SIX Swiss Exchange message no. 15/2014

Subject: Introduction of a Liquidity Provider Scheme
Category: Trading and Products
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SIX Swiss Exchange (SSX) is pleased to offer its participants the option to participate in a Liquidity Provider Scheme (LPS) for blue-chip equities. The LPS is a 12 month promotion which will start on 1st July 2014.

Scope

The promotion applies to the 30 constituents of the Swiss Leaders Index (SLI) and covers only principal trades executed during continuous trading on a Member ID nominated by the participant.

Structure

Participants benefit from trading fees which are applicable only to trades executed on the nominated Member ID as follows:

**LPS fee model**

- No transaction fee
- Ad valorem fee: Poster 0 bps, Aggressor 0.28 bps

The above fees are the same for any technical interface and are applicable if:

- the participant meets the requirements for “continued participation in the scheme” (see below), or,
- the participant does not meet the requirements for “continued participation in the scheme” i.e. has to leave the scheme but, for the month being assessed, has achieved at least 80% of all three LPS participant obligations (see definition of a “near miss” below).

In all other circumstances, the participant’s selected tariff model (see Directive 7: “Fees and Costs” for the available tariff models) applies to all trading on the nominated Member ID for the entire calendar month under consideration.

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1 It is possible for a participant to nominate more than one Member ID, however, the LPS obligations must be met on each Member ID.
**Participant obligations**

Participants must achieve the following obligations through trading on their nominated LPS Member ID:

- a minimum of 2% of continuous trading market share (SSX market only) achieved through passive trading of SLI securities (i.e. executions from orders which joined the equity order book as posted)\(^2\)
- a minimum of 25% presence at SSX best bid or offer\(^3\)
- an average order size (for orders at best bid or offer) of at least CHF20,000\(^4\)

These obligations\(^5\) are assessed separately for each month of participation in the LPS.

**Continued participation in the scheme**

LPS participants have to meet the above obligations for each month of participation in the LPS. The scheme, however, includes the concept of a "near-miss" in terms of achieving the obligations. A near-miss is defined as the participant achieving at least 80% of all 3 obligations. For example:

<table>
<thead>
<tr>
<th>Scenario 1</th>
<th>Scenario 2</th>
<th>Scenario 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Share achieved through passive trading</td>
<td>1.7% (= 85%)</td>
<td>2.3% (=115%)</td>
</tr>
<tr>
<td>Time at best bid/offer</td>
<td>21% (= 84%)</td>
<td>26% (=104%)</td>
</tr>
<tr>
<td>Average Order Size</td>
<td>CHF 19k (=95%)</td>
<td>CHF 13k (=65%)</td>
</tr>
<tr>
<td>Obligations met?</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>Near Miss?</td>
<td>yes</td>
<td>no</td>
</tr>
<tr>
<td>Continued Participation?</td>
<td>allowed unless available &quot;near misses&quot; have been used</td>
<td>no</td>
</tr>
</tbody>
</table>

**Failure to meet the obligations or withdrawal from the scheme**

A participant is allowed one near-miss in the first six months of LPS and one in the second six months. Additionally, a firm which joins the scheme from 1\(^st\) July 2014 is granted one additional near miss in the first six months.

Continued participation in LPS is not permitted in any of the following situations:

- participant fails to meet at least 80% of all three participant obligations, or
- participant exceeds the allowable "near-misses", or
- participant submits customer orders on a Member ID nominated for the LPS.

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\(^2\) Passive market share is calculated as: participant’s LPS eligible total executed consideration during periods of continuous trading from passive (posted), principal trades in SLI securities on SSX divided by the double-counted continuous trading turnover of SLI securities on SSX.

\(^3\) Includes the time for orders which formed part of the best bid or best offer even if they did not join the order book at best bid or best offer.

\(^4\) Simple average of all qualifying orders (including icebergs) across the whole calendar month.

\(^5\) SSX reserves the right to adjust the obligations subject to a minimum of 4 weeks’ notice.
In the event of failure to meet the requirement for continued participation, or in the event that a participant wishes to withdraw from the scheme, rejoining the scheme is not possible for a minimum of three complete months. Requests to withdraw from the scheme should be submitted five business days prior to the start of the relevant month.

Application to join

To take part in the promotion, please request a form from Member Services and return it signed and completed to SIX Swiss Exchange at least five business days prior to the start of the relevant month. Participation can start at the beginning of any calendar month during the operation of the LPS.

Should you have any questions or require additional information, your Account Manager will be pleased to assist you.

<table>
<thead>
<tr>
<th>Region</th>
<th>Name</th>
<th>Phone</th>
<th>E-Mail</th>
</tr>
</thead>
<tbody>
<tr>
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