts are reset.

**Article 63****Daily settlement of price changes**

1. After termination of the accounting day Univyc determines the concurrent profits and losses, which arose on that day from the trades closed on the given session and from the open position of preceding accounting day.
2. The authorized stock exchange members, from the trades and open positions of which the losses arose, shall pay the amount equal to the amount of these losses. To the authorized stock exchange members, from the trades and open positions of which the profits arose, the amount equal to the amount of these profits shall be paid.
3. For the open position from the previous day the amount of daily settlement shall be calculated as the product of the size of the position from previous day, multiplier and difference between the daily price of futures settlement of the given accounting day and daily price of futures settlement of previous accounting day. If the difference is positive, the holder of the short position shall pay the loss, if the difference is negative, holder of long position shall pay the loss.
4. For individual trades closed during the given session the amount of daily settlement is equal to the product of number of traded contracts within the individual trade, multiplier and difference between the daily price of settlement and price, for which the trade was closed. If the difference is positive, the seller shall pay the loss, if the difference is negative, the purchaser shall pay the loss.
5. The total price of daily settlement of price changes for the authorized stock exchange member is the sum of the amount calculated under paragraph 3 of this Article for all the asset accounts opened by the authorized stock exchange member, on which the open position is kept and amounts calculated under paragraph 4 of this Article for all the trades closed by the authorized stock exchange member on the given session.

**Article 64****Final settlement of futures**

1. Final settlement of futures is carried out on the accounting day following the day of futures maturity.
2. Final settlement of futures is carried out in the form of cash settlement of the difference:
  - a) for the open position from the previous day the amount of final settlement of futures shall be calculated as the product of the size of the position from previous day, multiplier and difference between the final price of settlement and daily price of futures settlement of previous accounting day; if the difference is positive, the holder of the short position shall pay the loss, if the difference is negative, holder of long position shall pay the loss,
  - b) for individual trades closed during the last session the amount of final settlement of futures is equal to the product of number of traded contracts within the individual trade, multiplier and difference between the final price of settlement and price, for which the trade was closed; if the difference is positive, the seller shall pay the loss, if the difference is negative, the purchaser shall pay the loss.

3. The total amount of final settlement of futures is the sum of amounts of profits and losses calculated under paragraph 2 letter a) and b) of this Article.

**Article 65****Reallocation of futures contracts**

1. Placing of traded purchase or sales futures contracts on the client's account opened by the participant, which secures for the client the settlement of futures contracts (hereinafter referred to as the "custodian"), shall be secured by both participants (participant, which traded the futures contract for the client and the custodian) by sending of order to Univyc for reallocation of the futures contracts.
2. The order for reallocation of futures contracts contains:
  - a) identification of futures series,
  - b) participant's (counterparty's) identification No.,
  - c) number of reallocated long or short positions,
  - d) price for contract,
  - e) order direction (purchase or sale),
  - f) settlement date (T+1),
  - g) settlement type,
  - h) identification No. of the participant, which gave the order,
  - i) code of account type in Univyc,
  - j) period of order validity,
  - k) identifier of owner of account, from which/on which the contracts shall be transferred,
  - l) No. of asset account, from which/on which the contracts shall be transferred,
  - m) commission,
  - n) identification No. of record on instruction or identification No. of record on the trade on the own account of the member of the Stock Exchange mentioned in the records of the Stock Exchange member.
3. The order for reallocation of futures contracts may further contain:
  - a) order external No.,
  - b) participant's branch No.,
  - c) code for determination of manner of order matching.
4. Datum settlement type under paragraph 2, letter g) assumes the value of VM3.
5. Identification No. of record on instruction or identification No. of record on the trade on the own account of the authorized member of the Stock Exchange mentioned in the records of the authorized stock exchange member contains the same identification, which is mentioned in the trade/trades, the settlement of which is reallocated.
6. The datum on the commission amount under paragraph 2, letter m) shall be filled in by the participant, which reallocates the contracts on the client's asset account kept by the custodian. If this participant is in the order for reallocation on the purchaser's part, the commission is mentioned in the negative value.
7. Period of order validity under paragraph 2. letter j) determines the period of validity of non-matched order.
8. The custodian shall send to Univyc the order to place the contract with the data identical as in the order for reallocation under paragraph 2 letter a), c), d), f), g) and m) and with contrary data in letter b), e) and h).



9. The custodian must be the authorized stock exchange member, which guarantees the settlement of futures contract by matching of the order for reallocation of contracts. All provisions regulating settlement of futures contracts mentioned herein apply to the matched orders for reallocation of the contracts.

#### **Article 66**

##### **Irrevocability of order for settlement of trade in futures**

1. The participant or the third party must not recall unilaterally the order for settlement of trade in futures from the moment of its accepting into the settlement system.
2. The moment of accepting of the order for settlement of the trade in futures is deemed to be the moment, when Univyc takes over from the Stock Exchange the set of transfers with trades in futures.
3. The settlement of trades in futures is for stipulation of irrevocability of order for settlement of trade in futures deemed to be:
  - a) daily settlement of price changes under Article 63 hereof and
  - b) final settlement of futures under Article 64 hereof.

#### **Article 67**

##### **Non-observance of obligations from trades in futures**

1. If the authorized stock exchange member does not provide duly and in time the margin contributions in accordance with the margin requirement under Article 59, paragraph 1, Univyc is entitled in accordance herewith to close by means of the Stock Exchange the futures positions kept on the asset accounts after the mutual setting off of long and short futures positions on all such asset accounts was carried out (hereinafter referred to as the "complete netting"). Univyc shall inform the Stock Exchange CEO on this fact.
2. If the authorized stock exchange member does not pay the daily settlement of price changes of futures at the stipulated amount and in the stipulated term, the respective sums shall be paid from its margin contributions. If its margin contributions are not sufficient, the contributions from FD are used in accordance with the Rules of Exchange Guarantee Fund. Univyc shall inform the Stock Exchange CEO on the lack of financial means for the settlement of futures contracts.
3. If within the final settlement of futures the authorized stock exchange member does not pay the respective specified amount, it is proceeded reasonably under paragraph 2.

#### **Article 68**

##### **Closing of positions**

1. Univyc shall carry out the complete netting under Article 67 paragraph 1.
2. The resulting long or short position calculated under the previous paragraph shall be transferred by Univyc to the technical account opened by Univyc.
3. Univyc shall inform the Stock Exchange, which shall secure giving of the simple instruction in the multiples of lot for purchase or sale of the respective number of futures from the technical account opened by Univyc against the best quotation.
4. Sale or purchase of remaining number of contracts in the long or short position, which may not be closed under previous paragraph, since their number does not correspond to the multiple of lot, shall be secured by Univyc in such a manner that it shall call all the market makers to insert the price offer for the purchase or sale of the required number of futures. Univyc shall choose the best price offer or in the case of the identical price such offer, which was sent earlier. Univyc shall call the market maker, the offer of which it chose, to insert the instruction for purchase or sale of futures against the technical account of Univyc and at the same time it shall ask the Stock Exchange to insert in the business system the instruction with opposite direction against the instruction of the chosen market maker.

5. At settlement of closing of positions it is proceeded under the Rules of Exchange Guarantee Fund.
6. In the case that the authorized stock exchange member, which is the clearing bank, is not able, for the reasons of insolvency, to fulfill its obligations arising from settlement of trades in futures, Univyc may after carrying out of the complete netting close by means of the Stock Exchange positions on all asset accounts of this clearing bank and of all authorized stock exchange members, for which this clearing bank secures settlement on the basis of the Contract on Financial Clearing of Trades.
7. The positions are not closed under the previous paragraph, if the authorized stock exchange member, which is not the bank, concludes within three business days from the breach of the duty of the clearing bank the Contract on Financial Clearing of Trades with another bank. Until the moment of conclusion of the new Contract on Clearing Univyc shall secure settlement of rights and obligations of the authorized stock exchange member from the margin contributions or possibly from FD means.

## **CHAPTER V**

### **SETTLEMENT OF TRADES IN SECURITIES OF DERIVATIVE TYPE**

#### **Article 69**

##### **Scope of application**

1. This Chapter regulates the principles and conditions for settlement of trades in securities of derivative type, as well as rights and duties of the participants of this settlement. Securities of derivative type are investment instruments accepted for trading on the Exchange in accordance with a special regulation of the Exchange<sup>23</sup>.
2. The order for settlement of trades in securities of derivative type has in the settlement type (serial item No. 22 Annex No. 3) mentioned the data in dependence on the settlement type of the respective trade under Chapter I to III of the special part hereof.

#### **Article 70**

##### **Settlement of trades in securities of derivative type**

1. The provisions of Articles of Chapters I to III of the Special part hereof apply to the settlement of trades in securities of derivative type in dependence on the fact, in which business system the trades in the mentioned investment instruments were closed. Settlement of trades in investment certificates and warrants is carried out independently on settlement of other trades and transactions.
2. The conditions of the Exchange Guarantee Fund valid for the securities traded in these business systems of the Stock Exchange apply to the settlement of the automatic exchange trades and trades closed in SPAD system.
3. On the day of maturity of securities of derivative type Univyc shall secure the automatic asserting of profit positions in accordance with the issue conditions and transferring of the corresponding financial sums to the participants keeping the accounts for the owners of these asserted securities of derivative type. In the case of physical delivery of the underlying asset Univyc shall secure their delivery versus payment of implementation price. Detailed procedures of asserting of securities of derivative type and settlement of asserted positions shall be mentioned by Univyc in the Stock Exchange Bulletin.
4. If asserting of rights connected with the ownership of securities of derivative type is secured by Univyc on the basis of the participant's application, this application must contain:
  - a) participant's identification No.,
  - b) account No.,

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<sup>23</sup> *Stock Exchange Regulation: Conditions of Admission and Trading of Derivative Securities*

- c) identifier of account owner,
  - d) type of account and code of subaccount in Univyc,
  - e) ISIN or other identification datum marking the issue,
  - f) number of applied investment instruments.
5. Univyc shall secure settlement of securities of derivative type asserted under previous paragraph in accordance with the issue conditions of the given investment instrument provided that number of asserted securities of derivative type is registered on the asset account mentioned in the participant's application.

**Article 71****Participant of settlement of trades in securities of derivative type**

1. The participant of settlement of trades in securities of derivative type which are derivatives may be:
  - a) clearing bank under Article 3,
  - b) participant of settlement system.
2. The participant of settlement of trades in securities of derivative type which are derivatives may be:
  - a) clearing bank under Article 3,
  - b) participant of settlement system, which received from CNB permit to trade in derivatives.
3. To the participant of the settlement system with securities of derivative type which are derivatives refer obligations stipulated in the provision of Article 53.
4. The participant of the settlement system with securities of derivative type which are derivatives is obliged before commencement of settlement of trades in these investment instruments to present to Univyc the copy of the permit under paragraph 2 letter b).

**Article 72****Irrevocability of order for settlement of trades in securities of derivative type**

Provisions of Article 18 hereof shall be reasonably applied to the irrevocability of order for settlement of trades in investment certificates and warrants.

**Article 73****Keeping the register of securities of derivative type**

Provisions of the General part hereof (CHAPTER III – Keeping of register) apply to keeping of register of the investment certificates and warrants.

## **PART TEMPORARY AND FINAL PROVISIONS**

**Article 74****Procedure at solving of mistakes**

If Univyc finds out that the participant caused the mistake by its own acting and this participant:

- a) confirms its fault, then both parties cooperate on quick removal of the mistake,
- b) does not confirm its fault, then the dispute is solved under the rules stipulated in Article 78.

**Article 75**  
**Breach of duties**

The participants, which breached their duties connected with settlement of trades or transactions are obliged to pay to Univyc the charges for breach of the respective duties in accordance with the Univyc Charges Regulations.

**Article 76**  
**Liability**

Univyc shall not be liable for the possible damages, which may arise to the participants or to the third parties in the consequence of the breach of this regulation from the part of other participant.

**Article 77**  
**Notification duty**

1. Univyc is obliged in accordance with law to notify CNB without undue delay of every change in composition of participants of the settlement system or change in the data on the participant of the settlement system.
2. The participant is obliged to inform Univyc on every change in its data under Section 2 letter b) Act.
3. The participant shall provide the person, which proves the legal interest, upon its request, in accordance with law, with the information on the settlement system of Univyc, a.s.

**Article 78**  
**Dispute solving**

Mutual disputes of participants of Univyc and disputes with Univyc concerning settlement of trades in securities or investment instruments shall be decided by the Exchange Arbitration Court in accordance with the applicable regulations<sup>24</sup>, if the parties agree so in the arbitration contract concluded under the special Act<sup>25</sup>. Otherwise these disputes shall be decided by the competent court.

**Article 79**  
**Temporary provisions relating to participation**

All the existing members of Univyc, which were accepted for the members of Univyc in accordance with the Rules of Membership in Univyc until these Rules becoming effective, become the participants of the settlement system hereunder and as of the day of effectiveness hereof, by signing of the Statement of Accession.

**Article 80**  
**Changes of rules of settlement, effectiveness and publishing**

1. Changes of the Rules of Settlement System shall be accepted by the Board of Directors of Univyc.
2. Every change of the Rules of Settlement System must be approved in advance by CNB. Application for the change of the Rules of Settlement System shall be presented by the Board of Directors of Univyc. In the case that CNB does not send the first-instance decision on approval of the change of the Rules of the Settlement System within 30 business days from the day of delivery or completing of the application, the change is considered as approved and it is deemed that the decision became legally effective.
3. The Rules of Settlement System become effective from the date stipulated by the Board of Directors, unless CNB stipulates in its decision otherwise.

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<sup>24</sup> Rules of Exchange Arbitration Court or possibly Statutes of Exchange Arbitration Court

<sup>25</sup> Act No. 216/1994 Coll., on Arbitration Proceedings and Execution of Arbitration Awards, as amended



4. The current wording of the Rules of Settlement System must be published also on the Internet pages of Univyc [www.univyc.cz](http://www.univyc.cz).
5. The current wording of the Rules of Settlement System is available for inspection in the registered office of Univyc, a.s. at the address Rybná 14, Prague 1 in the company secretariat daily in the period from 9:00 a.m. to 4:00 p.m.

### **Article 81**

#### **Effectiveness of Rules of Settlement System**

These Rules were approved by the Board of Directors of Univyc on 24 March 2009 and become effective on 1 April 2009.

The part of the Rules of Settlement System of UNIVYC, a.s., are Annexes 1 - 6, which are however available solely in the Czech version (except Annex 2).



**Annex 2 – Time schedule**

	<b>Accounting day</b>	<b>Estimated time</b>	<b>Univyc activity</b>	<b>Participant activity</b>
<b>Process description within one accounting day S</b>				
1	S-1	16:45	Closing of accounting day S-1 in Univyc	
2	S	from 16:45 to 17:15	1. Opening of accounting day in Univyc 2. Registration and processing of transfers in Univyc Separate register	
3		from 17:00 to 20:00	Acceptance of modification instructions (80800 and 80801)	Dispatch modification instructions
4		17:15	Creation of Statement of Preadvice Cash Information (including information regarding settlement of futures contracts)	Receipt of Statement of Preadvice Cash Information
5		from 17:00 to 20:00		1. Input of OTC transaction orders 2. Input of PSE orders 3. Input of orders for forenoon settlement cycle Possibility to set financial limits for forenoon settlement cycle
6		18:30	Dispatch of transfer orders to SCP in S	
7		from 7:00 to 8:00	1. Transfer processing of the files from SCP 2. Selection of suspended orders for following settlement cycle 3. Dispatch of morning batches to SCP Points 1-3 are repeated so many times until there is no possibility of transfer to SCP 4. Processing of instructions	



	<b>Accounting day</b>	<b>Estimated time</b>	<b>Univyc activity</b>	<b>Participant activity</b>
			from CBL 5. Registration and processing of transfers in Separate Register	
8		from 8:00 to 11:00		1. Input of orders for forenoon settlement cycle 2. Dispatch modification instructions for forenoon settlement cycle
9		to 8:15	Creation of Statement of Net Cash Positions for morning settlement cycle for participants and clearing banks (including information regarding settlement of futures contracts)	Receipt of Statement of Net Cash Positions
10		to 8:45		Clearing bank notification about insufficient funds of a participant
11		to 8:45  to 9:15	1. Notification to clearing banks and participants about solving of new cash positions 2. The new situation is solved (return of investment instruments, cancellation of payments, using of GFB etc.) and a new Statement of Net Cash Positions is dispatched for clearing banks and participants 3. Notification of the final solution of new cash positions to clearing banks and participants	Confirmation from relevant clearing banks about new cash positions
12		to 9:15	Solution of supplement settlement in case of non-returned loan from Lending and Borrowing system	
13		from 8:45 to 9:15	Recording of transfers in Univyc system and creation of Statement of Transfers for morning settlement cycle	Receipt of Statement of Transfers for morning settlement cycle
14		from 9:15	Clearing of cash payments	Receipt of Statement of



	<b>Accounting day</b>	<b>Estimated time</b>	<b>Univyc activity</b>	<b>Participant activity</b>
		to 16:00	regarding trades from morning settlement cycle in S and creation of Statement of Payments for morning settlement cycle (including information regarding settlement of future contracts).	Payments for morning settlement cycle
15		from 8:00 to 11:00  11:00	<ol style="list-style-type: none"> <li>1. Creation of Statement of Concluded Trades for forenoon settlement cycle</li> <li>2. Registration of transfers in Univyc system for forenoon settlement cycle</li> <li>3. Processing of transfers in Univyc Separate register</li> <li>4. Dispatch of transfer orders to SCP</li> </ol> Checking transfer against financial limits, multi-cycle settlement and solving of exceeded limits by – return of investment instruments, change of payment orders	Possibility to set or amend financial limits for forenoon settlement cycle (by fax only to 10:50)  Receipt of Statement of Concluded Trades for forenoon settlement cycle (after receiving message that the Statement is available (10900) there is at least 5 minutes to send modification instruction (80801)
16		11:30  from 11:30 to 16:00	Recording of transfers in Univyc system and creation of Statement of Transfers for forenoon settlement cycle  Creation of Statement of Net Cash Positions for forenoon settlement cycle  Clearing of cash payments regarding trades and creation of Statement of Payments for forenoon settlement cycle	Receipt of Statement of Transfers for forenoon settlement cycle  Receipt of Statement of Net Cash Positions  Receipt of Statement of Payments for forenoon settlement cycle
17		from 11:00 to 12:30	<ol style="list-style-type: none"> <li>1. Creation of Statement of</li> </ol>	Input of orders for afternoon DVP settlement cycle  Possibility to set or amend financial limits for afternoon DVP settlement cycle (by fax only to 12:20)



	<b>Accounting day</b>	<b>Estimated time</b>	<b>Univyc activity</b>	<b>Participant activity</b>
		12:30	<p>Concluded Trades for afternoon DVP settlement</p> <p>2. Registration of transfers in Univyc system for afternoon DVP settlement cycle</p> <p>3. Processing of transfers in Univyc Separate register</p> <p>4. Dispatch of transfer orders to SCP</p> <p>Checking transfer against financial limits, multi-cycle settlement and solving of exceeded limits by – return of investment instruments, change of payment orders</p>	<p>Receipt of Statement of Concluded Trades for afternoon DVP settlement cycle (after receiving message that the Statement is available (10900) there is at least 5 minutes to send modification instruction (80801)</p>
18		13:00	<p>Recording of transfers in Univyc system and creation of Statement of Transfers for afternoon DVP settlement cycle</p> <p>Creation of Statement of Net Cash Positions for afternoon DVP settlement cycle</p>	<p>Receipt of Statement of Transfers for afternoon DVP settlement cycle</p> <p>Receipt of Statement of Net Cash Positions</p>
		from 13:00 to 16:00	<p>Clearing of cash payments regarding trades and creation of Statement of Payments for afternoon DVP settlement cycle</p>	<p>Receipt of Statement of Payments for afternoon DVP settlement cycle</p>
19		from 12:30 to 16:00		<p>Input of orders for afternoon DFP settlement cycle</p>
		16:15	<p>1. Creation of Statement of Concluded Trades for afternoon DFP settlement cycle and all trades from T-1</p> <p>2. Registration of transfers in Univyc system for afternoon DFP cycle</p> <p>3. Processing of transfers in Univyc Separate register</p> <p>4. Dispatch of transfer orders to SCP</p>	<p>Receipt of Statement of Concluded Trades for forenoon settlement cycle (after receiving message that the Statement is available (10900) there is at least 5 minutes to send modification instruction (80801)</p>
20		16:40	<p>Recording of transfers in Univyc system and creation of Statement of Transfers for afternoon DFP cycle</p>	<p>Receipt of Statement of Transfers for afternoon DFP settlement cycle</p>



	<b>Accounting day</b>	<b>Estimated time</b>	<b>Univyc activity</b>	<b>Participant activity</b>
21		from 13:00 to 16:00	Receipt of confirmation about executed payments	After receipt is possible to send OA3 instruction to SCP
22		16:40	Historicize and creation of Statement of Holdings	Receipt of Statement of Holdings
23		16:45	Closing of settlement of day S in Univyc	
<b>Other activities</b>				
24		from 8:00 to 16:00	Receipt of modification instructions	Input of OTC trades for settlement Input of PSE trade orders Dispatch of modification instructions
25		from 8:00 to 16:00 from 17:00 to 20:00		Input of instructions into Separate register (type of instructions U or server 85) Dispatch of requirements for SCP services via EDI and receipt of feedback
26		from 8:00 to 16:00	Continuous typing and dispatch of orders to SCP and Separate register, receipt and dispatch of feedback	Dispatch of written requirements for SCP services and Separate register via Univyc (for instance OA3, U01, 85101 etc.)
27		from 9:00 to 16:45	Opening of lending pool, execution of prolongation Checking and recalculation of deposits in GFB, recalculation of collaterals for loans	Input of reservation to lending securities pool, application for prolongation of loans
28		According to depository opening hours		Deposit and withdrawal of physical securities to/from a depository
<b>All activities are the same in next accounting days</b>				



	<b>Accounting day</b>	<b>Estimated time</b>	<b>Univyc activity</b>	<b>Participant activity</b>
29	<b>S+3</b>	to 13:00	Selection of suspended automatic exchange trades or SPAD trades for supplement trades	
30	<b>S+6</b>	16:40	Historicize of unsettled block trades and OTC trades with settlement day S	