

SIX Swiss Exchange message no. 25/2012

Subject	Announcement of SWXess Maintenance Release 3 (SMR3)
Category	SWXess trading platform
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Information 

As part of its ongoing improvement efforts, SIX Swiss Exchange will release a further significant upgrade of its SWXess trading platform. The aim of SWXess Maintenance Release 3 (SMR3) is to optimize the «Trade Reporting» and «Clearing & Settlement» functionality. To this end, the existing «Exchange System» will be replaced by the new «Post Trade Processor» (PTP) component.

Complex functions and procedures will be simplified for participants, while the efficiency of post-trading systems and processes will be enhanced, thus further improving the service we provide to you as our customer.

This message gives you an initial overview of the most important changes in SMR3.

Reporting of trades to the Exchange and trade reversals

- Validations for reporting trades to the Exchange will be simplified. This will enable participants to report «On-exchange, off-order-book trades» quickly and efficiently.
- The complexity of «two-sided trade reports» will be reduced by discontinuing the following functions:
 - «decline» of received trade confirmations
 - «expiry» of trade confirmations at the end of business day
- «Two-sided trade reports» that are not confirmed by the counterparty will remain valid and – from the regulatory point of view – be regarded as reported by the sender.
- Reporting of «off-order-book trades» between a SIX Swiss Exchange [Trading Participant](#) and a [Reporting Member](#) will be performed using trade confirmations («two-sided trade reports») and flagged as «Off-Exchange».
- The functionality for the correction of trades («Nostro Correction») will be discontinued. Corrections to the Capacity (Principal / Riskless Principal) will be reported using existing «off-order-book» functionality and dedicated attributes.
- The function for the cancellation of trades («Trade Reversal») will be decommissioned.
 - Trades which do not meet the regulatory criteria of SIX Swiss Exchange will be cancelled by Market Operations via trade reversal.
 - Henceforward, trades can be undone by a «Countertrade» if agreed by both parties.
 - Messages concerning «Trade Reversals» will no longer only be distributed via the «Standard Trading Interface» (STI); they will additionally be distributed via the «OUCH Trading Interface» (OTI) and «ITCH Market Data Interface» (IMI).
- The concept of [Trade Type Codes](#) will be decommissioned. Dedicated attributes will be introduced for reporting specific business transactions.

- The Delivery Report, designed to fulfil regulatory reporting requirements, will be maintained, but settlement instructions will no longer be issued.
- Transaction Reports via the «Standard Trading Interface» (STI) will be discontinued. Transaction Reports will be made via the existing Reporting Tool or Transaction Interface.
- «Off-order-book trades» will no longer be published with a delay by default, provided the requirements are met. Participants will be able to request the delayed publication of a trade via attribute.

Market and Reference Data

- Reference price adjustments due to changes in the reference data (dividend, price step etc.) will be made at the start of business day (6 am CET) instead of shortly before the end of the business day (10 pm CET) as is currently the case.
Automatic reference price adjustments due to trade cancellations or the absence of on-exchange, on-order-book trades (Closing Inside Market) will be made shortly after the close of trading (5.30 pm CET).
- In addition to the existing «Recapitulation File», market statistics (VAWP, daily high/low etc.) will also be distributed via a new, dedicated channel via the «Market Data Interface» (MDI).
- For the reconciliation of on-exchange trades, participants will be able to download a daily «Trade Reconciliation Report».
- Instruments will be assigned to a «Trading Segment» and a «Clearing & Settlement Segment». These attributes will be available in the «Reference Data Interface» (RDI).
- A daily [Change Fix](#) will no longer be published, as conversions for clearing and settlement are no longer required.

Clearing and Settlement

- The routing of clearing and settlement instructions can be configured using the following attributes of orders:
 - Participant ID
 - Instrument (assigned to a Clearing & Settlement Segment)
 - Order Capacity (Principal / Riskless Principal)

All other attributes for routing instructions will be discontinued.

- Problems with clearing and settlement validations will no longer cause «off-order-book trades» to be rejected. Instead, the trades will automatically be downgraded to «bilateral settlement» or «manual settlement».
- «Confirmations» (Trade Slips) will no longer be generated individually for each involved party. All parties involved on the same side of the trade will receive the same «Confirmation». Participants will be able to specify the trading segments for which they wish to receive «Confirmations».
- Accrued interest will only be calculated for value dates within the period covered by the instrument's standard settlement cycle (T+3).
Accrued interest will no longer be calculated for «Foreign Interest Payment Securities» (FIPS).

Technical changes

The functional changes in SMR3 described above are not transparent for SWXess interfaces and require adjustments to participants' systems and interfaces.

The corresponding interface specifications and further information on the technical changes will be published shortly and posted to the [Member Section](#) of the SIX Swiss Exchange website.

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 SMR3 also necessitate regulatory changes. The following regulatory documents and guides will thus be amended accordingly:

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

We will provide further information on the regulatory changes in due course.

Rollout

SIX Swiss Exchange plans to roll out SMR3 as follows:

Date	Environment
Q3 – 2012	First trading day with SMR3 in Membertest environment
Q4 – 2012	First trading day with SMR3 in Production environment

Before SMR3 is rolled out into production, participants will have a window of approximately eight weeks to test their applications and processes in the Membertest environment.

Clearing and Settlement Instructions

The changes in «Clearing & Settlement» are transparent for the instructions of most SIX Swiss Exchange participants. The existing instructions will be migrated automatically.

Participants whose «Clearing and Settlement Standing Instructions» (CSSIs) are affected by SMR3 will be contacted shortly by [Member Services](#) to amend their configuration before the rollout.

Further detailed information on SWXess Maintenance Release 3 (SMR3) will be provided at a later date. Please consult the publications in the [Member Section](#) of the SIX Swiss Exchange website.

SIX Swiss Exchange looks forward to adding genuine value for participants with the rollout of SMR3 and the attendant improvements and innovations.

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

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If you have any technical questions, please contact your Local Support Center:

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