

SIX Swiss Exchange message no. 39/2014

Subject **Reintroduction of trading segment “Sponsored Foreign Shares”**
Category Trading and Products
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Information 

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SIX Swiss Exchange is pleased to announce the reintroduction of the trading segment “Sponsored Foreign Shares” as of 3 November 2014.

The new “Sponsored Foreign Shares” trading segment enables all participants to trade shares of foreign issuers in the order book via the “SWXess” platform of SIX Swiss Exchange and report off order book trades in foreign shares to SIX Swiss Exchange.

This message provides you with a general overview of the new service.

Products and admission to trading

Sponsors – trading participants of SIX Swiss Exchange – can apply to SIX Exchange Regulation for the admission to trading of equity securities of foreign issuers with a primary listing on an exchange recognized by the Regulatory Board. Collective investment schemes and equity securities with a primary or secondary listing on SIX Swiss Exchange may not be admitted to trading in this segment. The sponsors also undertake to comply with the reporting and maintenance requirements set out in the Rules and to guarantee market making activities. Securities are admitted without issuer involvement.

The Rules for the Admission of Equity Securities to Trading in the SIX Swiss Exchange-Sponsored Segment can be found online at:

http://www.six-exchange-regulation.com/admission_manual/05_01-RSS_en.pdf

The list of securities admitted to trading in the “Sponsored Foreign Shares” trading segment will be published from 24 October 2014 via the Reference Data Interface (RDI).

Trading

The securities in the “Sponsored Foreign Shares” trading segment are traded on the On Book Matcher (OBM) Partition 2 – “Non-Equities” and are subject to the rules of the “Market Maker Book” (MMB) market model. The trading hours are continuous from 9 am to 5.30 pm CET (with a closing auction from 5.20 pm to 5.30 pm CET) and there is no duty to trade on the exchange.

Provided there is an executable situation between two orders and there is no quote in the order book, there will be a trading interruption (Stop Trading) for the duration of five minutes. The Stop Trading is removed as soon as a quote is recorded in the order book and the transaction is executed.

To ensure a regulated market, the sponsor contractually agrees to act as market maker at least during 90% of the official trading hours in the sponsored securities.

Further information on the applicable trading parameters and market making obligations for “Sponsored Foreign Shares” can be found in the [Product Guide – Equity Market](#) and in [Annex E to Directive 3: Trading](#) on the website of SIX Swiss Exchange.

Clearing and settlement

Trades in Sponsored Foreign Shares on SIX Swiss Exchange are settled automatically and are not cleared via a central counterparty (CCP). The clearing cycle for Sponsored Foreign Shares is two working days (T+2).

Participants can settle trades in Sponsored Foreign Shares automatically. As a result, no urgent changes are required to the “Clearing & Settlement Standing Instructions (CSSI)” for this trading segment. Participants wishing to have specific settlement instructions for this trading segment are requested to complete and sign the [Clearing and Settlement Standing Instructions Notification Form](#) five days before the change takes effect and submit it to Member Services (member.services@six-group.com).

Regulation

The following directives have been amended in connection with the introduction of “Sponsored Foreign Shares” and will enter into force on 3 November 2014. Updated versions can be accessed immediately via the following link: http://www.six-swiss-exchange.com/participants/regulation/directives_en.html

Directive	Annex
Directive 3: Trading	Annex E – Sponsored Foreign Shares
Directive 7: Fees and Costs	Annex D – Sponsored Foreign Shares

The updated [trading guides](#) are available for download from the website.

Rollout

The productive rollout of the “Sponsored Foreign Shares” trading segment will take place on **3 November 2014**. Participants will have the opportunity to test the new configuration of the “Sponsored Foreign Shares” trading segment beforehand in the Membertest environment. Further details of the rollout plan are given below:

Date	Activity
Friday, 24 October 2014	Accept Orders date for all securities in the Sponsored Foreign Shares trading segment in the test and production environments
Monday, 27 October 2014 to Friday, 31 October 2014	Test phase for participants in the test environment Securities are suspended in the production environment
Monday, 3 November 2014	First trading day for the new Sponsored Foreign Shares trading segment in the production environment

Please note that during the test phase the new securities in the “Sponsored Foreign Shares” trading segment will also be visible in the production environment, but the trading segment will still be suspended from trading in the order book and no off order book trades may be reported.

SIX Swiss Exchange is pleased to offer the "Sponsored Foreign Shares" trading segment once again. We are certain that this service will provide real added value for our participants and their clients.

If you have any questions, please do not hesitate to contact Member Services:

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