

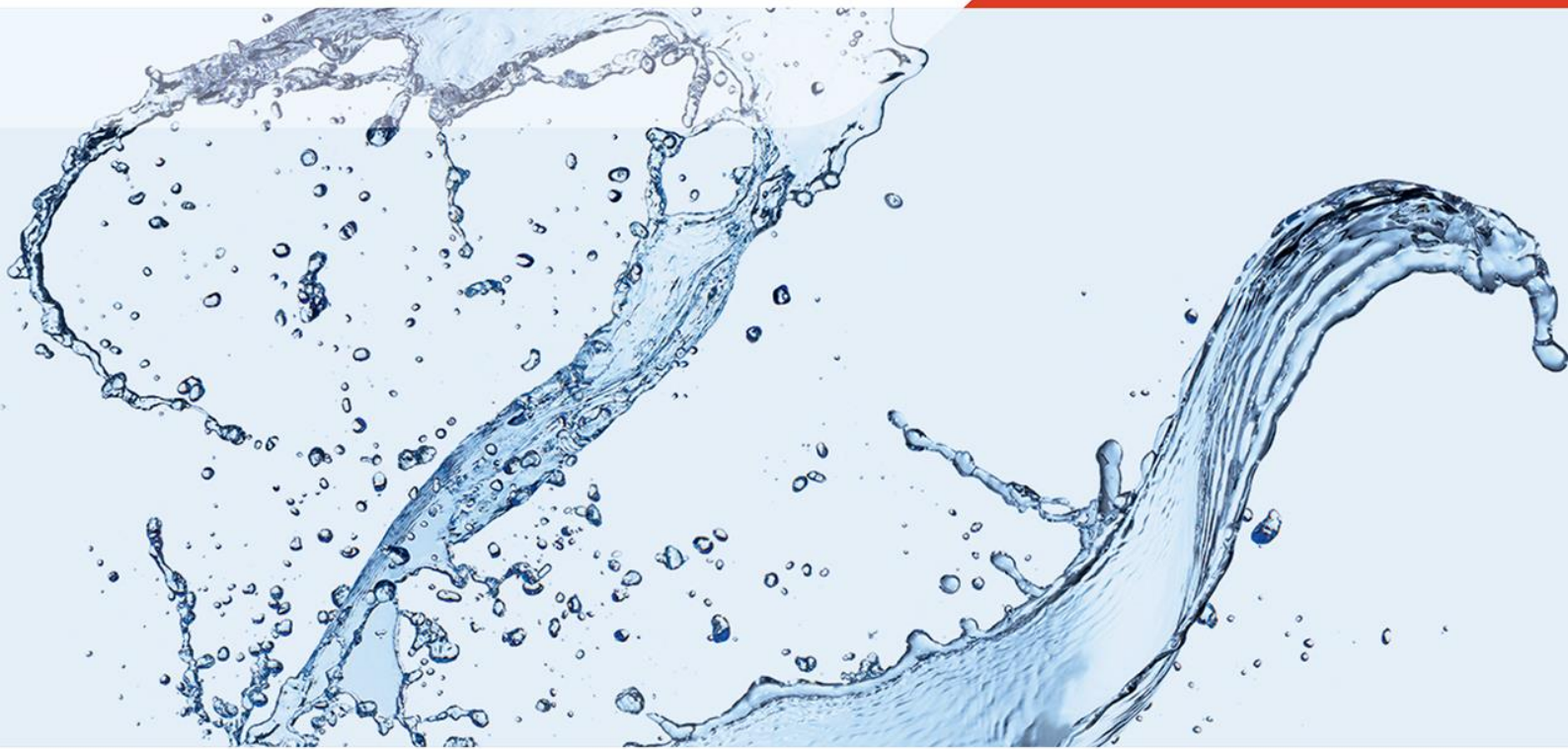


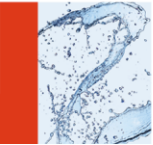
Securities Services

# SIX Repo AG

## Regulations for the Admission of Participants and the Use of the Trading Platform of SIX Repo AG (Rule Book)

of 9 November 2017  
Entry into force: 1 January 2018





# SIX Repo AG

## Regulations for the Admission of Participants and the Use of the Trading Platform of SIX Repo AG (Rule Book)

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## SIX Repo AG

### Regulations for the Admission of Participants and the Use of the Trading Platform of SIX Repo AG (Rule Book)

#### 1.0 Purpose

This Rule Book contains provisions on the admission of participants and the use of the trading platform (the "Platform") of SIX Repo AG (the "Platform Operator").

The purpose of the Platform is to enable efficient trading and automatic forwarding for processing and administration as regards the products traded on the Platform.

#### 2.0 Structure

1. Implementing provisions for this Rule Book are set out in the Trading Directives and Product Specifications for the individual markets as well as guidelines and notices, which form an integral part of the Rule Book.
2. The Platform Operator shall issue notices to the participants to inform them of any amendments to the Rule Book, Trading Directives and Product Specifications.
3. The Rule Book, Trading Directives and Product Specifications, as amended from time to time, shall be binding on the participants.

#### 3.0 Admission of participants

The Platform Operator shall admit an applicant as a participant of the Platform and conclude a participation agreement with it, provided that it meets the following admission requirements:

- a. The following may be admitted as participants:
  - securities dealers pursuant to Art. 2 (d) of the Stock Exchange Act of 24 March 1995;
  - other parties supervised by FINMA pursuant to Art. 3 of the Financial Market Supervision Act of 22 June 2007 (FINMAG);
  - foreign participants authorized by FINMA pursuant to Art. 40 of the Financial Market Infrastructure Act (FinfraG);
  - the AHV/IV/EO compensation fund, Suva and the Federal Treasury;
  - the SNB.
- b. The applicant must fulfil the necessary technical and operational requirements for its connection to the Platform.
- c. The applicant must have external auditors authorized by its supervisory authority.
- d. Adequate exchange of information between the domestic and foreign supervisory authorities must be ensured as regards the applicant.

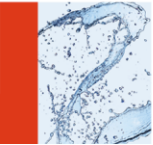
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- e. The Platform Operator may lay down additional market-specific admission requirements in the Trading Directives for individual markets.

#### 4.0 Obligations of participants

1. The participant undertakes
  - a. to use the Platform correctly and in compliance with the rules and requirements of the Platform Operator;
  - b. only to make entries when trading on the Platform that demonstrably have an economic background and are consistent with genuine economic bid and ask behavior;
  - c. to refrain from tampering with or making other changes to the Platform and its interfaces or otherwise disrupting the operation of the Platform;
  - d. not to unlawfully use, modify or pass on to third parties the software of the Platform Operator and the data received;
  - e. to restrict access to trading on the Platform to traders of good repute who (i) have the requisite expertise, experience and training, (ii) have successfully passed the trader examination required for access to the markets to which this Rule Book applies, and (iii) are at all times subject to the participant's right to issue instructions and recognize the regulations of the Platform Operator;
  - f. to immediately report to the Platform Operator any changes to traders;
  - g. to at all times fulfill (equivalent) technical and operational requirements as apply for securities traders;
  - h. to comply with the admission requirements in accordance with this Rule Book (incl. implementing provisions) for the entire duration of its participation;
  - i. to issue appropriate internal guidelines and monitor compliance with this Rule Book (incl. implementing provisions);
  - j. to pay all fees and costs specified by the Platform Operator.
2. The participant further undertakes to notify the Platform Operator immediately if
  - a. it has breached the Rule Book or is unable to comply with it;
  - b. there is a technical problem connecting to the Platform;
  - c. it can no longer fulfill (equivalent) technical and operational requirements as apply for securities traders;



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- d. the relevant supervisory authority instigates proceedings against it or its traders or issues an order, where the proceedings or the order are relevant to the admission requirements or the registration of traders;
- e. access to the settlement organization is suspended or terminated or it is highly likely that this will occur.

#### **5.0 Administration of access authorizations**

1. The participant shall appoint a Desk Administrator who shall grant access authorizations and ensure compliance at all times with the obligations set forth in clause 4 above and all other obligations of the participant, as set forth in the rules of the Platform Operator.
2. The participant shall be responsible and liable for all acts and omissions of the Desk Administrator.
3. The Desk Administrator shall issue a user identification (user ID and password) to each trader. This is personal and may not be passed on.
4. The participant shall be responsible for ensuring that existing user identifications are revoked immediately in the event of staff changes (e.g. change of responsibilities, termination of employment etc.) and are no longer used from the date on which such changes take effect. The user identifications issued by the Desk Administrator shall be binding upon the Platform Operator until such time as they are revoked by the Desk Administrator.

#### **6.0 Connectivity types for participants and connection of application service providers (ASPs)**

Participants may choose one of the following types of connectivity.

##### **6.1 Direct connectivity**

1. The technical connection of participants to the Platform may be provided through the software supplied by the Platform Operator or using the participants' own applications.
2. The Platform Operator may permit participants, at their request, the use of the connectivity infrastructure of a third party commissioned by the participant and approved by the Platform Operator if compliance with this Rule Book (incl. implementing provisions) by the third party is also ensured.
3. The technical connectivity of the participant's proprietary applications and the connectivity infrastructure of third parties is the responsibility of the participant. The Platform Operator may undertake or demand an acceptance run or certification of the participant's proprietary applications and third-party connectivity infrastructure.



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4. If the participant's proprietary applications or the connectivity infrastructure or leased lines of a third party put the operation of the Platform at risk, the Platform Operator may prohibit or suspend the use thereof.

#### 6.2 **ASP connectivity**

##### 6.2.1 **Technical layout**

1. The technical connection of a participant to the Platform may be provided through the application of an ASP. The participant conducts its transactions via the infrastructure and functions provided by the ASP.
2. The Platform Operator may permit an ASP, at its request, the use of the connectivity infrastructure of a third party commissioned by the ASP and approved by the Platform Operator if compliance with this Rule Book (incl. implementing provisions) by the third party is also ensured.
3. The technical connectivity of ASP applications and the connectivity infrastructure of third parties is the responsibility of the ASP. The Platform Operator may undertake or demand an acceptance run or certification of ASP applications or the connectivity infrastructure of third parties.
4. If the ASP applications or the connectivity infrastructure or leased lines of a third party put at risk, adversely affect or damage the operation of the Platform, the Platform Operator may prohibit or suspend the use of thereof.
5. The ASP is not entitled to trade on the Platform.

##### 6.2.2 **ASP applications**

1. The ASP is responsible for selecting suitable ASP applications that enable the participant to connect to the Platform as per the rules and regulations. The Platform Operator makes no warranty as to the security, availability and performance of these ASP applications.
2. The ASP is responsible for installing, running and maintaining the ASP applications at its own expense.
3. If the ASP applications put at risk, adversely affect or damage the operation of the Platform, the Platform Operator may suspend or prohibit the use thereof.

#### 7.0 **Trading days and hours**

1. The trading days for the Platform shall be defined in the trading calendar of the Platform Operator.
2. Trading on the Platform shall be open from 07:00 to 18:00.



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3. The Platform Operator shall be entitled to suspend trading on the platform at any time, either in whole or in part, for technical or other objective reasons, which shall be determined at the sole discretion of the Platform Operator.

#### **8.0 Markets**

1. Trading on the Platform is broken down into various markets, which are determined by the Platform Operator. The Platform Operator shall be entitled to open new markets and/or close existing markets at any time.
2. The market-specific rules are included in the Trading Directives and Product Specifications for the relevant markets.
3. The participant shall be entitled to trade in all markets, provided that it meets any market-specific requirements that may apply.

#### **9.0 Corrections and cancellations of trades**

Corrections and cancellations of trades shall be governed by the market-specific provisions set forth in the relevant Trading Directives or Product Specifications.

#### **10.0 Technical and functional support**

1. Standard technical and functional support shall be provided on trading days from 08:00 to 18:00.
2. An on-call service is available for technical support (on trading days from 06:00 to 08:00 and 18:00 to 22:00, at weekends and public holidays from 10:00 to 16:00).
3. The Platform Operator may charge a fee in any respect of any exceptional expenditure incurred which shall be calculated on the basis of time spent and the complexity of the request.

#### **11.0 Data usage and processing**

1. All data entered in the Platform or generated on it (hereinafter the "Data") are the exclusive property of the Platform Operator.
2. While preserving the anonymity of participants, the Platform Operator shall be entitled to use and process the Data for commercial purposes (e.g. for creating and disseminating statistics, market analyses, etc.) or to pass the Data on to a company of the SIX Group for commercial use and processing purposes.
3. Furthermore, the Platform Operator shall be entitled to make the Data available to the Swiss National Bank to fulfil its legal obligation.





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#### **12.0 Settlement of trades and administration**

1. The participant authorizes the Platform Operator to transmit, in its name and on its behalf, the necessary settlement instructions to the corresponding settlement organization recognized by the Platform Operator. When transmitting the instructions, the Platform Operator shall be entitled to rely on the data entered by the participant and shall be under no obligation to check the data for completeness and/or accuracy. In the event that data are incomplete or incorrect, the participants shall reach a bilateral agreement regarding any consequences that may arise.
2. If an automatic settlement of the trade (i.e. based on instructions from the Platform Operator) is not possible, the participants shall reach a bilateral agreement regarding settlement and any consequences that may arise.
3. Transfer and payment are governed by the corresponding agreements between the participant and the settlement organization.

#### **13.0 Contractual provisions**

1. A trade shall give rise to a contractual relationship between the participants concerned. The rights and obligations of the parties (participants) shall be governed by the Swiss Code of Obligations.
2. The Platform Operator accepts no liability in respect of claims arising from the contractual relationship between the participants. The participants are solely responsible for settling such claims.
3. The participants shall bear the counterparty risk.

#### **14.0 Duty to provide information**

Subject to compliance with legal requirements regarding confidentiality, the Platform Operator shall be entitled to request from the participant any information that it may require for the purposes of maintaining an orderly market or enforcing this Rule Book (incl. implementing provisions). Specifically, it may conduct inspections and question traders. Where statutory confidentiality requirements exist, the Platform Operator may demand information with identifying elements removed.

#### **15.0 Audit**

1. The Platform Operator may at any time require the participant to mandate a recognized auditor or, at the request of the participant, its internal audit department to conduct an audit verifying compliance with the provisions stipulated in these regulations as well as the fulfillment of (equivalent) technical and operational requirements as apply for securities traders. If a specific issue is identified, the Platform Operator may also at any time require the participant to have certain processes and transactions audited to check compliance with the Rule Book and to present to the Platform Operator a summary report (subject to banking secrecy).



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2. If the participant does not designate an auditor, the Platform Operator shall appoint the auditor.
3. The participant shall bear any costs incurred in relation to the audit activities required by the Platform Operator.

#### **16.0 Breach of Rule Book**

In the event of breaches of provisions of this Rule Book (incl. implementing provisions), the Platform Operator may impose sanctions on participants and/or traders; specifically in the event of the following acts or omissions:

- a. Breach of rules and regulations of the Platform Operator;
- b. Breach of contractual agreements with the Platform Operator;
- c. Non-compliance with orders from the Platform Operator;
- d. Attempted or actual damage caused to the trading platform;
- e. Attempted or actual manipulation or modification of the trading platform, in particular the technical interfaces;
- f. Improper use or passing on of the software of the Platform Operator or the data received from the trading platform;
- g. Obstruction of the auditor in performing its activities; and
- h. Non-cooperation with sanction proceedings and non-compliance with sanction orders, sanction decisions or arbitration awards.

#### **17.0 Sanctions**

1. The following sanctions may be imposed:
  - a. On participants: reprimand, suspension or exclusion, fines and/or penalties of up to CHF 10 million;
  - b. On traders: reprimand, suspension or revocation of registration.
2. When imposing sanctions, consideration will be given to the severity of the breach, the degree of fault and any previous sanctions imposed on the participant or trader.
3. The sanctions imposed on the participant as well as the underlying breaches may be announced to the general public and other participants.



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#### **18.0 Suspension and final exclusion from the Platform**

1. The Platform Operator may decide to suspend or definitively exclude participants and/or traders from the Platform in the event of any breach of the provisions of this Rule Book (incl. implementing provisions).
2. In the event of the suspension or final exclusion of a participant, the participant shall be prohibited from executing new trades. The participant shall continue to manage any trades still pending at the time of suspension or final exclusion until such trades can be closed. This Rule Book (incl. implementing provisions) shall continue to apply to the participant until all open trades are closed. The Platform Operator reserves the right to block a participant's access to the Platform with immediate effect.
3. In the event of the suspension or final exclusion of a trader, the participant must ensure, through its Desk Administrator, that the relevant trader can no longer make any entries in the system.
4. The Platform Operator shall be entitled to restrict access authorizations, as appropriate, for the purpose of enforcing the above obligations of the participant.
5. The Platform Operator may publicly announce the suspension or final exclusion of a participant.

#### **19.0 Termination of the participation agreement**

1. The participant or the Platform Operator may terminate the participation agreement at any time by giving four weeks' notice to the end of a month.
2. Notice of termination must be sent by registered mail.
3. Termination shall result in the cancellation of the participation agreement. Notwithstanding termination, the participant must continue to fulfil all of its obligations to the companies of SIX Group.
4. In the event of termination, the relevant participant shall take the necessary measures to ensure, insofar as is practicable, that all trades are completed by the end of the notice period. No new trades may be executed in accordance with this requirement. If open trades still exist on the date on which termination takes effect, the participant shall continue to manage such trades until they can be closed. This Rule Book (incl. implementing provisions) shall continue to apply to the participant until all open trades are closed.
5. The Platform Operator shall be entitled to restrict access authorizations, as appropriate, for the purpose of enforcing the above obligations of the participant.
6. The Platform Operator shall publicly announce the termination of a participant's participation.



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#### 20.0 Emergency situations

In emergency situations, the Platform Operator may suspend this Rule Book (incl. implementing provisions), in whole or in part, and replace them with new regulations temporarily. The Platform Operator may temporarily suspend trading on the Platform, either in whole or in part, in emergency situations. The Platform Operator shall determine at its discretion whether an emergency situation exists

#### 21.0 Exclusion of liability

1. Except in the event of an intentional act or gross negligence on the part of its governing bodies or employees, the Platform Operator shall not be liable for any loss or damage that may be suffered by a participant, its clients or third parties due to the actions or omissions of the Platform Operator. In particular, the Platform Operator shall not be liable for any loss or damage resulting from:
  - a. measures taken by the Platform Operator during emergency situations;
  - b. orders issued by the Platform Operator;
  - c. partial or total unavailability of the Platform, the processing infrastructure or other technical problems;
  - d. incorrect or incomplete data processing or distribution;
  - e. the entry of incorrect or incomplete static data, any delay in entering or failure to enter static data and the resulting cancellation of the relevant trade;
  - f. the inaccuracy or non-availability of, or the failure to update, the position and limit data supplied by the Platform Operator;
  - g. the malfunction, failure or non-availability of software and functionalities supplied by the Platform Operator (including updates and upgrades);
  - h. viruses and harmful components on the Platform, in the settlement infrastructure and in respect of any software and functionalities supplied by the Platform Operator;
  - i. the inability to settle a trade;
  - j. manipulation or incorrect operations by participants or third parties; or
  - k. the suspension or final exclusion of the participant and/or trader.
2. The Platform Operator accepts no liability in respect of claims for loss other than direct loss, such as compensation for indirect or consequential loss, including loss of profit or additional expenses.



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#### **22.0 Fees**

The applicable fee rates for use of the Platform are set out in the Lists of Charges for the individual markets.

#### **23.0 Outsourcing**

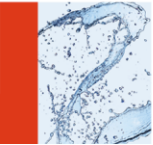
Within the scope of its regulatory and contractual obligations, the Platform Operator is authorized to outsource data processing and other services to group companies of SIX Group Ltd as well as to third parties in Switzerland and abroad. In particular, this relates to liquidity management, treasury services, risk management, administering master data, accounting, HR, IT and back-office functions, legal and compliance, activities aimed at ensuring fair, efficient and orderly trading, as well as the operation of matching and market data distribution systems. If, within the scope of this outsourcing, data is sent to group companies or external third parties, all service providers are subject to comprehensive confidentiality requirements.

#### **24.0 Confidentiality**

1. The Platform Operator, its executive bodies, employees and agents are subject to professional secrecy in accordance with Art. 147 FMIA.
2. The Platform Operator shall treat all participant-related information which it receives on the basis of the Rule Book as confidential, subject to any other legal provisions or other provisions in this Rule Book. The Platform Operator may only publish such confidential information with the consent of the participant concerned.
3. The use of anonymized data (such as price information and revenues from securities and other financial information) that cannot be used to identify the underlying participant does not breach this confidentiality obligation.
4. The Platform Operator may disclose data to the companies of SIX Group and third parties in Switzerland and abroad, provided that the Platform Operator ensures they are bound by comparable confidentiality provisions as those set out in this Rule Book.
5. Subject to any mandatory legal provisions, the Platform Operator may provide supervisory authorities, monitoring units of other trading venues and law enforcement authorities with information concerning the participant and obtain such information from these authorities.

#### **25.0 Severability**

1. In the event that individual provisions of this Rule Book are or become invalid, the validity of the remaining provisions shall remain unaffected. If individual provisions of this Rule Book are or become wholly or partially ineffective or unenforceable, they must be interpreted in a way that restores their effectiveness.



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2. Where this is not possible, the Platform Operator shall issue a new provision within a reasonable period of time and give effect to such provision in accordance with the provisions governing amendments to this Rule Book.

#### **26.0 Amendments to the Rule Book and implementing provisions**

1. The Rule Book, Trading Directives and Product Specifications may be amended by the Platform Operator at any time. The participant shall be notified of the amendments in good time before they come into force. Amendments to the Product Specifications may also be made by the Platform Operator at short notice.
2. Amendments shall become binding on the participants as soon as they come into force, unless the participant rejects the amendments and terminates the participation agreement in writing before the amendments takes effect. In the event of termination, the provisions of clause 19 (2-6) shall apply.

#### **27.0 Binding version**

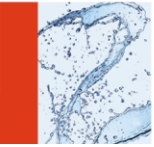
In the event of any conflict between two different language versions of this Rule Book, the German version shall prevail.

#### **28.0 Applicable law and arbitration clause**

1. This Rule Book (incl. implementing provisions) shall be governed by and construed in accordance with substantive Swiss law and has been issued within the scope of self-regulation within the meaning of Art. 27 FinfraG. This also applies to all legal issues stipulated in Art. 2 para. 1 of the Hague Securities Convention (HSC).
2. Disputes with SIX Repo Ltd and the regulatory bodies (currently: the Regulatory Board, SIX Exchange Regulation, the Sanction Commission and the Appeals Board), in particular with regard to imposed sanctions, shall be decided solely and finally by their Zurich-based arbitration court after any internal appeals processes have been exhausted in accordance with the legal basis outlined above. The arbitration court comprises a chairman and an arbitrator appointed by each party for the individual case. The chairman and his/her deputy are elected by the President of the Swiss Federal Supreme Court for a period of four years. If more than one party is acting as the plaintiff/defendant, they must agree on an arbitrator, otherwise an arbitrator will be appointed by the competent court. The chairman may conduct oral conciliation proceedings. The third part of the Swiss Code of Civil Procedure shall apply to the arbitration proceedings. In all cases, any possible arbitration code issued by the Regulatory Board shall take precedence over the Swiss Code of Civil Procedure; chapter 12 of the Swiss federal legislation on international private law (IPRG; SR 291) shall be expressly excluded.

#### **29.0 Entry into force**

1. This Rule Book was adopted by the Regulatory Board on 12 April 2017 and enters into force on 7 September 2017.



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2. The revision decreed by the Regulatory Board in its decision of 9 November 2017 was approved by FINMA on 15 December 2017 and enters into force on 1 January 2018.

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