EURONEXT SECURITIES COPENHAGEN

Rule Book – Part 4
Settlement Rules

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EURONEXT SECURITIES

Contents

1. Scope

1.1 These Settlement Rules being part 4 of the VP Rule Book apply to VP's Clearing and Settlement services for the Participants' participation as Securities Account Controller, Settlement Participant, Cash Settlement Agent, or Cash Account Controller as further described in clause 4 of Part 2 of the VP Rule Book (*General Terms and Conditions*).

1.2 Terms defined in Part 1 of the VP Rule Book (Definitions) have the same meaning when used in these Settlement Rules, unless the context indicates otherwise.

2. General rules

2.1 Securities eligible for Settlement

2.1.1 Securities registered in Book-entry form at VP may, unless anything to the contrary is stated in VP Rule Book, at any time take part of the settlement process in the VP Clearing and Settlement system. The rules setting out which securities that may be registered in VP are included in Part 3 of the VP Rule Book (Book-Entry Rules).

2.2 Transfer Orders, time periods for reporting and Settlement

2.2.1 A Transfer Order shall be submitted as soon as possible after conclusion of the securities transaction in order to establish agreement with respect to the details of the transaction (Match). This is to achieve a maximum of efficiency and to reduce the operational and settlement risks linked to settlement operations.

2.2.2 Settlement Participants may submit Transfer Orders from 05:00 hours on all VP Business Days until 01:45 hours on the following day, subject, however, to some special conditions that apply for transfer of securities between VP Accounts and T2S Accounts, which is described in the User Guidelines.

2.2.3 Subject to clause 2.2.4 VP will execute:

A. VP Settlement of Transfer Orders on all VP Business Days in such a manner that VP's settlement day commences at 18:00 hours on a VP Business Day and is concluded immediately prior to 18:00 hours on the following VP Business Day, subject however, to any technical delay or similar that prevents VP from either commencing or concluding a day at 18:00 hours.

B. T2S Settlement of Transfer Orders on all T2S Business Days in such a manner that T2S' settlement day commences at 18:45 hours on a T2S Business Day, and is concluded at 18:00 hours on the following T2S Business Day, subject however, to any technical delay or similar that prevents VP from either commencing or concluding a day.

2.2.4 VP will only execute Settlement in a currency on such days where the central bank(s) responsible for such currency in question is open for Settlement.

2.2.5 The same form of Transfer Order is used for both VP Settlement and T2S Settlement. The format requirements for Transfer Orders are described in the User Guidelines.

2.2.6 A Transfer Order shall contain the information necessary for the Settlement of the securities transaction. A detailed description of the information to be reported in the Transfer Order is given in the User Guidelines.

2.2.7 Settlement of Transfer Orders will be carried out by crediting or debiting, as the case may be, the affected Securities Accounts against any recording of trade amounts on the affected cash accounts.

2.3 VP Settlement and T2S Settlement

2.3.1 Settlement in the VP Clearing and Settlement system may take place as VP Settlement or T2S Settlement. The terms governing the VP Settlement are contained in clauses 3 to 10 and the terms governing the T2S Settlement are contained in clause 11.

2.3.2 Both the VP Settlement and the T2S Settlement include settlement of DvP transactions in central bank money and FoP transactions. VP also offers handling of DwP and PFoD Transfer Orders in T2S.

2.3.3 DvP, DwP and PFoD transactions must be submitted for T2S Settlement, if (i) the securities concerned are eligible for Settlement via T2S according to the User Guidelines and are made available to T2S, cf. clause 11.3, (ii) the settlement currency is a T2S Currency, and (iii) the Cash Settlement Agent of the Participant is not the same on both Transfer Orders. .

2.3.4 A FoP transaction, excluding one-sided Transfer Orders (Stock dumps), must be submitted for T2S Settlement, if (i) the securities concerned are eligible for Settlement via T2S according to the User Guidelines and are made available to T2S, cf. clause 11.3, and (ii) the Participant is not the same on both Transfer Orders.

2.3.5 Notwithstanding the above, transactions concerning Single Priced Mutual Funds must be submitted for FundHub Order Routing Settlement in accordance with Part 6 of the VP Rule Book (FundHub Rules) and the User Guidelines.

2.4 Settlement Discipline

2.4.1 **Legal Framework**

2.4.1.1 CSDR and the RTS on Settlement Discipline introduce measures to prevent and address settlement fails in a securities settlement system to improve the safety and efficiency of securities settlement. This section 2.4 implements the measures to address settlement fails in the VP Rule Book.

2.4.1.2 VP has subscribed to the ECSDA CSDR Penalties Framework, as amended from time to time, which constitutes a market practice for the subscribing CSDs. Section 2.4.2 on penalties shall be read in accordance with the ECSDA CSDR Penalties Framework.

2.4.1.3 The clauses in this section on penalties, buy-in and suspension apply to both VP Settlement and T2S settlement in accordance with the User Guidelines and the T2S Guidelines respectively.

2.4.2 **Penalties**

2.4.2.1 If a Transfer Order, including a Transfer Order on hold, is not settled on the ISD, the Participant who does not make available sufficient securities or cash to settle the Transfer Order, shall pay a penalty to the other Participant in accordance with the User Guidelines and the T2S Guidelines respectively.

2.4.2.2 If a Transfer Order is not submitted to VP within the ISD the Participant that failed to submit the Transfer Order shall pay a penalty to the other Participant in accordance with the User Guidelines and the T2S Guidelines respectively. If neither of the Participants involved in the Transfer Order have submitted the

Transfer Order in time the penalty shall be paid by the last Participant to submit or amend the Transfer Order.

2.4.2.3 In the event that a Participant enters into Insolvency Proceedings, penalties pursuant to clause 2.4.2.1 and 2.4.2.2 shall not be computed for the period from the day the Participant entered into Insolvency Proceedings.

2.4.2.4 Penalties pursuant to clause 2.4.2shall not be computed for settlement fails on VP Business Days or T2S Business Days, respectively, where

A. securities issued in the relevant ISIN involved in the Transfer Order are suspended, c.f. clause 9.1 in Part 3 Book-entry Rules of the VP Rule Book or

B. technical problems in VP and/or T2S prohibit Settlement.

2.4.2.5 Penalties pursuant to this section 2.4.2 shall be computed for each VP Business Day or T2S Business Day, respectively, in accordance with the User Guidelines and the T2S Guidelines respectively.

2.4.2.6 VP shall for each VP Business Day or T2S Business Day, respectively, send a report to the Participant regarding calculated penalties. The report shall include information on new, amended, removed and re-instated penalties in accordance with the User Guidelines and the T2S Guidelines respectively.

2.4.2.7 Appeal on calculated penalties must be received by VP at the latest on the 11th PBD of the following month. If this day is not a PBD, the appeal must be received by VP at the latest the previous PBD.

2.4.2.8 VP may source reference data from external data providers for computing penalties. VP assumes no liability for externally sourced reference data and VP shall not indemnify the Participant for any direct or indirect losses that the Participant may have been required to pay to counterparties and/or third parties arising from errors caused by for externally sourced reference data.

2.4.2.9 VP shall at the latest on the 14th PBD of the following month send a report to the Participants about the aggregated penalties for the previous month. If this day is not a PBD, the report shall be sent the previous PBD. The report shall for each Participant specify the net calculated penalties for the previous month per counterparty.

2.4.2.10 Collection and distribution of penalties related to both VP Settlement and T2S Settlement are executed through a PFOD payment process in T2S.

2.4.2.11 Participants shall fund their relevant T2S DCAs in time to ensure that PFOD penalties can settle in the T2S night-time settlement cycle (NTS) for value 17th PBD to avoid payment delays.

2.4.2.12 If a Participant fails to fund the DCA in time and causes a payment delay for the distribution of penalties among all Participants, VP may fine the Participant in accordance with the pricelist in force at the time in question.

2.4.2.13 VP merely acts as intermediary in the collection and distribution of penalties and assumes no liability for any delay of the collection and distribution of penalties from and to the Participants.

2.4.3 **Buy-in**

2.4.3.1 For all transactions that are not cleared by a CCP nor executed on a trading venue, the Settlement Participant must ensure compliance with any regulation regarding buy-in or cash compensation pursuant to Article 7 of the CSDR and the RTS on Settlement Discipline, cf. CSDR Article 10(c).

2.4.3.2 The receiving Settlement Participant in a buy-in transaction shall report the result of the buy-in transaction, including any cash compensation, to VP pursuant to the User Guidelines.

2.4.4 **Suspension**

2.4.4.1 VP may suspend a Settlement Participant that consistently and systematically fails to deliver securities on the ISD from the VP Clearing and Settlement system in accordance with the RTS on Settlement Discipline.

2.4.4.2 VP shall consult the supervisory authorities prior to any decision on suspension after clause 2.4.4.1 and inform the supervisory authorities of a decision to suspend before disclosing the decision to the public.

2.4.4.3 VP shall notify the Settlement Participant prior to any public disclosure of the suspension of the named Settlement Participant and give the Settlement Participant opportunity to comment on the decision.

3. VP Settlement – Introduction to Net settlement and Real time gross settlement

3.1 Introduction

3.1.1 VP Settlement may take place as both net settlement and real time gross settlement, and a Transfer Order may be submitted for Settlement either (i) in one of the Batches (see clause 3.2); or as real time gross settlement (see clause 3.3).

3.2 Net Settlement

3.2.1 Subject to clause 2.2.4, VP shall within the 24-hour settlement period (cf. clause 2.2.2) complete the following net settlement Batches for securities transactions, depending on the currencies included in the settlement:

Batch	**Time of legal effect**	**Settlement currency**
10	18:00 Hours	DKK
30	07:05 Hours	DKK
40	10:15 Hours	DKK
70	11:00 Hours	SEK
60	13:00 Hours	DKK
50	14:15 Hours	EUR
80	15:30 Hours	DKK

3.2.2 Settlement in Batches 10, 30, 40, 60, 50 and 80 is FoP transactions only. Cash Settlement in central bank money is only carried out in SEK in Batch 70.

3.2.3 VP may in special circumstances postpone, move or cancel one or more of the Batches.

3.2.4 Settlement in DKK, SEK or EUR Batches can only take place when the requirements related hereto set out in the User Guidelines is fulfilled.

3.3 Real time gross settlement

3.3.1 VP supports unilateral transfers of securities without payment (stock dumps) as described in the User Guidelines.

3.3.2 The time of legal effect of securities transactions that are settled as real time gross settlement are set out in Part 3 of the VP Rule Book (Book-entry Rules).

4. VP Settlement - Entering of Transfer Orders

4.1 A Settlement Participant is entitled to instruct Transfer Orders for VP Settlement.

4.2 The Settlement of a transaction requires that the parties in the Transfer Order specify a validity period that coincide, i.e. the period during which the securities transaction concerned may participate in the Settlement. If a Transfer Order has been received by VP prior to the commencement of the Settlement period, cf. clause 5.2.3, the first Batch of that Settlement period will be deemed to be the commencement of the validity period. If the Transfer Order is received at a later time the following Batch will be deemed to be the commencement of the validity period. A specified validity period must as a minimum comprise one Batch and cannot include more than the remaining part of the Settlement period.

4.3 Upon receipt of the Transfer Order for VP Settlement, VP will make an acknowledgement available to the instructing party and any other Participants in the Settlement of the transaction in question. As from that moment the Transfer Order is deemed "entered" into the VP Clearing and Settlement system (the Moment of Entry).

5. VP Settlement - Matching

5.1 Introduction

5.1.1 For a Transfer Order to be included in a Batch, VP must have received both Transfer Orders concerning such transaction and Matching must be completed with a positive result before the time of legal effect of such Batch. If a Transfer Order designates a specific Batch in which the securities transaction is to be settled, Matching will be carried out until the time of legal effect of such Batch. If no specific Batch has been designated, the Transfer Order will be included in matching until the time of legal effect of the last Batch, 20 settlement days thereafter.

5.2 Matching criteria etc.

5.2.1 After receipt in due time of the last of the two Transfer Orders VP will carry out Matching, i.e. a comparison of the information contained in such Transfer Orders, cf. the User Guidelines.

5.2.2 If the transaction amount instructed by the receiving Settlement Participant differs from that instructed by the delivering Settlement Participant, the transaction amount submitted in the Transfer Order from the delivering Settlement Participant prevails, provided that the difference does not exceed VP's tolerance thresholds for matching as described in the User Guidelines.

5.2.3 If the result of the matching is positive (Match), VP will make the output data available to the parties and any other Participants in the Settlement of the securities transaction in question.

5.2.4 Two Transfer Orders concerning net settlement which are Matched can provide the basis for Settlement of the securities transaction from a chosen intended settlement day and until Settlement takes place or the Transfer Orders are bilaterally cancelled by both Settlement Participants.

5.3 Moment of irrevocability

5.3.1 When Match of a Transfer Order has occurred the Transfer Order cannot be cancelled or revoked unilaterally by either of the Participant or a third party (the Moment of Irrevocability). The securities transaction is thus ready for settlement. However, if the parties to a transaction so agree, a binding Transfer Order can be cancelled by both parties submitting a cancellation transaction which must be received by VP prior to the time of legal effect of the Batch in which the cancellation is to have effect.

6. VP Settlement - Settlement

6.1 Settlement terms

6.1.1 Net settlement

6.1.1.1 Settlement takes place when the net effect of all Transfer Orders in the relevant Batch is credited or debited to the affected Securities Accounts. In case of SEK DVP settlement, credit or debit of the affected Securities Accounts follow by Book-entry against the simultaneous recording of trade amounts on the affected cash accounts. All updating will be carried out in the Batch in question and information thereon will be made available to the affected Participants.

6.1.2 Real time gross settlement

6.1.2.1 Real rime gross settlement will be carried out by crediting or debiting as the case may be the affected VP Accounts. The registration will be carried out immediately after the final verification of coverage, and information will be made available to the affected Participants.

6.1.3 Trade amounts

6.1.3.1 When the correct payment instructions in respect of the trade amounts have been provided by VP to Sveriges Riksbank for SEK Batches, or made available to the Cash Account Controller, VP is released of any and all liability as regards the further processing of the information and payments.

6.1.4 Settlement in the event of Insolvency Proceedings of a Participant

6.1.4.1 Settlement of Transfer Orders in accordance with clause 6.1 takes place until VP has received an authoritative notice on Insolvency Proceedings of a Participant from the Danish FSA or other public authority, and VP hereafter automatically has initiated its insolvency procedures. Though, VP may issue a default notice prior to any authoritative notice and request that the Participant provide VP with a statement on the Participants current status pursuant to its applicable corporate or company law.

6.1.4.2 Notwithstanding anything to the contrary in this clause, if the insolvency procedure referred to in clause 6.1.4.1 is initiated during a Batch, the effects thereof will not occur until the current Batch has been concluded. Securities transactions concluded in a Batch are final, irrespective of the Insolvency Proceedings.

6.1.4.3 In case of Insolvency Proceedings of a Participant distinctions must be made between the Participant's own transactions ("Participant Transactions" - see clause 6.1.5.1) and transactions on behalf of a client of the Participant ("Client Transactions" - see clause 6.1.5).

6.1.5 **Client Transactions**

6.1.5.1 Subject to clause 6.1.4.1 Client Transactions will not be settled as from the insolvency procedure referred to in clause 6.1.4.1 is initiated.

6.1.6 **Participant Transactions**

6.1.6.1 Distinctions must be made between net settlement and real time gross settlement:

A. Net settlement:

Until 18:00 hours on the date that VP is notified of the Insolvency Proceedings, Transfer Orders submitted by the insolvent Participant that have reach Moment of Entry and where also the relevant corresponding Transfer Orders submitted by counterparties have reach Moment of Entry prior to the notification, will be included in VP's Batches and will be submitted for settlement in accordance with the normal terms for Settlement in Batches.

If VP is not informed of the Insolvency Proceedings until after 18:00 hours on the date of the Insolvency Proceedings, VP will settle the Participant's Transfer Orders until the time VP is notified and has initiated its insolvency procedure.

B. Real time gross settlement:

Until 18:00 hours on the date that VP is notified of the Insolvency Proceedings, Transfer Orders submitted by the insolvent Participant that have reach Moment of Entry and where also the relevant corresponding Transfer Orders submitted by counterparties have reach Moment of Entry prior to the notification will be submitted for settlement in accordance with the normal terms for Settlement in RTGS.

6.2 Settlement Finality

6.2.1 Net settlement

6.2.1.1 A Transfer Order for Settlement in a Batch is finally settled (unconditional, irrevocable and enforceable) as from the moment when the Batch in which the Transfer Order is settled is completed (the Moment of Settlement Finality). A Batch is completed as of the posting on a net basis of the trade amount, etc. and the crediting or debiting of the affected Securities Accounts by Book-entry, cf. clause 6.1 above. The Transfer Order in question attain legal effect as at the time of legal effect specified for the Batch in question.

6.2.1.2 In the event of a provisional transfer of securities between VP and a Participant who is a CSD, retransfer of such securities prior to the first transfer becoming final is prohibited.

6.2.2 **Real time gross settlement**

6.2.2.1 A real time gross settlement of a Transfer Order is finally settled (unconditional, irrevocable and enforceable) as from the moment when the securities have been transferred to the buyer (the Moment of Settlement Finality) with time of legal effect as of the time of Matching.

7. VP Settlement - Settlement practices

7.1 Rules on coverage of securities and cash

7.1.1 All Transfer Orders for which no specific Batch has been designated shall be considered submitted for Settlement and, if possible, Matched prior to Batch 10, the intention being to complete the greatest possible proportion of Settlement as early as possible in the 24-hour settlement period in the interests of the Participants and the overall functionality of the VP Clearing and Settlement system including flexible and efficient international Settlement.

7.1.2 In each Batch, all such Transfer Orders that have been submitted for Settlement must have net cover in terms of securities. The requirement of net cover in terms of securities with respect to the individual Batch will ensure that late deliveries by a Participant do not adversely affect the overall settlement process, or other Participants in the settlement process.

7.1.3 Transfer Orders, including Transfer Orders on hold that cannot be settled as expected by reason of insufficient coverage of securities and/or cash will be handled in accordance with section 2.4 on Settlement Discipline.

8. VP Settlement – Net Settlement and Real Time Gross Settlement

8.1 Introduction

8.1.1 In principle, none of the transactions instructed by a Participant will be settled unless there is sufficient cover for all transactions. However, in respect of a Participant’s own transactions VP will be entitled to seek to execute those securities transactions for which coverage can be obtained and to postpone the remaining securities transactions to the subsequent Batch to be settled in the same currency in accordance with the terms set out in clause 8.2.2.

8.1.2 Securities Account Holders who are not Participants may enter into an agreement with their Securities Account Controller as a “Private Professional” and entitle VP to in case of insufficient coverage to seek to execute those securities transactions for which coverage can be obtained according to the same principle as applies to Participants, cf. clause 8.1.1.

8.2 Verification of coverage of holdings

8.2.1 **Introduction**

8.2.1.1 All Transfer Orders will be verified for coverage of securities per Securities Account per ISIN. Drawn and undrawn bonds under the same ISIN will be accounted for separately.

8.2.1.2 Transfer Orders for real time gross settlement will be verified for coverage at the time of submission and then updated. In the event of insufficient coverage the Transfer Orders are cancelled.

8.2.1.3 Transfer Orders for settlement in a Batch will be verified for coverage in the Batch in question. In the event of insufficient coverage for the completion of all securities transactions in the same ISIN on a Securities Account as many transactions as possible will be settled by postponing other transactions.

8.2.2 Postponement in case of insufficient coverage of holdings

8.2.2.1 In case of insufficient coverage of holdings a search is made under transactions identifying any sales to such counterparties, which in the VP Clearing and Settlement system are referred to as non-Settlement Participants. If this search identifies one transaction that can cover the overdrawn amount this transaction will be postponed. If that is not the case, the largest transaction will be postponed first and then the other transactions one by one in rising magnitude until coverage has been fully or partially provided. If such transactions that can be postponed are not adequate to provide coverage the process described in clauses 8.2.2.3 and 8.2.2.4 will apply.

8.2.2.2 A search is made under transactions identifying any sales to counterparties, which in the VP Clearing and Settlement system are referred to as Settlement Participants, until one transaction or a combination of transactions cover the overdrawn amount pursuing a principle of postponing as few transactions as possible, cf. below. If the search identifies transactions that fulfil the criteria, the transaction(s) in question will be postponed.

8.2.2.3 The postponement will take place on the basis of the following two alternative principles in the stated order of priority:

A. The first search is for all transactions one by one. Subsequently, all combinations of two, three, four and five transactions are searched for. This search can lead to the testing of a very high number of combinations, however, only up to a certain maximum number of combinations, meaning that the search will be discontinued when the maximum number of combinations has been reached. If at such time full coverage for the other transactions has not been obtained, the following principle will be applicable:

B. The largest transaction will be postponed first, and then the other transactions one by one in rising magnitude, starting with the smallest transaction, until there is no longer any overdrawn amount.

8.2.2.4 If the postponement of the last transaction on the basis of the rules stated above results in an excess holding, an attempt will be made to use such holding to settle one or more of the smaller transactions already selected for postponement.

8.2.2.5 Partial Settlement of T2S Transfers will be handled as described in the User Guidelines.

9. VP Settlement - Cash Settlement in SEK

9.1 Conditions

9.1.1 Cash settlement in SEK via Sveriges Riksbank can only take place if the Participant has established the requisite accounts with Sveriges Riksbank or has concluded an agreement with a SEK Cash Provider with an account with Sveriges Riksbank.

9.2 Cash Settlement for Settlement in Batch 70

9.2.1 Cash settlement in SEK takes places via VP's Client Settlement Account with Sveriges Riksbank.

9.2.2 The Participant must transfer, no later than 10:45 on the desired settlement day, the required trade amount to VP's Client Settlement Account with Sveriges Riksbank.

9.2.3 Recording on the Participant's account or its SEK Cash Provider's account with Sveriges Riksbank will be carried out on conclusion of Batch 70.

9.2.4 Recording will not only be carried out in respect of the function categories undertaken by the Participant on its own behalf in accordance with the Participation Agreement, but also in respect of such other Participants for which the Participant in its capacity SEK Cash Provider for SEK makes payment available in connection with securities transactions, etc.

9.3 Interest, dividend etc.

9.3.1 The Participant shall in its capacity as Cash Account Controller designate a cash account with the Cash Settlement Agent to be used for the receipt of payments from issuers to investors. VP's arranging of payment of such amounts into the SEK account of the Cash Settlement Agent with Sveriges Riksbank will be effective payments. The payments will be irrevocable.

10. VP Settlement - Administration of rights of pledge

10.1 Introduction

10.1.1 The VP Clearing and Settlement system incorporates the capability of establishing and administering collateral in accordance with the provisions of section 182 of the Capital Markets Act, which in the VP Clearing and Settlement system is referred to as "right(s) of pledge". In this system, collateral rights are established in connection with payment for securities purchases related to securities transactions that are settled in Batches. The collateral may be enforced and the collateralised securities may be immediately realised.

10.1.2 In connection with Settlement of securities transactions, a Settlement Participant, in this clause 10 referred to as "payer", may finance the buyer's acquisition of securities against the granting of a right of collateral on such securities, always provided that the securities are credited to a Securities Account with 'non-Settlement Participant' status.

10.2 Participation

10.2.1 Only Settlement Participants participating as Cash Account Controller may operate as payers and in such capacity obtain automatic rights of collateral, and only with respect to purchases credited to a Securities Account with 'non-Settlement Participant' status.

10.3 Operation of the rights of pledge system

10.3.1 In the Transfer Order in which the payer agrees to pay for a purchase of securities, the payer must specify that payment is only to be effected against the granting of a right of pledge on the purchased securities for the benefit of the payer. At the same time, the prescribed right of pledge in respect of the purchased securities shall, in connection with the completion of the purchase, be Book-entered to the Securities Account on which the securities acquisition is Book-entered.

10.3.2 As long as the right of pledge is Book-entered, any disposal of the purchased holding shall respect the right of the pledge. If the payer has not notified an enforcement of the right of pledge, this shall expire at 16:45 hours unless VP has postponed the expiry time due to operational disturbances or other similar circumstances. Upon expiry, the securities will be at the free disposal of the Securities Account Holder.

10.3.3 Purchased securities with respect to which the payer has recorded automatic rights of collateral can only be resold within the same Batch if the reporting of the resale is effected by the same Securities Account Controller for the Participant and the payer. The reporting of the sales transaction including such sales transactions as have been reported earlier and subsequently postponed but not cancelled, for settlement in the same Batch as the above-mentioned purchase shall be deemed to provide permission to resell the securities from the payer.

10.4 Administration

10.4.1 Payer's administration

10.4.1.1 Until the time of legal effect of the Batch in which the purchase is settled, the payer may cancel its request for a right of pledge by removing the collateral recording from the transaction.

10.4.1.2 After the Batch in which the purchase has been settled, the payer may via a transaction partly or wholly reduce its automatic right of pledge on the securities.

10.4.1.3 These alterations may be carried out with immediate effect during VP's opening hours, but not during the execution of a Batch.

10.5 Enforcement, etc.

10.5.1 Payer's enforcement of the right of pledge

10.5.1.1 If payment for the purchase is not made at the agreed time, the payer may exercise its right to enforce its right of pledge with a view to immediate realisation. To enforce a right of pledge the payer will notify its right on the settlement day to the Securities Account Controller for the Securities Account in question prior to 16:45 hours.

10.5.1.2 Immediately after 16:45 hours on the same day, the Securities Account Controller will on this basis report the notification for Book-entry.

10.5.1.3 If the payer wishes the Book-entry of the enforcement to be effected earlier, it must first cancel the right of pledge with respect to the securities covered by this Book-entry.

10.5.2 Immediate realisation

10.5.2.1 Section 183 of the Capital Markets Act provides for the payer's immediate realisation of the securities subject to the right of pledge. If payment is not made at the agreed time, the payer may effect immediate realisation of the collateral, always provided that the payer has entered into an agreement with the buyer concerning such realisation.

10.5.2.2 However, such an agreement shall not be necessary for the payer's immediate realisation in the event of non-payment if the buyer is a securities dealer, an institutional investor or equivalent professional investor.

10.5.2.3 By notifying the enforcement of the right of pledge with a view to immediate realisation, the payer will be deemed to guarantee to the Securities Account Controller that the conditions in this respect are satisfied. The Securities Account Controller will thereafter instruct a transfer of the relevant securities for Book-entry on the Securities Account specified by the payer in its notification.

10.5.2.4 The payer may thereafter effect immediate realisation, though only after 16:45 hours on the settlement day. The parties may agree an earlier time for compulsory realisation on the settlement day in the event of breach of contract.

10.5.2.5 If compulsory realisation is chosen, it must be carried out immediately after the specified time. Only in exceptional circumstances where compulsory realisation cannot be carried out on the settlement day may such realisation be postponed to a point in time lying as early as possible on the morning of the following trading day.

11. T2S Settlement

11.1 General

11.1.1 The T2S Settlement services available to Settlement Participants are described in detail in the T2S User Detailed Functional Specification and in the T2S User Handbook (together the T2S User Guidelines) available on the European Central Bank webpage (https://www.ecb.europa.eu/paym/t2s/pdf/t2s_uhb_v2.1_clean_20151202.pdf?c485053816eb8ca53b82c066cc118a8d). The T2S User Guidelines also apply to the Settlement Participant unless the VP Rule Book provides otherwise.

11.2 Access rules

11.2.1 A Settlement Participant may instruct a Transfer Order to T2S, either via VP if it is an ICP of T2S or directly via the T2S platform if it is a DCP of T2S. In order to become a DCP the Settlement Participant must enter into a separate agreement with VP.

11.3 T2S Settlement - Transfer Orders

11.3.1 A Settlement Participant is entitled to instruct Transfer Orders for T2S Settlement, if the Settlement Participant complies with the terms set out in clause 11.4. Also MTS Denmark may submit Transfer Orders in respect of bonds traded in MTS Denmark.

11.3.2 Transfer Orders may settle via T2S Settlement if the following conditions are met:

A. In case of a DvP, DwP and FoP transaction:

i. The securities concerned are eligible for Settlement via T2S according to the User Guidelines and are made available on T2S ("T2S Eligible Securities"),

ii. The securities concerned are book-entered with VP, and

B. In case of a DvP, DwP and PFoD transaction, the settlement currency is a T2S Currency, and the transaction is to be settled in central bank money, unless specifically agreed otherwise with VP.

11.4 T2S Accounts

11.4.1 A Settlement Participant must have access to at least one T2S Account with VP, unless the Settlement Participant does not need to settle T2S Settlement Required Transactions.

11.4.2 A Settlement Participant may in respect of the securities registered on a T2S Account use the functionalities blocking, reservation and earmarking as further described in the User Guidelines.

11.5 T2S Auto-Collateral

11.5.1 Securities on a T2S Account can be used for T2S Auto-Collateral as agreed with VP. This requires that (i) the Cash Settlement Agent has entered into an agreement according to which the securities registered on one or more defined T2S Account(s) may be used as collateral for credits granted by the relevant central bank in connection with T2S Settlement (referred to as the T2S Auto-Collateral agreement), (ii) the Cash Settlement Agent has delivered to VP a form stipulating that it wants to use T2S Auto-Collateral, and (iii) that the T2S Account has been earmarked for T2S Auto-Collateral by registration of a restrictive right in the VP Clearing and Settlement system. The types of restrictive rights that may be registered in this respect are described in the User Guidelines.

11.5.2 The VP Clearing and Settlement System supports the different T2S Auto-Collateral processes which are offered by the T2S System and described in the T2S User Guidelines. The T2S Auto-Collateral process depends on the T2S Auto-Collateral agreement entered into between the Settlement Participant and the relevant central bank. When a Settlement Participant enters into a T2S Auto-Collateral agreement the Settlement Participant must initiate the set-up of the right account structure with VP, and the central bank must instruct the T2S system. Hereafter the T2S Auto-Collateral is handled automatically by the T2S system in accordance with the T2S User Guidelines.

11.6 Entering of Transfer Orders, Validation and Pre-Match

11.6.1 All securities registered on a T2S Account may be used for T2S Settlement, and cannot be used for VP Settlement, unless the securities are transferred to a VP Account. The User Guidelines contain a detailed description of how and when securities may be transferred between VP Accounts and T2S Accounts.

11.6.2 A Transfer Order instructed for T2S Settlement is validated by VP upon receipt in order to declare it compliant with the technical rules of T2S as set out in the T2S User Guidelines. First, VP verifies that the sending party is authorised to instruct the Transfer Order via VP. Subsequently, VP applies the validation criteria, and validates if the mandatory data fields are correctly filled in. A detailed description of the information to be reported for validation is contained in the User Guidelines.

11.6.3 An unsuccessful validation of a Transfer Order causes a rejection of the Transfer Order, and information of the reason for the rejection are generated and sent to the submitting party.

11.6.4 Upon a successful validation of a Transfer Order concerning a T2S Transfer, but prior to upload of the Transfer Order for entry in the match module on the T2S platform, VP will attempt to perform Match outside the T2S platform (a Pre-Match), as further described in the User Guidelines. In case of no pre-match, the Transfer Order is immediately passed on by VP to the T2S platform for Match in the T2S matching module. If the result of the Pre-Match is successful, VP will create a new consolidated Transfer Order to T2S for entry in the T2S match module as described in the User Guidelines.

11.6.5 The right for VP to conduct Pre-Matches follows from an agreement (the Collective Agreement) with the ECB.

11.6.6 If the transaction amount instructed by the receiving Settlement Participant differs from that instructed by the delivering Settlement Participant, the transaction amount submitted in the Transfer Order from the delivering Settlement Participant prevails, provided that the difference does not exceed the T2S tolerance match rules as set out in the T2S User Guidelines.

11.6.7 A Transfer Order, which has been successfully validated and Pre-Matched, is deemed "entered" into the VP Clearing and Settlement system at the moment at which it was declared compliant with the technical rules of T2S by VP (the Moment of Entry into the System for pre-matched Transfer Orders). Whereas a Transfer Order for T2S Settlement, that has not been Pre-Matched, but passed on to the T2S System, is deemed "entered" into at the moment at which it has been declared compliant with the technical rules of T2S by the T2S platform (the Moment of Entry into the System for not pre-matched Transfer Orders).

11.6.8 A Transfer Order may be submitted for same day settlement, for settlement up to 13 months in advance of the settlement day, and for a settlement day in the past if all relevant static data were valid at the past settlement day.

11.6.9 VP supports various T2S functionalities such as linking, partial delivery, prioritization, etc. The functionalities supported by VP are described in the User Guidelines.

11.7 Matching on the T2S platform

11.7.1 When a Transfer Order has been given the status "Matched" on the T2S platform, irrespectively of whether it has been Pre-Matched or not, the Transfer Order cannot unilaterally be cancelled or revoked (the Moment of Irrevocability). From the Moment of Irrevocability and until settlement has taken place, the functionality "Hold & Release" may, however, be applied by each party and the parties may bilaterally agree to cancel their Transfer Orders until settlement. This is further described in the User Guidelines.

11.7.2 A Transfer Order that has not been matched will be handled in accordance with the Recycling terms set out in the T2S User Guidelines.

11.8 Settlement

11.8.1 General

11.8.1.1 T2S Settlement is carried out by crediting/debiting the T2S Account as applicable, and debiting/crediting a linked DCA as applicable. VP is not involved in the process of providing cash liquidity on the DCA as lines are handled in the payment system by the Cash Settlement Agent and the relevant central bank. For FoP Settlement, the DCA is not impacted.

11.8.1.2 A Transfer Order that has been matched but not settled because of lack of coverage will be handled in accordance with the recycling terms set out in the User Guidelines.

11.8.1.3 Information on Securities Account entries on the T2S platform will be made available to the affected Settlement Participants and other relevant parties as described in the User Guidelines.

11.8.2 Settlement Finality

11.8.2.1 A Transfer Order is finally settled (unconditional, irrevocable and enforceable) as from the account entry (credit) of the securities on the receiving Settlement Participant's Securities Account on the T2S platform (the Moment of Settlement Finality). The corresponding account entry will hereafter be mirrored in the VP Clearing and Settlement System.

11.8.3 T2S Settlement in the event of Insolvency Proceedings of a Participant

11.8.3.1 Settlement of Transfer Orders in accordance with clause 11.8.1 takes place until VP has received an authoritative notice on Insolvency Proceedings of a Settlement Participant from the Danish FSA or other public authority, and VP hereafter has initiated its T2S insolvency procedures as described below. VP may also issue a default notice prior to any authoritative notice and request that the Settlement Participant provide VP with a statement on the Settlement Participant's current status pursuant to its applicable corporate or company law.

11.8.3.2 Transfer Orders submitted by the insolvent Settlement Participant that have reached Moment of Entry and where also the relevant corresponding Transfer Orders submitted by counterparties have reached Moment of Entry prior to the moment of opening of the Insolvency Proceedings will be attempted settled in the T2S system.

11.8.3.3 Transfer Orders that have reached Moment of Entry after the moment of opening of the Insolvency Proceedings, but have been matched on the T2S platform prior to VP became aware, nor should have been aware of the opening of such proceedings, and are for settlement on the same T2S Business Day will be attempted settled in the T2S system, but will, however be cancelled if unsettled at the end of the day.

11.8.3.4 Transfer Orders not covered in clauses 11.8.3.2 and 11.8.3.3 will be immediately cancelled after VP becomes aware of the opening of the Insolvency Proceedings.

11.8.3.5 In case of insolvency of a Settlement Participant VP will make relevant insolvency information available to relevant parties on the T2S settlement platform in accordance with the T2S User Guidelines and European Securities and Markets Authority's "Guidelines on CSD participants default rules and procedures".

11.8.3.6 Any actions taken by VP in the event of the opening of Insolvency Proceedings against a Settlement Participant will be executed in accordance with the T2S User Guidelines on a case-by-case basis.