



Securities Services

CO:RE SIX Repo AG

Product Specification for the Repo Market OTC
Spot



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1 Introduction

This document specifies the security types that can be traded in the OTC Spot market as well as the trading modalities available to participants. It further provides general market-related information.

2 Definitions and Explanations

The following table gives definitions and explanations for the product terms and related terminology.

Time (CET)	Event
Accrued interest	The interest accrued between the <u>trade date</u> and the <u>settlement date</u> . The payment amount due on the settlement date includes accrued interest.
Addressed offer	Binding offer sent to a selected participant. Addressed offers are used to initiate trading activity directly with a specific counterparty or to respond to a <u>quote</u> or <u>indication of interest</u> .
Aggressor	Participant who responds to a <u>quote</u> or <u>indication of interest</u> that results in a trade. For trades that result directly from an <u>addressed offer</u> , both counterparties are considered aggressors. See also <u>non-aggressor</u> .
Business day	A business day is any day on which the market is open for trading. For more information, see the Trading and Settlement Calendar (link to be provided with next update of this document). See also <u>currency business day</u> .
Currency business day	A currency business day is any day on which settlement in a specific currency is possible. Currency holidays largely correspond to national public holidays. For more information, see the Trading and Settlement Calendar (link to be provided with next update of this document). See also <u>business day</u> .
Day roll convention	Specifies whether the <u>payment date</u> will be rolled to the next or the previous <u>currency business day</u> if it happens to fall on a currency holiday. See also <u>following</u> .
Direct hit	Indicates that an <u>addressed offer</u> sent in response to a <u>quote</u> will automatically be accepted.
Following	<u>Day roll convention</u> whereby the <u>payment date</u> is rolled forward to the next <u>currency business day</u> if it happens to fall on a currency holiday.
GMBF	Geldmarktbuchforderung der Schweizerischen Eidgenossenschaft. Short-term usually discounted debt obligation issued by the Swiss Confederation. See also <u>MMDRC</u> .
Indication of interest	Non-binding offer sent to selected participants as specified by the participant.
Liberierung	The date when the payment by the subscribers to the issue of a security following the subscription period is due.
MMDRC	Money market debt register claim of the Swiss Confederation. English for <u>GMBF</u> .
Minimum security size	Minimum nominal amount of the security (debt instrument) sold or bought.
Nominal currency	Currency in which the security (debt instrument) is denominated.
Nominal lot amount	Indicates the increment by which the <u>security size</u> may be

	increased above the <u>minimum security size</u> .
Non-Aggressor	Participant who posts a <u>quote or indication of interest</u> that results in a trade. See also <u>aggressor</u> .
Payment date	See <u>settlement date</u> .
Quote	Generally non-binding offer sent to selected participants as specified by the participant to buy or sell a security at the quoted price.
Security price	The price negotiated for a security (expressed in % of the nominal).
Security size	Total nominal amount of the security (debt instrument) sold or bought.
Settlement date	The payment and settlement date. See <u>section 7</u> for details.
SNB Bill	A short-term usually discounted debt obligation issued by the Swiss National Bank.
Trade date	Date on which a trade is concluded.
Trading currency	Currency in which the security is traded.

3 Market Segments

There are two market segments in the OTC Spot market, the primary market segment and the OTC trading market segment.

3.1 Primary

The primary market segment is where auctions are held for the issue of new securities or an issue increase of existing securities. Bilateral trading outside of auctions is not possible in this segment.

3.1.1 Security Types

The types of securities available in the primary market segment as set out in the Trading Rules for the OTC Spot Market (link to be provided in the next update of this document) include:

- Listed short-term debt instruments and federal bonds.
- Unlisted short-term debt instruments with maturities of up to one year issued by the Swiss Confederation (e.g. GMBF) or the Swiss National Bank (e.g. SNB Bills).

3.1.2 Auctions

There are two types of auctions in the primary market segment:

- Sell auctions for the issue of a new security or for an issue increase
- Repurchase auctions of securities that were not admitted to the OTC trading market segment or have been withdrawn from the OTC trading market segment

The auctioneer must be set up as the security owner and enabled as auctioneer by SIX Repo AG.

The Swiss National Bank holds auctions at regular intervals and at fixed times. For more information, please contact the Swiss National Bank.

3.2 OTC Trading

The OTC trading market segment is where securities can be traded bilaterally outside of auctions. Holding auctions (sell or buy) of securities admitted to the OTC trading market segment is also possible, provided the participant has been enabled as auctioneer by SIX Repo AG.

If not otherwise specified by the issuer, securities admitted to the OTC trading market segment begin trading on the next business day following the date on which the payment by the subscribers to the issue of the security is due (Liberierung).

3.2.1 Security Types

The types of securities available in the OTC trading market segment as set out in the Trading Rules for the OTC Spot Market (link to be provided in the next update of this document) include:

- Unlisted short-term debt instruments with maturities of up to one year issued by the Swiss Confederation (e.g. GMBF) or the Swiss National Bank (e.g. SNB Bills).

Whether a security may be traded in the OTC Spot market and, if so, withdrawn prior to maturity is determined by the issuer.

4 Auction Conditions

Auctions may be held anytime during business hours, but must not exceed one business day.

The auctioneer must complete the allocation process and execute trades within 30 minutes of the auction end time.

All other auction terms are specified by the auctioneer, including for instance auction start / end time, minimum security price, allocation method, et cetera.

5 Taxation

Federal stamp tax: Short-term debt instruments are not subject to the federal issuance stamp duty (Emissionsabgabe). Short-term debt instruments with maturities of up to one year are exempt from the federal stamp tax on turnover (Umsatzabgabe).

Withholding tax: Earnings from short-term debt instruments are subject to Swiss withholding tax. Details on withholding tax compliance regarding short-term debt instruments are published by the Federal Tax Authority in *Merkblatt Geldmarktpapiere und Buchforderungen inländischer Schuldner* dated April 1999 (www.estv.admin.ch) and by the Swiss National Bank in *Treatment of withholding tax on SNB Bills* dated 21 October 2010 (www.snb.ch).

6 Market

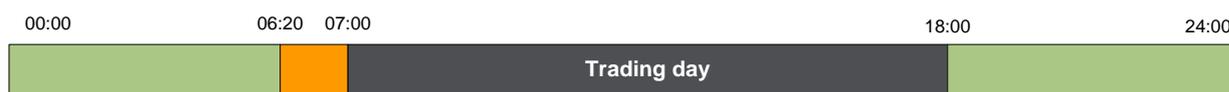
This section provides general market information.

6.1 Business Days

A business day is any day on which the market is open for trading. The market is open from Monday to Friday, except on holidays. For an overview of all market holidays, please see the Trading and Settlement Calendar (link to be provided in the next update of this document).

6.2 Business Hours

Time (CET)	Event
06:20	Start of business day
07:00	Start of trading
18:00	End of business day



-  = **Closed:** platform unavailable
-  = **Pre-open:** platform available, trading/auctions not yet possible
-  = **Open:** market open for trading and auctions

6.3 Currency Value Days

A currency value day is any day on which a payment can settle. Currency value days are from Monday to Friday, except on holidays.

Currency holidays are days on which the central bank that manages the respective currency is closed (see table below).

For an overview of all currency holidays, please see the Trading and Settlement Calendar (link to be provided in the next update of this document).

7 Settlement

Straight-through-processing for settlement is provided by SIX Securities Services. All transactions are settled on a delivery-versus-payment basis. In-house back office data processing automation is supported through the own trades file interface (OTX) and the Participant API (PAPI).

The standard settlement date (on-the-spot), minimum security size and nominal lot amount are as follows:

Security Type	Settlement T + n*	Minimum Security Size**	Nominal Lot Amount
Federal bonds	T + 3	1'000	1'000
SNB Bills (CHF)	T + 2	1'000'000	1'000'000
SNB Bills (USD)	T + 2	500'000	500'000
GMBF	T + 2	50'000	50'000

* In the primary market segment, the settlement date is the date when the payment by the subscribers to the issue of a security following the subscription period is due (Liberierung). This date must equal at least T + n where "T" is the auction date and "n" the number of currency business days to add. In the OTC trading market segment, "T" equals the trade date. Non-standard settlement is possible if the trade resulted from an indication of interest or addressed offer. The applicable day roll convention is following.

** For auctions, the minimum security size specified by the auctioneer may be higher.

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