A SIX solution for every need

Collateralization of Structured Products

SIX offers its participants the services COSI® and TCM by SIX® (Triparty Collateral Management)[1] for collateralization of structured products. COSI® is a standardized collateral solution for exchange-traded structured products that are labeled as such with a quality mark. TCM by SIX® enables flexible collateralization of individual structured products that are not listed on an exchange. TCM by SIX® is thus an ideal complement to the service offered by COSI®. The main differences between the two services from the investor's point of view are shown below.

Service	Trading	Market making	Term	Eligible underlyings	Determination of collateral value
COSI®	Exchange trading on SIX Swiss Exchange, checking of the listing prospectus by SIX Exchange Regulation	Market Maker Obligation applies	Max. 10 years	Restricted by listing rules and the special provisions governing collateral secured instruments	Independent valuations for both the structured product and the collateral
TCM by SIX® for structured products	Structured products without exchange listing[4]	OTC[2], no market making obligation	Fix term or open-end[3]	In principle all securities are permitted as underlying, restrictions by SIX SIS or the issuer may apply	Product valuation is carried out by the issuer, independent valuation of the collateral

[1] In contrast to COSI, TCM can be used not only for structured products, but to protect any kind of transaction involving an obligation between two or more parties. However, this factsheet only shows the features of TCM for structured products.
[2] OTC = over-the-counter
[3] SIX SIS reserves a right of termination.
[4] Exception: Actively Managed Certificates can be listed on an exchange.

STRUCTURED PRODUCTS

The main differences between COSI® and TCM by SIX® from the investor's point of view (continued)

Service	Margin threshold[5]	Eligible collateral	Concentration limits on collateral	Default events and payment
COSI®	Fixed margin threshold of CHF 100,000	Exhaustively regulated by the COSI® framework agreement	Standardized regulations and monitoring for all issuers	Standardized definition of default events, automatic maturity of affected COSI® products, payment in favor of the investors by SIX Swiss Exchange after 30 days
TCM by SIX® for structured products	Can be determined for each individual contract	Can be determined for each individual contract; all underlyings of the structured product are permitted as collateral	Can be determined for each individual contract	Can be determined for each individual contract; payment in favor of the investors by collateral agent (direct representative of investors)

Source: SIX Swiss Exchange, SIX Securities Services

[5] Difference in value (between the structured product and the deposited securities) that triggers a margin call or a margin return.

SIX Swiss Exchange Ltd
COSI Product Management
P.O. Box
CH-8021 Zurich

T + 41 58 399 2318
cosi@six-group.com
www.six-structured-products.com/cosi

SIX Securities Services Ltd
COSI- & Repo Team
P.O. Box
CH-8021 Zurich

T + 41 58 399 3400
repo@six-group.com
www.six-securities-services.com