

SIX Swiss Exchange message no. 44/2014

Subject	Segmentation of bond market and amended trading model for bonds with different initial and minimum denomination
Category	Trading and Products
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Information 

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SIX Swiss Exchange is pleased to announce harmonisations and optimisations in the bond market with effect from **17 November 2014**.

New segmentation of bond market

The bond market of SIX Swiss Exchange will be newly segmented in the interests of harmonisation and greater clarity of structure. The bond market at SIX Swiss Exchange now consists of the following trading segments:

Trading segment (regulatory)	Trading segment (technical)	Definition
Bonds – CHF Swiss Confederation	589 – Bonds – CHF Swiss Confederation	Bonds denominated in Swiss francs issued by the Swiss federal government.
Bonds – CHF	590 – Bonds – CHF - Domestic and Foreign	Listed Swiss franc-denominated bonds regardless of the domicile of the issuer
	615 – Bonds – CHF - Domestic and Foreign Minimum Denomination	
Bonds – Non CHF	581 – Bonds – Non CHF	Bonds that are listed or admitted to trading and are not denominated in Swiss francs, regardless of the domicile of the issuer.
	582 – Bonds – Non CHF Minimum Denomination	

The new segmentation and naming convention for the bond market trading segments will also be applied to the following reference data parameters:

Trading Parameter	Type	Code	Old	New
Trading Segment	Amendment	581	International Bonds	Bonds - Non CHF
	Amendment	582	International Bonds Min Denom	Bonds - Non CHF – MD
	Amendment	589	Swiss Confederation Bonds CHF	Bonds - CHF - Swiss Confederation
	Amendment	590	Bonds CHF	Bonds - CHF - Domestic and Foreign
	Amendment	615	Bonds CHF Min Denom	Bonds - CHF - Domestic and Foreign - MD
	Deletion	583	International Bonds Convertible	-
	Deletion	596	Convertible and Warrant Bonds CHF	-

Billing Product Segment Code	Amendment	2210	CHF Bonds	Bonds - CHF
	Amendment	2215	CHF Bonds Board	Bonds - CHF - Board
	Amendment	2220	International Bonds	Bonds - Non CHF
	Amendment	2225	International Bond Board	Bonds - Non CHF - Board
Clearing Settlement Segment	Amendment	BOCS	Bonds CHF (cleared by one CCP)	Bonds - CHF (cleared by one CCP)
	Amendment	BOMA	Bonds CHF (manual)	Bonds - CHF (manual)
	Amendment	BONC	Bonds CHF (not cleared)	Bonds - CHF (not cleared)
	Amendment	IBMA	International Bonds (manual)	Bonds - Non CHF (manual)
	Amendment	IBNC	International Bonds (not cleared)	Bonds - Non CHF (not cleared)
Price Step	Amendment	BO	Bonds	Bonds - CHF
	Amendment	CH	Swiss Federal Bond	Bonds - CHF - Swiss Confederation
	Amendment	EB	Eurobond	Bonds - Non CHF
	Deletion	PF	Pfandbriefe	-
MDI Channel Name	Amendment	TOP-120	CHF Bonds	Bonds - CHF
	Amendment	TOP-130	International Bonds	Bonds - Non CHF
	Amendment	CUM-120	CHF Bonds	Bonds - CHF
	Amendment	CUM-130	International Bonds	Bonds - Non CHF

Two new security types will also be introduced to enable easier identification of products:

Trading Parameter	Type	Code	Description
Security Types	New	PB	Schweizer Pfandbriefe
	New	CO	Contingent Capital Bonds

Amended trading model for bonds with different initial and minimum denominations

Bonds with different initial and minimum denomination are currently traded on SIX Swiss Exchange in the market model «Market Maker Book – Fill or Kill» (MMB-FoK). This has the consequence that at present no orders can be placed in the order books for such bonds. In order to improve the liquidity in SIX Swiss Exchange's order books in bonds with different initial and minimum denomination, these bonds will in future be traded on the SIX Swiss Exchange as follows:

- Market model «Market Maker Book» (MMB)
- The round lot for bonds with different initial and minimum denomination will correspond to the initial denomination. As such, only multiples of the initial denomination can be entered in the order book and be executed.

Regulations

The following directives have been amended in connection with the changes to the bond market and will enter into force on 17 November 2014. Updated versions can be accessed immediately via the following link: http://www.six-swiss-exchange.com/participants/regulation/directives_en.html

Directive	Reference	Type of change
Directive 3: Trading	Clause 12.6 – Close of trade with closing auction for MMB	addition
	Clause 13ff. – Market Maker Book – Fill or Kill	deletion
	Annex J – Bonds – CHF Swiss Confederation	amendment
	Annex K – Bonds – CHF	amendment
	Annex L – Floating Rate Notes	deletion
	Annex M – Convertible and Warrant Bonds	deletion

	Annex N – Delisted Bonds	deletion
	Annex O – Bonds – Non CHF (new Annex L)	amendment
	Annex P – Credit Linked Notes und Bond Linked Notes	deletion
Directive 7: Fees and Costs	Annex H – Bonds – CHF	amendment
	Annex I – Bonds – Non CHF	amendment

A list of the revisions made to the directives of SIX Swiss Exchange, including information on changes to content, affected clauses and effective dates, can be found at http://www.six-swiss-exchange.com/participants/regulation/revisions/rule_book_en.html.

The Trading Guides have also been revised and are now available to download from http://www.six-swiss-exchange.com/participants/regulation/trading_guides_en.html

Rollout

The changes to the bond market will take effect simultaneously in the Membertest and Production environments, on **17 November 2014**. Further details of the rollout plan are given below:

Date	Activity
Thursday, 13 November 2014	Configuration of trading parameters in the Membertest and Production environments
Friday, 14 November 2014	Adjustment and migration of instruments in the Membertest and Production environments
Saturday, 15 November 2014 Sunday, 16 November 2014	Membertest and Production environments closed
Monday, 17 November 2014	First trading day with the new segmentation of the bond market and amended trading model for bonds with different initial and minimum denominations in the Membertest and Production environments

All changes to the trading parameters and the instrument migrations are transparent for participants and visible in the Reference Data Interface (RDI).

SIX Swiss Exchange is confident that the simplification of the segments and optimisations of the trading model in the bond market will create genuine added value for our clients.

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

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