

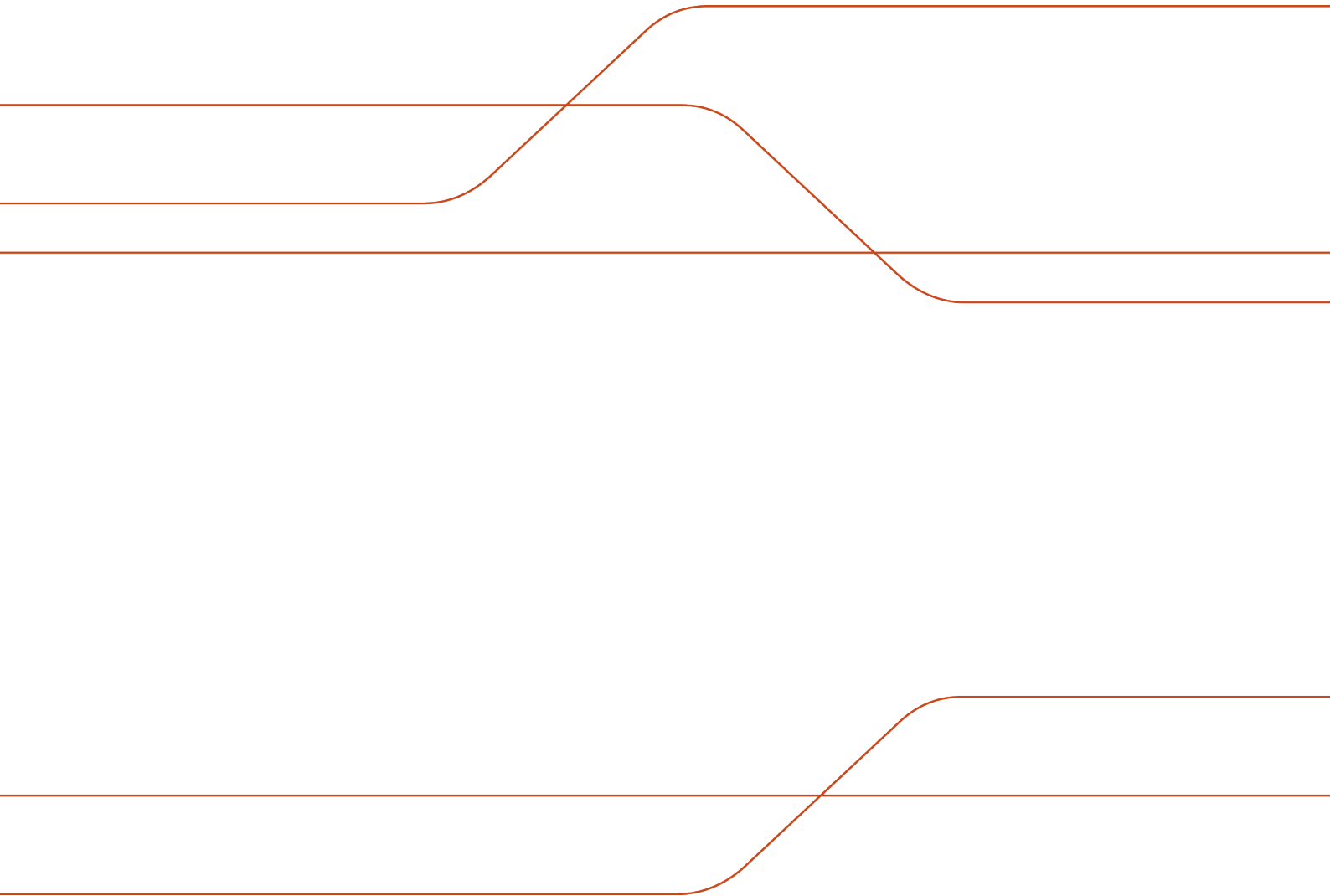


SIX Corporate Bonds AG

# Directive 4: Market Control

of 08/06/2017

Effective from: 23/10/2017



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## 1. Purpose and principle

This Directive contains provisions for market control and is based on Clauses 9.5 and 11 Rule Book.

## 2. Market Control duties

<sup>1</sup> The market control of SIX Corporate Bonds ("Market Control") shall ensure fair, efficient and orderly trading with the objective of treating participants equally and protecting investors.

<sup>2</sup> Market Control shall conduct passive oversight of the market and, in particular, assume the following tasks:

- a) it shall regulate trading periods on the basis of defined parameters and suspend or restrict trading if fair, efficient and orderly trading is not ensured;
- b) it shall monitor trades for market compliance and declare trades already conducted to be null and void in certain instances on request by the involved parties (see Clause 6) and cancel them;
- c) it may also adjust trading parameters at short notice in certain situations;
- d) it shall inform participants of any adjustment to trading parameters, trade restrictions and mistrades;
- e) it shall issue instructions to participants in special situations; and
- f) it shall interrupt trading in part or entirely in special situations.

## 3. Communication

<sup>1</sup> Market Control informs participants and the market via Notices.

<sup>2</sup> Market Control is available to participants by e-mail and telephone.

<sup>3</sup> SIX Corporate Bonds may record telephone communication with Market Control.

## 4. Market Control in extraordinary situations

### 4.1 Measures in extraordinary situations

<sup>1</sup> Should an extraordinary situation as per Clause 11.1 Rule Book arise, Market Control may institute all measures which it deems necessary to maintain fair, efficient and orderly trading as far as possible or, if this is not possible, to interrupt trading in part or entirely.

<sup>2</sup> In particular, Market Control may:

- a) delay the start of trading in a security or for the entire market;
- b) interrupt or restrict trading in a security;
- c) instruct the participants involved to adjust or delete activity;
- d) reject activity or delete activity in the name of the involved participants;
- e) declare trades null and void and cancel them according to Clause 6; or
- f) temporarily interrupt or restrict trading in full or in part.

## 4.2 Information

Market Control shall inform participants via Notices in the event of an extraordinary situation, the measures taken and their duration.

# 5. Market Control in emergency situations

## 5.1 Measures in emergency situations

<sup>1</sup> Should an emergency situation as per Clause 11.2 Rule Book arise, Market Control may institute all measures which it deems necessary to maintain fair, efficient and orderly trading as far as possible or, if this is not possible, to interrupt or restrict trading in full or in part.

<sup>2</sup> In particular, Market Control may:

- a) suspend directives in full or in part, including the Rule Book, and replace them temporarily with new regulations; or
- b) instruct participants to transmit settlement instructions to a recognised settlement organisation directly; or
- c) temporarily interrupt or restrict trading in full or in part.

## 5.2 Participants' measures in emergency situations

In emergency situations the participant must agree on arrangements with the other participants so that it:

- a) may continue to trade with the other participants even if its own access system fails;
- b) may trade with a participant whose access system has failed; and
- c) can properly and independently settle trades even if the functionalities of SIX Corporate Bonds are not available.

## 5.3 Information

<sup>1</sup> The participant shall immediately inform Market Control if it no longer has or has only limited access to the SIX Corporate Bonds system, or if for other reasons in its opinion there is an emergency situation.

<sup>2</sup> Market Control shall inform the participants via Notices in the event of an emergency situation, the measures taken and their duration.

## 5.4 Provision for the failure of a participant's access system

<sup>1</sup> On the (partial) failure of a participant's access system, the participant shall immediately inform Market Control of the failure or a more serious fault of its access system.

<sup>2</sup> In such instances the participant may also request Market Control to delete its activity. Market Control can take the following actions:

- a) suspend indications of interest for a certain participant or trader;
- b) delete all orders and/or quotes of a certain participant or trader;
- c) suspend a single indication of interest, (in exceptions only);
- d) delete a single order or quote (in exceptions only).

<sup>3</sup> The request must be made by telephone. A written confirmation of the suspension of IOI or deletion of orders/quotes must be e-mailed to Market Control as soon as possible, but no later than before the end of the current trading day.

<sup>4</sup> Market Control may reject the suspension of IOIs or the deletion of orders/quotes at its own discretion.

## 6. Market Control in the event of mistrades

### 6.1 Principle

Market Control monitors the integrity of the market on a passive basis. If it detects a violation of market integrity, either independently or owing to a tip-off from a participant, it will open proceedings in respect of the validity of a trade.

### 6.2 Requirements

<sup>1</sup> Market Control may declare a trade on SIX Corporate Bonds null and void if

- a) a trade's price deviates considerably from the relevant market price; or
- b) a trade cannot be settled; or
- c) the cash price for a trade cannot be set; or
- d) fair, efficient and orderly market conditions are not ensured.

<sup>2</sup> The establishment of the market price and the decision on the existence of a significant deviation are at the discretion of Market Control.

<sup>3</sup> Trades at market prices resulting from wrongful submission of activity into the SIX Corporate Bonds system shall not be declared null and void.

### 6.3 Procedure

<sup>1</sup> Market Control may declare a trade null and void:

- a) on its own accord; or
- b) on application of the participants involved in the negotiation of the trade price during the Market Session.

<sup>2</sup> Market Control shall, as a rule, decide on the validity of a trade up to 30 minutes after close of trading.

<sup>3</sup> In exceptional cases, Market Control may extend this period after prior announcement via Notices.

### 6.4 Effects of an annulment

If Market Control declares a trade null and void, it shall:

- a) publish a Notice;
- b) cancel the trade(s) in question by no later than the end of trading day; and
- c) announce the cancellation of the trade via market information.

### 6.5 Costs

<sup>1</sup> The costs of the proceedings may be borne by the participant who caused the trade to be declared null and void or who caused an investigation to be instituted.

<sup>2</sup> The details are laid down in the "List of Trading Charges".

Resolution of the Participants & Surveillance Committee of the Regulatory Board of 8 June 2017; in effect since 23 October 2017