

Attachment 1 to Stock Exchange Notice N19/09

Definitions

liable party

a **member firm** against whom a **buying-in notice** is issued by the **Exchange**, or the **member firm** to whom a **buying-in notice** is passed. For **buying-in notices** in respect of settlement instructions resulting from **central counterparty trades**, the **liable party** will be determined by the **Exchange**.

SETTLEMENT, CLEARING AND BENEFIT RULES

General benefits

Entitlement to benefits and instruction notices

- G 5302 Where the facility to give instructions is available, **buyers** giving instructions within the deadlines set out in the rules must ensure that the instruction is given in time for the **seller** to receive it by that deadline.

Guidance to Rule:

*Where there is no facility for a **buyer** to provide an instruction to the **central counterparty**, the **buyer** will receive the default option from the **central counterparty**.*

Rights Issues

Last time for issue of rights claims [5520]

- G 5520 A **buyer** that issues a claim to a **seller** to deliver **rights** or registered securities shall do so in writing not later than the **last time for claims** in order to become entitled to those **rights** or the new securities as the case may be. Where a **buyer's** claim arises from a trade with the **central counterparty** and the **central counterparty** does not offer the facility to take up the rights, the claim will settle in accordance with rule 5590.

Guidance to Rule:

*If the underlying securities are to be settled through **CREST** a claim for the associated **rights** is not required, as a notification will be issued to a **seller** requiring that **seller** to deliver as specified.*

*Where there is no facility for a **buyer** to provide an instruction to the **central counterparty** in relation to a rights claim, the **buyer** will receive the lapsed proceeds from the **central counterparty**.*

Entitlement Issues

Entitlement claims [5710]

- 5710 Where a **buyer** of securities cum entitlement, or **CREST** on behalf of a **buyer**, makes a claim in writing for the assignment of the application form or the equivalent **uncertificated security** in favour of the **buyer** not later than 16.00 two days before the last day for acceptance, the **buyer** is entitled to receive the assigned application form. Where a **buyer's** claim would arise from a trade with the **central counterparty** and the **central counterparty** does not offer the facility to take up the entitlement, the **buyer** will not receive the assigned application form.

Guidance to Rule:

*Where there is no facility for a **buyer** to provide an instruction to the **central counterparty** in relation to an entitlement claim, the **buyer's** claim will lapse.*

Central counterparty instructions [5740]

- 5740 Rules 5800 to 5941 are not applicable where there is no facility for a **buyer** to provide an instruction to the **central counterparty**. The **buyer** will receive the default option applicable to the stock situation from the **central counterparty**.

Conversions and drawings

Buyer's instructions to seller where delivery not received [5800]

- 5800 Unless rule 5740 applies, and unless otherwise agreed at the time of dealing, a **buyer** of convertible securities or **warrants**, or both, cum the right to subscribe for or convert into another security who has not received delivery four days before the last day on which the rights can next be exercised shall, subject to rules 5810 and 5811, give the **seller** notice in writing of how the rights are to be exercised.

Takeovers

Delivery of unassented shares or the result of an offer [5910-5912]

- 5910 Unless rule 5740 applies, a **buyer** may give an **instruction notice**, specifying the offer to which it relates, to the **seller** requiring delivery of:
- 5910.1 the unassented shares at a date which is not later than the close of business two days before the next closing date; or
 - 5910.2 the result of an offer or a specified election under the terms of the offer if the offer should become unconditional in all respects.

Stock situations (other than conversions and takeovers)

Delivery of unassented shares or the result of a stock situation [5930-5932]

- 5930 Unless rule 5740 applies, in **stock situations** other than conversions or takeovers a **buyer** may give an **instruction notice** specifying the option to which it relates, to the **seller** requiring delivery of:

- 5930.1 the unassented shares at a date which is not later than two days before the final election date, or final registration date whichever is the earlier; or
- 5930.2 the result of a **stock situation** or a specified election under the terms of the **stock situation** if it becomes effective.

5932 Unless rule 5740 applies, for **instruction notices** in **central counterparty securities** the **seller** shall deliver the unassented shares or the result as instructed if the **instruction** was received by the **seller** before the **CREST instruction deadline** and, for voluntary events in **central counterparty securities**, where the intended settlement date of the trade was on or before the date of the **CREST instruction deadline** and delivery did not take place.