



SIX Structured Products Exchange Ltd.

# Directive 1: Admission of Participants

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## 1. Purpose and principle

This Directive contains provisions for the admission of participants and market makers, the appropriate organisation and registration obligations and is based on Part I (Admission) of the Rule Book.

## 2. Admission as a participant

### 2.1 Admission requirements

Participation in the Exchange requires participation in SIX Swiss Exchange AG. An applicant must also fulfil the admission requirements according to Clause 3 Rule Book, i.e. he must

- a) have a licence as a securities dealer or remote member of the Exchange from FINMA;
- b) have provided a deposit, if the Exchange demands one in accordance with Clause 5;
- c) meet the requirements for connecting to the exchange system;
- d) be a participant in a clearing organisation recognised by the Exchange or have access to such via a General Clearing Member; and
- e) be a participant in a settlement organisation recognised by the Exchange or have access to such via a custodian.

### 2.2 Application for admission

<sup>1</sup> The applicant must apply to the Exchange in writing for admission. The applicant must submit the following documents with the application:

- a) a copy of the FINMA securities dealer licence or the FINMA remote member authorisation;
- b) as the case may be, evidence that the collateral deposit has been made;
- c) evidence that it has access to a clearing organisation recognised by the Exchange;
- d) evidence that it has access to a settlement organisation recognised by the Exchange;
- e) a certified extract from the Commercial Register or of a document corresponding to the extract from the Commercial Register as evidence of the participant's domicile, business purpose and the names of the persons with signing authority;
- f) an annual report and the current audited annual financial statements incl. auditor's report (unless included in the annual report itself); and
- g) the applicant's organisational chart.

<sup>2</sup> The application form for admission as a participant may be obtained from the Exchange and is available on the website of SIX Swiss Exchange.

### 2.3 Decision of admission

<sup>1</sup> The Exchange shall examine the application, in particular whether the admission requirements are met. If so, the Exchange shall admit the applicant as a participant.

<sup>2</sup> The Exchange shall inform the participant in writing. If the decision is negative, it shall provide an explanation.

## 2.4 Suspension and termination of participation

### 2.4.1 Suspension

The Exchange may block a participant's access to the exchange system at any time and/or delete its orders in the events specified in Clause 7.1 Rule Book or as part of sanction proceedings.

### 2.4.2 Termination

<sup>1</sup> The participant or the Exchange may cancel the participation agreement in writing at any time in compliance with the notice period specified in Clause 7.2 Rule Book.

<sup>2</sup> The exclusion of the participant as part of sanction proceedings in accordance with Clause 18 Rule Book remains reserved.

## 3. Appropriate organisation and registration obligations

### 3.1 Persons responsible

<sup>1</sup> In accordance with Clause 4.3.1 Rule Book, the participant must register all persons responsible for trading with the Exchange. These are:

- a) the traders (incl. chief trader);
- b) the business coordinator;
- c) the compliance officer; and
- d) the IT coordinator.

<sup>2</sup> For traders, the provisions set out in Clause 3.2 shall apply additionally.

### 3.2 Registration of the trader

#### 3.2.1 Registration requirements

A trader must fulfil the registration requirements according to Clause 4.3.2 Rule Book, i.e. he must

- a) be of good repute;
- b) possess sufficient specialist knowledge, in particular the product and market knowledge required for trading on the Exchange. Evidence of sufficient specialist knowledge includes passing the trader examination of the Exchange;
- c) familiarity with the trading, clearing and settlement modalities of the Exchange;
- d) acknowledgement of the rules and regulations of the Exchange; and
- e) be subject to the participant's direct right of instruction.

#### 3.2.2 Registration application

<sup>1</sup> The application for registration shall be made in writing. The participant shall submit the following documents to SIX Swiss Exchange in writing with the application:

- a) declaration of the trader's personal reliability and good repute;
- b) proof that the trader has sufficient expertise (i.e. has passed the trader examination);
- c) confirmation that the trader is subject to the participant's direct right of instruction; and
- d) declaration of the trader that he accepts the Exchange's rules and regulations (incl. sanction procedure).

<sup>2</sup> The relevant registration forms may be obtained from the Exchange and are available on the website of SIX Swiss Exchange.

### **3.2.3 Registration procedure**

<sup>1</sup> The Exchange shall examine the application, in particular whether the registration requirements are met in accordance with Clause 4.3.2 Rule Book.

<sup>2</sup> If so, the Exchange shall register the trader and inform the participant and the relevant trader in writing of the decision. If the decision is negative, it shall provide an explanation.

<sup>3</sup> The Exchange may grant the traders of new participants provisional registration for a period of three months. This period begins when the new participant is admitted to trading. Provisional registration will be granted once registration for the trader examination has been received. If the trader does not pass the examination, the Exchange will cancel their provisional registration no later than the end of the provisional registration period, and notify the participant accordingly.

### **3.2.4 Suspension and withdrawal of the registration**

<sup>1</sup> The Exchange may suspend a registration made at any time, if the registration requirements are no longer met.

<sup>2</sup> The Exchange may withdraw the registration:

- a) on the participant's application;
- b) if the requirements for the registration are no longer met; or
- c) if a suspension has lasted for more than six months.

## **4. Admission as a market maker**

<sup>1</sup> The Exchange may admit a participant as a market maker under a written agreement (Market Maker Agreement).

<sup>2</sup> The Market Maker Agreement must comply with the requirements of Clause 10.3 Rule Book and the relevant provisions of the individual market segments.

## **5. Provisions for the deposit**

<sup>1</sup> In accordance with Clause 3.4 Rule Book, the Exchange may require the applicant or, during the participation, the participant to provide a deposit.

<sup>2</sup> The Exchange shall decide at its own discretion on the basis of the applicant's or participant's creditworthiness and in compliance with the principle of equal treatment whether a deposit is to be provided.

<sup>3</sup> The Exchange shall set the type and amount of the deposit on the basis of the applicant's or participant's business and the trade volume expected, and may adjust it, where necessary.

<sup>4</sup> When providing the deposit as securities, they are utilised at the Exchange's discretion as a private liquidation or by enforcement of liquidation. In the event of enforcement of liquidation, this may also take place as a private sale.

<sup>5</sup> The deposit shall serve primarily to settle outstanding liabilities of the participant towards the Exchange and only to a subordinate degree for those of other participants. If the deposit is used to settle due liabilities towards participants, the Exchange shall ensure the equal treatment of all participants.

## 6. Provisions for the trader examination

### 6.1 Principle

The trader examination shall serve to prove the expertise required for securities trading.

### 6.2 Examination requirements and program

<sup>1</sup> As a rule, all interested persons shall be eligible to take the trader examination.

<sup>2</sup> The examination consists of several modules, which are available in German or English. Expertise regarding the Exchange's rules and regulations as well as trading functions shall be examined.

<sup>3</sup> If the trader can provide evidence of training or an examination recognised by the Exchange, a simplified trader examination may be administered. The Exchange publishes a list of recognised training programs and examinations on its website.

<sup>4</sup> All registered traders must attend a web-based refresher course in the event of major system adaptations or regulatory amendments, but every two years at the latest. If the refresher course is not attended by the set deadline, the Exchange may suspend the trader.

<sup>5</sup> Additional information regarding these training programmes and the examination fees may be obtained from the Exchange and is available on the website of SIX Swiss Exchange.

## 7. Information

On submission of the application for admission or registration, the participant and the traders give their consent that the Exchange may divulge or obtain from third parties information relating to them as part of Clause 20 Rule Book.

## 8. Obligations to cooperate

<sup>1</sup> The participant and the traders shall immediately notify the Exchange of all changes to the information transmitted to the Exchange under this Directive.

<sup>2</sup> The Exchange is entitled to demand up-to-date and additional documents from the participant and the relevant trader, where applicable, at any time and without stating the reasons.

Resolution of the Management Committee of the Exchange of 6 July 2011; in effect since 1 January 2014.