In the SIX Swiss Exchange message no. 15/2013, SIX Swiss Exchange announced the introduction of the SWXess Maintenance Release 4 (SMR4) in November 2013. As mentioned in the SMR4 announcement in early May, SIX Swiss Exchange was evaluating additional functional enhancements for trading and post-processing to be introduced with SMR4.

Please be advised that SIX Swiss Exchange has decided to adjust the scope of the forthcoming SWXess Maintenance Releases. The X-stream INET direct low-latency interfaces for trading, quoting and market data on «On Book Matcher» (OBM) - Partition 2 (non-equity) and some IMI, MDI and RDI improvements will go live with release SMR4 in Q4 2013 as previously announced. The introduction of the new STI FIX Infrastructure bundled with additional features will be moved to a new release named SMR5, which is planned to go live in Q2 2014. By optimising the scope of these SWXess Maintenance Releases, we will be able to

- enhance the scope of the STI FIX Infrastructure release to additionally provide
  - new order types for on book trading
  - optimizations of the post-trade processes (trade reporting, clearing and settlement)
- ensure that the new features will meet participants needs and provide the required functionality at high quality
- bundle the changes per interface for each release
- allow more time, reduce complexity and minimize the impact on participants and third parties for implementing and testing these releases

Find below an overview of the SWXess Maintenance Releases:

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This section gives an graphical overview of the SWXess changes introduced with SMR4 and SMR5.

This message provides you the summarized scopes of the SWXess Maintenance Releases as well as further details about the rollout of SMR4.

**SWXess Maintenance Release 4 (SMR4)**

**Functional Changes**

SWXess Maintenance Release 4 (SMR4) will include the following functional enhancements in the indicated SWXess interfaces:

**Direct Trading Interfaces (DTI)**

- The «X-stream INET» direct low latency industry standard interfaces for trading and market data - «OUCH Trading Interface» (OTI) and «ITCH Market Data Interface» (IMI) - will be made available for On Book Matcher (OBM) – Partition 2 (ETFs, Bonds and Scoach Switzerland Structured Products).

  Price Takers can therefore additionally use OTI for order entry, replace and deletion for trading in securities of OBM – Partition 2 and participants may receive very low latency detailed order book data also for ETFs, Bonds and Scoach Switzerland Structured Products.

  Please note, that for OBM - Partition 2 new separate OTI Users will need to be created.

- Please note also, that for Price Takers the capacity and latency provided via OTI for OBM - Partition 2 will be configured to behave in a similar way to the current Standard Trading Interface (STI). The OTI functionalities currently provided for OBM - Partition 1 (Equities) will not be affected.

- In addition, a global per OTI user emergency limit (OBM - Partitions 1 and 2) will be implemented to protect the system from misbehaving applications submitting abnormal high numbers of
transactions per second. The emergency limit value will be the same for all OTI users. When an OTI user exceeds the emergency limit, then the OTI user will be disconnected and the OTI user’s orders will be deleted.

- A new OUCH protocol based «Quote Trading Interface» (QTI) will be introduced for market making on «On Book Matcher» (OBM) – Partition 2 (ETFs, Bonds and Scoach Switzerland Structured Products). It supports the quote management functionality allowing market makers to enter, replace and cancel quotes as well as receive status changes and executions (trades) for their quotes.

The capacity allocation model for the new QTI Interface will be analogous to the Capacity Trading Interface (CTI).

- The Co-Location service is extended to OBM – Partition 2. Participants with market making obligations are kindly requested to investigate whether for latency reasons it makes more sense for them to have Co-Location access.

- For «ITCH Market Data Interface» (IMI) a new optional snapshot service (GLIMPSE) for step in recovery is offered for both OBM Partitions.

**Capacity Trading Interface (CTI)**

- The OUCH protocol based industry standard OTI and QTI will replace the legacy «Capacity Trading Interface» (CTI) for proprietary trading and market making which will accordingly be decommissioned for both OBM Partitions 1 and 2 within 6 months after the go-live of SMR4.

**Market Data Interface (MDI)**

- An improved optional gap recovery service will be introduced in the Market Data Interface (MDI). The new recovery mechanism will use a protocol that is analogous to the MoldUDP64 re-requester service and allows lost multicast packets and/or messages to be recovered faster and more efficiently.

**Reference Data Interface (RDI)**

- The additional attribute “Instrument Partition Code” will be introduced in the Traded Instrument file of the Reference Data Interface (RDI) to identify on which On Book Matcher – Partition a security is traded.

**Trade Reconciliation Report (TRR)**

- The FIX-based Reconciliation file (complete log files of in- and outgoing FIX messages available via Member Section) will be decommissioned six weeks after the SMR4 go-live. Instead participants may download the newer, improved human-readable «Trade Reconciliation Report» (TRR) which was introduced with SMR3. This new report provides a daily end-of-trading file containing all on- and off order book trades of a participant for the current business day making it very easy to reconcile trades and trade status. With SMR4 the Participant Trade Reconciliation Reports will be updated and made available at regular time intervals during the trading day.
Technical Changes

The functional changes for SMR4 are transparent for SWXess interfaces on go-live of SMR4 in the Production environment and require only small adjustments to participants’ systems and interfaces. All participants using Capacity Trading Interface (CTI) for proprietary trading or market making must migrate to the new Direct Trading Interfaces (DTI) within six months of the SMR4 go-live when CTI is decommissioned in May 2014.

The corresponding interface specifications and further information on the technical changes are available in MSC Message 30/2013 and in the Member Section of SIX Swiss Exchange.

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<td>MSC messages</td>
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Before SMR4 is rolled out into production, participants will have a window of approximately nine weeks to test their applications and processes in the Membertest environment.

Regulation

Updates to the SIX Swiss Exchange Rule Book and Directives related to SWXess Maintenance Release 4 (SMR4) will be communicated one month before the productive implementation by means of a SIX Swiss Exchange message. In addition they will be published on the internet site of SIX Swiss Exchange.

The relevant forms for requesting the new configuration for the Direct Trading Interfaces (DTI) as well as further information on the migration to SMR4 will be communicated in August 2013.

**SWXess Maintenance Release 5 (SMR5)**

SWXess Maintenance Release 5 (SMR5) will include the following functional enhancements in the Standard Trading Interface (STI):

- The current «Request Coordinator» (RC) which manages, authenticates and authorizes FIX Connections as well as routes FIX messages between participants, SIX Swiss Exchange and other venues, will be replaced by a new Standard Trading Interface (STI) FIX Infrastructure.
- The new STI FIX Infrastructure delivers higher throughput and lower latency for trading over the Standard Trading Interface (STI) and will enable richer functionality in the future. In addition the recovery and error handling has been much improved.
- The STI FIX Infrastructure offers Participants more flexibility configuring the various services offered via Standard Trading Interface (STI) to their needs.
- With the new STI FIX Infrastructure Participants can request drop copies of the Confirmation messages (duplications) to be sent to a separate Party ID
- New order types for on book trading will be introduced in Standard Trading Interface (STI) and OUCH Trading Interface (OTI).
- Post-Processing functionalities in the area of reporting and clearing & settlement will be enhanced and optimized
Detailed information about the functional enhancements which will be introduced with SMR5 as well as further details on the rollout of the SWXess Maintenance Release 5 will be announced in due course. Since SMR5 will be a mandatory Release from the first day in Production, the Membertest Phase will be 12 weeks to ensure that participant will have sufficient time to test their internal application and processes.

We are continually aiming to develop and optimize our trading platform. Thanks to the innovations and improvements in SMR4 and SMR5, you will benefit from extremely high levels of quality, which guarantee efficient trading and post-processing.

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

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