SIX Swiss Exchange message no. 50/2013

Subject	**Initial Announcement SWXess Maintenance Release 5 (SMR5)**
Category	SWXess Trading Platform
Authorised by	Christoph Landis, Head Operations Rolf Broekhuizen, Head Business Engineering
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Information

Content of this message:

- SMR5 is a mandatory release
- Overview of functional and technical changes with SMR5
  - New STI FIX Infrastructure
  - New Order Type (Iceberg) and Duration (At-the-Close)
  - Enhancements Trade and Transaction Reporting
  - Cancellations via STI
- Regulatory changes with SMR5
- Rollout Plan SMR5 for Membertest (13.01.2014) and Production (07.04.2014)

In SIX Swiss Exchange message no. 31/2013, SIX Swiss Exchange announced the introduction of a further significant upgrade of its «SWXess» trading platform in the second quarter of 2014 as part of its ongoing improvement efforts. SWXess Maintenance Release 5 (SMR5) is the final step in the consolidation of SIX Swiss Exchange trading interfaces and will introduce enhanced on book trading and optimised trade reporting and post-trade process functionalities.

This message is intended to provide participants an overview of the changes in SMR5.

Functional Changes

With SWXess Maintenance Release 5 (SMR5), SIX Swiss Exchange will mainly introduce a new STI FIX infrastructure , new order book trading functionality as well as enhancements in trade reporting and post-trade processing.

This section gives an overview of the SWXess changes introduced with SMR5 and describes the functional changes in more detail.

| SWXess Maintenance Release 5 (SMR5)	
Functional Enhancements	• New STI FIX infrastructure replacing the current «Request Coordinator» (RC) • Decommissioning of STI Equity offering • New order type «Iceberg Order» available via STI and OTI • New order duration «At-the-Close» available via STI and OTI • Settlement instruction and transaction reporting implemented for delivery reports • Instruction of off order book cancellations requests via STI • Matching and deletion of unmatched two-sided trade reports on the next business day • Trade reporting of off exchange trades via STI using a Reporting Member ID of participants • Decommissioning of Masking Central Counterparty (MCCP) ID in STI and RDI
Affected Interfaces	• Standard Trading Interface (STI) • OUCH Trading Interface (OTI) • Reference Data Interface (RDI) • Trade Reconciliation Report (TRR) • Trade and Transaction Reporting (TTR)
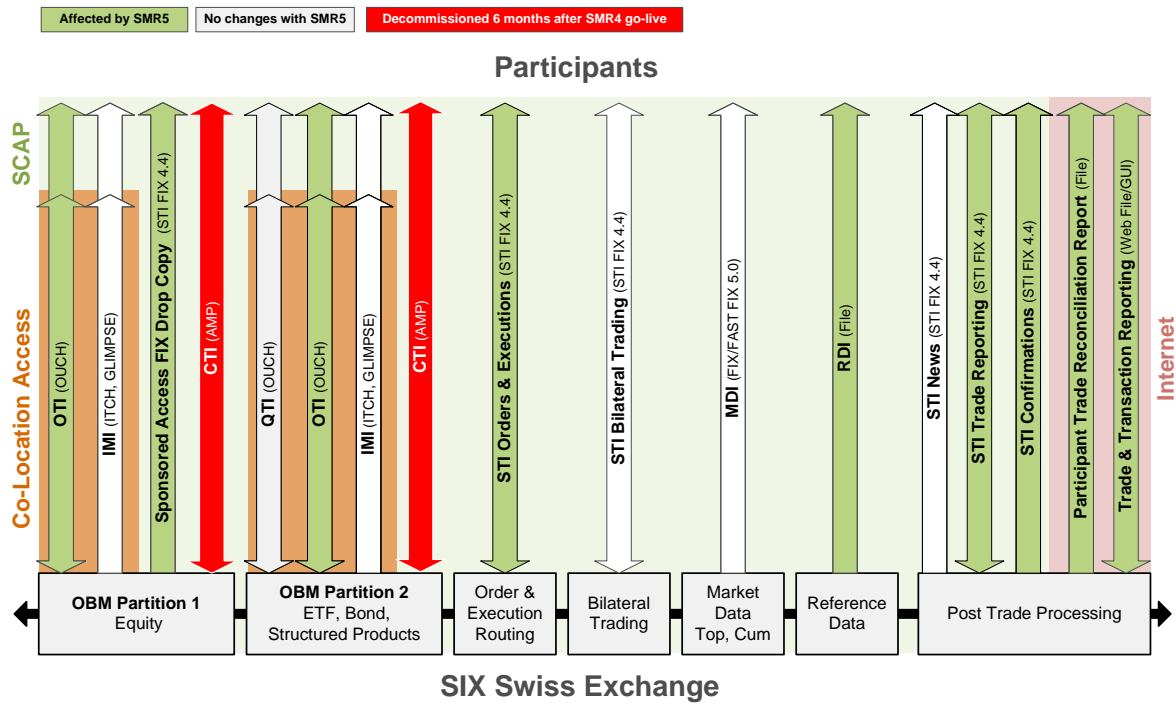
New STI FIX Infrastructure

- The current «Request Coordinator» (RC) which manages, authenticates and authorizes FIX Connections as well as routes FIX messages between participants, SIX Swiss Exchange and other venues, will be replaced by a new Standard Trading Interface (STI) FIX Infrastructure.

- The new STI FIX Infrastructure delivers higher throughput and lower latency for trading over the Standard Trading Interface (STI) and will enable richer functionality in the future. In addition the recovery and error handling will be much improved.

- The STI FIX Infrastructure offers Participants more flexibility configuring the following services offered via Standard Trading Interface (STI) to their needs:

STI Service	Description
STI Orders and Executions	For on order book trading on SIX Swiss Exchange and Scoach by SIX as well as for routing to the non-displayed liquidity service SLS
STI Bilateral Trading	For trading on the bilateral trading platform for securitised derivatives
STI Trade Reporting	For reporting on- and off exchange trades and performing corrections and countertrades
STI News	For receiving trading-relevant news messages
STI Confirmation	For receiving the post-trade Confirmation messages (trade slips)

The new STI FIX Infrastructure allows a flexible configuration of the STI Services over a number of FIX Sessions in order to meet Participants requirements.
For example, a Participant wishing to separate back office activities from trading activities can request that STI Confirmations are sent to a dedicated FIX Session for the Participant's back office. Likewise, a Participant may request to connect the Bilateral Trading service to a dedicated

FIX Session. Note that the same PartyID can be used by one or several FIX Clients. However, each type of STI Service for a specific PartyID is only available through one FIX Client.

The diagram below shows a possible configuration of STI services for a Participant:
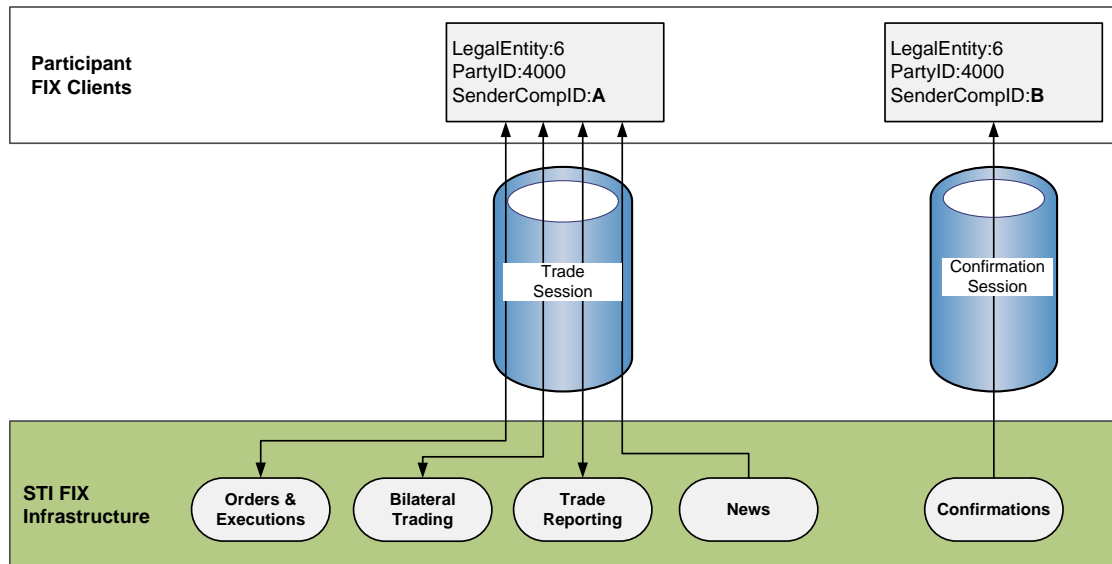
- With the new STI FIX Infrastructure Participants can also request drop copies (duplications) of Confirmation messages to be sent to a separate Party ID.

Decommissioning of STI Equity

- The offering of dedicated STI sessions with high FIX transactions per second (FTPS) capacity for trading in the equity market (OBM – Partition 1 «Equity») according to Art. 6.2 in Annex K of Directive 7: Fees and Costs will be decommissioned. Participants currently using the STI Equity offering are kindly requested to migrate to the low latency OUCH Transaction Interface (OTI) with unlimited capacity for partition 1 of the On Book Matcher for the equity market.

New order type «Iceberg»

- A new order type, «Iceberg», will be introduced for on order book trading via Standard Trading Interface (STI) and OUCH Trading Interface (OTI). The «Iceberg» order allows participants to enter the total quantity of a large order whilst having only a small tranche of it displayed to the market. This order type generally promotes the liquidity in the order book, whilst also benefiting the participant which entered the Iceberg order by not adversely impacting his execution price.

  The «Iceberg» order is generally supported for both market models (CLOB and MMB) and can be inserted into the order book during any trading period. For «Iceberg» orders the order durations «Day», «Good Till Date» as well as «At-the-Opening» and «At-the-Close» are supported.

New order duration «At-the-Close»

- A new order duration (time in force) «At-the-Close» will be introduced for on order book trading via Standard Trading Interface (STI) and OUCH Trading Interface (OTI). The new duration «At-the-Close» allows participants to transmit orders to SIX Swiss Exchange during business hours which will only become active at the start of the closing auction. Any residual order quantity which is not executed during at the run auction and close will be deleted automatically. The order with duration «At-the-Close» can be modified or deleted during the business day when the order is inactive as well as during the closing auction when the order is active. The time priority of «At-the-Close» orders is set at the time that the order is submitted to the Exchange.

The order duration «At-the-Close» is supported for all trading segments which have a closing auction and is supported with «Normal» and «Iceberg» orders.

Enhancements Trade and Transaction Reporting

- The existing «Delivery Report» functionality supported via Standard Trading Interface (STI) and Reporting GUI for trading participants will be extended to support instruction of settlement by SIX Swiss Exchange. Participants can define an absolute or percental commission which will be considered in the overall settlement amount to either his or his counterparty's benefit. If a Delivery Report is instructed for settlement, the involved participants will receive a confirmation message including all relevant details of the transaction and commission.

  Additionally, it will be possible for participants to flag Delivery Reports with a new Trade Type «Transaction Report». From a regulatory perspective, Delivery Reports marked as Transaction Reports will be deemed to be reported under the «Reporting Office Rules for the Fulfilment of the Legal Reporting Requirements for Securities Dealers».

  Delivery Reports including any commission details or Transaction Report flag will be included in the Trade Reconciliation Report (TRR) available over the Reporting GUI.

- The behaviour of unmatched two-sided trade reports will be changed for the next business day.

  - Unmatched legs of two-sided trade reports can now be deleted by the participant both on the transaction date (T) as well as on the following business day (T+1).

Transaction Date (T)	Next Business Day (T+1)
First leg of two-sided trade report submitted First leg of two-sided trade report **deleted**	-
First leg of two-sided trade report submitted	First leg of two-sided trade report **deleted**

  - Unmatched legs of two-sided trade reports can match on the transaction date (T) and on the following business day (T+1) and would thus be instructed for settlement.

Transaction Date (T)	Next Business Day (T+1)
First leg of two-sided trade report submitted Second leg of two-sided trade report submitted **Two-sided trade report is matched**	-
First leg of two-sided trade report submitted	Second leg of two-sided trade report submitted **Two-sided trade report is matched**

If unmatched two-sided trade reports are not matched or deleted on the business day following the transaction date, they will still be deemed to be reported by the participant who has submitted his side of the trade.

- Participants of SIX Swiss Exchange may request a new dedicated Reporting Member and Group Reporting Trader for trade reporting of off exchange transaction via Standard Trading Interface (STI) or the Reporting GUI. This new reporting configuration offering allows employees of participants without the SIX Swiss Exchange traders exam (e.g. back office) to submit trade reports of Off Exchange trades to the Reporting Office via STI or the Reporting GUI. Such trades may also be instructed for clearing and settlement. Transaction Reporting by trading participants will however not be possible under this new reporting setup for trading participants.

Cancellations

- Participants will be able to request and instruct the cancellation of off order book trades (one- and two-sided trade reports) via Standard Trading Interface (STI) or the Reporting GUI. As soon as Market Operations has executed the cancellation, the involved participants will receive a confirmation of the cancellation via STI and e-mail. Cancellation of off order book trades via STI and Reporting GUI can be requested on the same business day as the trade (T) as well as on the following business day (T+1).

  The current solution to request cancellations via a form on the Member Section will remain in place and shall be used by participants for cancellation requests of irregular on order book trades.

  Further details about cancellations are available in Art. 17 of SIX Swiss Exchange Directive 3: Trading and Art. 15 of Scoach by SIX Directive 3: Trading.

Harmonization of Counterparty Anonymity

- The behaviour regarding counterparty anonymity will be harmonized for all SWXess trading interfaces. If an on order book trade occurs in a security with counterparty anonymity SIX Swiss Exchange will no longer display the masking central counterparty (MCCP) identification 4500. Instead the counterparty field will either show 0 or be empty, depending on the interface.

Interface	Message	Current Behaviour (SMR4 and earlier)	New Behaviour (SMR5)
STI	Execution Report (8)	If security has CCP Anonymity then Masking CCP 4500 is displayed.	If security has CCP Anonymity then the field is empty.
	Confirmation (AK)	If security has CCP Anonymity then the field is empty.	
OTI	Executed Order Message [E]	If security has CCP Anonymity then 0 is displayed.	If security has CCP Anonymity then 0 is displayed.
CTI *	AmpTradeRep	If security has CCP Anonymity then Masking CCP 4500 is displayed.	If security has CCP Anonymity then Masking CCP 4500 is displayed.
RDI	Party.txt	Participant ID 4500 included in Party.txt file	Participant 4500 no longer available in Party.txt file

* CTI will remain unchanged since it will be decommissioned in May 2014.

As a consequence the masking central counterparty participant record is obsolete and will no longer be provided in the Reference Data Interface (RDI).

Reference Data

- When determining the business key (uniqueness) of a security in the Reference Data Interface (RDI), the first- and last listed date of the security must be taken into account. RDI also publishes a security on the business day following the instrument's last trading date for the purpose of corrections, cancellations and countertrades on the business day following the transaction date. Thus, although the business key for a security remains the triple «isin, securityExchange, tradingCurrency», a security is only unique for a given business day when qualified by the firstTradingDate and lastTradingDate of the instrument.

Further details concerning the functional changes will be published and communicated in due course before the start of SMR5 in the Membertest environment.

Technical Changes

The functional changes described above which will be introduced with SWXess Maintenance Release 5 (SMR5) are not transparent for SWXess interfaces and require mandatory adjustments to participants' systems and interfaces.

Please find all SMR5 related interface specifications as well as further information about functional and technical changes in MSC Message 49/2013. The corresponding Release Notes are available in the Member Section of SIX Swiss Exchange.

Document	Link
MSC messages	https://www.six-swiss-exchange.com/member_section/it/messages.html
Specifications and Manuals	https://www.six-swiss-exchange.com/member_section/it/manuals_en.html

Regulatory Changes

The functional and technical changes in SMR5 also necessitate regulatory changes. The following regulatory documents and guides are affected in this respect and will thus be amended accordingly:

- SIX Swiss Exchange and Scoach by SIX Rule Book and Directives
- Reporting Office Rules for the Fulfilment of the Legal Reporting Requirements for Securities Dealers
- Trading and Reporting Guides

Updates to the rule book, directives and guides for SMR5 will be communicated one month before the productive implementation of SMR5 at the latest by means of a SIX Swiss Exchange message. In addition, they will be published on the internet site of SIX Swiss Exchange and Scoach by SIX.

Rollout

SIX Swiss Exchange plans to roll out SMR5 as follows:

Date	Environment
13 January 2014	First trading day with SMR5 in **Membertest** environment
7 April 2014	First trading day with SMR5 in **Production** environment
5 May 2014	Contingency first trading day with SMR5 in **Production** environment

Before SMR5 is rolled out into production, participants will have a window of approximately 3 months to test their applications and processes in the Membertest environment.

We will approach you ahead of the Membertest and Production phases to provide information on the migration to SMR5 and to advise on and facilitate any configuration changes you may require.

SIX Swiss Exchange is continuously striving to extend and improve the «SWXess» trading platform and our participants will benefit from the improvements and optimizations resulting from SMR5, which guarantee continued efficient trading and trade reporting.

If you have any questions, please do not hesitate to contact Member Services:
Telephone: +41 58 399 2473
E-Mail: member.services@six-group.com