



Trading at SIX Repo AG

Guidelines for participation in the CH repo market and OTC spot market

April 2022



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1.0 Introduction

Markets live on trust

The Swiss financial center is synonymous with stability, reliability and global technological leadership. Unique in international terms, SIX Repo AG's CH repo and OTC spot markets offer access to the interbank market as well as the Swiss National Bank's (SNB) open-market operations and standing facilities. In the past, the SNB has always supported the structuring and development of the collateralized CHF money market and continues to play a formative role in this. The trading platform is the only form of access to the SNB.

Unlike when trading with central counterparties, in the transparent CH Repo interbank market, participants always know who their trading partners are. This trading model generally creates cost benefits over the centralized model and leads to improved margins. Transactions concluded in Swiss francs are settled on a fully automated basis using central bank money via the integrated Swiss Value Chain. In addition to CHF-denominated triparty repo transactions, there are 13 additional trading currencies available: EUR, GBP, USD, JPY, CAD, AUD, NZD, DKK, SEK, NOK, CZK, HUF and PLN.

The OTC spot market provides participants with the infrastructure to issue and increase the number of securities on the primary market on a fully electronic basis. The SNB auctions money market book claims (MMBCs) and Swiss federal bonds on the primary market of the OTC spot market on behalf of the Swiss Federation. In addition to the auction mechanism, participants can trade money market paper, such as SNB bills or MMBCs, on the secondary market (interbank spot market). Settlement on the OTC spot market is fully automated and directly integrated.

These guidelines describe the requirements for connecting to SIX Repo AG's CH repo and OTC spot market.

2.0 Swiss Value Chain from a single source

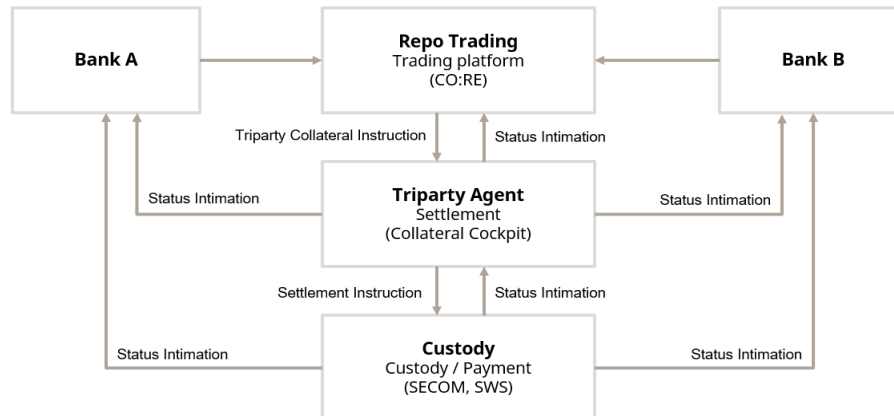
SIX Group has integrated the three stages of a securities transaction into a fully automated value chain: Trading (SIX Repo AG), settlement and custody (SIX SIS AG), as well as clearing and settlement in CHF and EUR (SIX Interbank Clearing) are carried out in real time using straight-through processing (STP) and can be tracked online. All processes and services are tailored to each other and to the requirements of the participants.

The synergies created by the Swiss Value Chain lead to both price reductions as well as an increase in the quality of the services.

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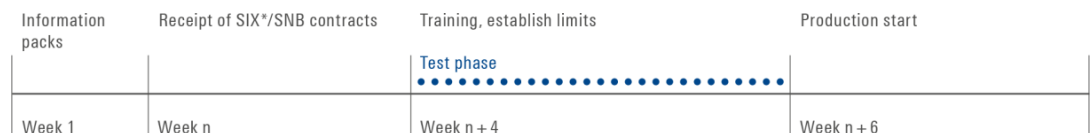
The CH repo and OTC spot market



3.0 Connection to the Swiss Value Chain

Participants go through four integration phases in order to connect to the Swiss Value Chain:

- Information
- Contractual documents
- Test access/training courses
- Productive start-up



* SIX Repo AG, SIX Securities Services, SIX Interbank Clearing AG

In order to go into productive operation, contracts must have been duly signed with all the involved parties. In order to stick to this timeline, it is important to start the setup process simultaneously at all involved institutions. Setup at SIX Interbank Clearing takes around six weeks.

4.0 Admission to participate in the Swiss Value Chain

- The applicant must be subject to financial market supervision in its domicile country.
- The applicant must be a bank in accordance with the law of its domicile country (entitled to operate deposit, credit and financial commission businesses), have a status equivalent to Swiss securities trader status or be a supervised insurance company and a fund management company for funds domiciled in Switzerland with substantial activity in the money market.

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Central banks, international organizations and other companies that are in possession of a special authorization can be participants without having banking status or securities trader authorization, provided that they meet the requirements of the SNB, SIX Repo AG, SIX Securities Services and SIX Interbank Clearing.

4.1 **Special access criteria**

Potential participants are requested to ask the Swiss National Bank (SNB) in advance for the participation requirements and to submit the application in good time.

Insurance companies and fund management companies for funds with substantial activity in the money market will only be eligible for the CHF repo market and OTC spot market subject to written approval from the SNB.

5.0 **SIX Repo AG participation requirements**

5.1 **Submitting documentation**

The following documentation forms the basis for setting up a participant for SIX Repo AG's markets:

https://www.six-group.com/en/products-services/securities-services/securities-finance/info-center.html#become_a_participant

The application form for participation (SXR 200), as soon as it is countersigned by SIX Repo AG, it becomes the contractual document; as such, participants accept the following regulations:

1. Terms of Use for the Trading Platform of SIX Repo AG
2. Trading Rules for the CH repo market and OTC spot market
3. Product Specifications for the CH repo market and the OTC spot market
4. The Privacy Statement of SIX and the Exchange Services

5.2 **Establishing connectivity**

Participants connect to the trading platform via an encrypted connection, either via the Internet, a leased line or an application service provider. It is possible to use more than one of these options simultaneously. A connection is recommended that is as redundant as possible. If a leased line is required, it can be ordered directly via the service provider: Deutsche Börse, Swisscom/Verizon, SIA S.p.A. or Radianz. oraïse GmbH offers a web-browser-based solution.

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We are happy to provide support in this respect on +41 58 399 2190 or repointodesk@six-group.com.

5.3 **Registering system users**

In principle, a distinction is made between users authorized to trade (full access) and users with read-only rights. The Desk Administrator can grant access directly in the Reference Data GUI. Only those people to whom the access data was issued may access the systems.

5.4 **Obtaining a trading license**

In order to be admitted, users require a trading license. This authorizes users to trade in the CH repo and OTC spot markets. SIX Repo AG shall only issue a license if the user passes the compulsory examination for this.

In order to prepare adequately for the examination, interested traders are invited to participate in SIX Repo AG's training courses. The training courses are split into theory and practical modules. The examination can be taken immediately afterwards or under the supervision of a compliance office on location at the participant.

Further information and the training dates can be found at:

<https://www.six-group.com/en/products-services/the-swiss-stock-exchange/education/trading/repo-trader.html>

5.5 **Setting up relationships with counterparties**

In contrast to repo markets with a central counterparty, SIX Repo AG participants have a transparent overview of their counterparties at all times. At the same time there is a high degree of trust of in our markets as the SNB helps shape the markets, the acceptance requirements for participants as well as the standard of securities. So that a repo transaction can occur on the trading platform, the trading partners must both activate themselves in the Reference Data GUI.

We are happy to provide functional support in this respect on +41 58 399 2190 or via repointodesk@six-group.com.

5.6 **Going live / System access to productive environment**

SIX Repo AG only grants new participants access to the productive environment once SIX SIS AG and SIX Interbank Clearing AG have confirmed that the securities custody account/SIC account has been set up.

5.7 **Fees**

Information on fees can be obtained from your Relationship Manager.

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5.8 Checklist

No.	Documents	Completed on:	SIX Repo AG
1	Application Form for Participation SXR200		X

Contacts

SIX Repo AG

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 CH-8021 Zürich

T +41 58 399 2190
repoinfodesk@six-group.com
www.six-repo.com

6.0 SIX SIS AG participation requirements

SIX SIS AG fully settles repo transactions that occur on the CO:RE trading platform of SIX Repo AG, also acting as the administrator of the repo transactions.

The Triparty Agent is the central settlement system for Swiss and foreign securities transactions with interfaces to the Swiss payment systems (SIC and euroSIC) as well as the CO:RE trading platform. These real-time online interfaces ensure that repo transactions are settled on a completely automated basis, thus meeting the strict Basel III requirements with regard to the prevention of operational risks.

As such, the simultaneous, final, and irrevocable delivery versus payment (RVP/DVP) method, which prevents any settlement risk, is also used to settle repo transactions.

SIX SIS AG manages the repo transactions transmitted for settlement. The risk management process involves valuing all open repo positions on a daily basis in order to calculate the net exposure per counterparty and initiate any margin transfer deliveries/margin calls. Finally, the offering provided by SIX SIS AG – the Swiss repo and OTC spot market provider – also includes the central administration of the multilateral contract system.

For detailed information on participation requirements, please refer to the General Terms and Conditions of SIX SIS AG.

6.1 Admittance procedure

Each participant of the CH repo and OTC spot market must have a securities custody account at SIX SIS AG, i.e. he/she must be a direct SIX SIS AG participant. If the participant wishes to trade a foreign currency, he/she must open the corresponding money accounts at SIX SIS AG. The admittance procedure essentially comprises the following points:

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6.1.1 **Compliance clearance – the following documents must be provided:**

- Current extract from the commercial register (notarized original copy, not older than 12 months)
- Notarized copy of passport/ID of the legal representative
- Latest annual report (poss. half-yearly report) incl. audit report
- Confirmation of registration and supervision; extract from the official register of the responsible national financial supervisory authority

Also required for supervised insurance companies and fund management companies for funds with substantial activity in the money market:

- Annual reports from the last two financial years as well as latest quarterly reports, if available.

SIX SIS AG reserves the right to request further documentation if needed.

6.1.2 **Contractual documents for CH repo and OTC spot market**

- General Terms and Conditions
- Services Contract
- Swiss Master Agreement for Repo Trades (multilateral version)
- Agreement on the Settlement of Repo Transactions (Triparty Service Agreement)
- Communication contract "Technical Connection SIS Web Services" (mandatory for the use of the Collateral Cockpit).
- Repo supplementary agreement for insurance companies (*=> only applies to supervised insurance companies and fund management companies for funds with substantial activity in the money market*)

The Swiss Master Agreement for Repo transactions and the GMRA with Swiss Annex are available to all participants. Difference: The Swiss Master Agreement is subject to Swiss law, whereas the GMRA comes under British law.

6.2 **Communicating with SIX SIS AG**

In order to communicate with SECOM and other SIX SIS AG applications, you need the appropriate connection software. This can be developed by yourself, acquired from the market or obtained from SIX SIS AG if a corresponding license agreement is signed.

Detailed information can be provided by your Sales/Relationship Manager.

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6.3 Training

SIX SIS AG offers both theory and practical training modules. The current course program and information on registering is available from www.six-group.com > Login > Securities Services Private > Contacts > Training & Coaching or from your Relationship Manager.

More information can be provided by your Sales/Relationship Manager or Training & Coaching.

6.4 Acceptance test

The interface to the clients and functionalities as well as the simulation of the repo day-to-day business are jointly tested in advance in coordination with SIX Repo AG and SIX Interbank Clearing. SIX SIS AG provides a corresponding test environment.

6.5 Entry of master data

The following elements are entered in the SIX SIS AG system: Business Partner ID, securities custody account, currency accounts (denomination currency of all securities in the SNBGC basket/repo basket), currency accounts for multi-currency repos (EUR, GBP, USD, JPY, CAD, AUD, NZD, SEK, DKK, NOK, CZK, HUF and PLN), reporting etc.

6.6 Pricing

6.6.1 Transaction fees

Information on fees can be obtained from your Relationship Manager.

6.6.2 Administration fees

The administration fees are levied on the daily repo volume. They are calculated on the basis of the open repo positions at EOD (statistical value according to purchase price).

6.6.3 Communicating with SIX SIS AG

There are various ways to communicate with SIX SIS AG. Your Sales/Relationship Manager will be happy to provide information on these. The contact details are mentioned in the list of SIX SIS AG contacts published at www.six-group.com > Login > Securities Services Private > Contacts > List of SIX SIS contacts.

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6.7 Checklist

No.	Documents	Completed on:	SIX SIS AG
Compliance clearance:			
1	Latest annual report (poss. half-yearly report) incl. audit report		X
2	Current list of authorized signatures		X
3	Current extract from the commercial register/not older than 12 months		X
4	Registration confirmation of national financial market supervision. Confirmation of registration and supervision; extract from the official register of the responsible national financial supervisory authority		X
For supervised insurance companies and fund management companies for funds with substantial activity in the money market:			
5	Annual reports from the last two financial years (mandatory) as well as latest quarterly reports, if available.		X
	The following contractual documents are sent out after the compliance clearance process has been completed:		
6	General Terms and Conditions		X
7	Services Contract		X
8	Swiss Master Agreement for Repo Trades (multilateral version)		X
9	Agreement on the Settlement of Repo Transactions (Triparty Service Agreement)		X
10	Repo supplementary agreement for insurance companies (<i>=> only applies to supervised insurance companies and fund management companies with substantial activity in the money market</i>)		X
11	Communication contract (technical connection SIS Web Services)		X
12	Corrections/Additions to contact persons - forms 122 + 122a https://sws.six-group.com/private/en/home/forms/contacts.html		X
13	Setup for repo trading - form 140 https://sws.six-group.com/private/en/home/forms/services.html		X
14	SFTR Reporting - Static Data - Form 142 https://sws.six-group.com/private/en/home/services/securities-finance/repo.html		
15	Order to open a custody account - form 128* https://sws.six-group.com/private/en/home/forms/marketguide-general-forms.html * Please complete the form using the scroll function		X
16	W-8IMY or W-8BEN document (original copy)		X

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No.	Documents	Completed on:	SIX SIS AG
	Compliance clearance:		
	Link to IRS: www.irs.gov		

Contacts

If your institution wishes to participate in the CH repo and OTC spot market, please contact your Sales or Relationship Manager. The contact details are mentioned in the list of SIX SIS AG contacts published at www.six-group.com > Login > Securities Services Private > Contacts > List of SIX SIS AG contacts.

<https://www.six-group.com/en/products-services/the-swiss-stock-exchange/post-trade/settlement-and-custody.html#scrollTo=contact>

or:

<https://sws.six-group.com/private/en/home/contacts.html>

7.0 SIX Interbank Clearing participation requirements

SIX Interbank Clearing operates the SIC payment system on behalf of and under the supervision of the Swiss National Bank. It is used to settle Swiss franc payments between the participants in real time and on a gross basis.

7.1 Payments in the SIC system

Payments from repo transactions are settled via the settlement accounts in the SIC system. These are financed through current accounts at the SNB, meaning that debits and credits are made in central bank money. In addition to transactions from the repo business, the money side resulting from other securities transactions as well as commercial client and bank-to-bank payments are settled in the SIC system.

7.2 Participation

7.2.1 Requirement

In order to participate in SIC, potential participants must have a SNB current account, have been assigned an institution identifier and generally fulfill other admission criteria and participation requirements specified by the SNB and SIX Interbank Clearing.

New participants must apply to the SNB to directly participate in the SIC system. It is not possible to participate in the SIC without approval from the SNB.

7.2.2 Types of connection

Participants connect to the SIC service either via a SIC interface (communication unit of a service office) or via SWIFT FIN.

Participation via SIC interface

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Participants can connect to the SIC system via SIX's proprietary communication network (Finance IPNet). The connection can be operated by the participant or, alternatively, via a service office. A list (not final) of possible service providers is available on the SIX Interbank Clearing website (www.six-interbank-clearing.com > Info Center > SIC/euroSIC Providers)

Participation via SWIFT FIN

Participants can connect via SWIFT. This type of access sends and receives messages via the SWIFT network. SIX Interbank Clearing also provides a web portal, which is necessary to query SIC payment transactions and account balances.

7.2.3 Entry into operation

The productive start-up for new participants is only possible as of the first working day of a new month. The productive start-up date is communicated to all participants via the bank master mutation circular on the 20th of the month preceding the productive start-up.

A prerequisite for the productive start-up is that the acceptance tests and all necessary technical and legal requirements are fulfilled and confirmed before the 10th of the preceding month. If everything is not in place, the productive start-up date is postponed by at least one month.

Experience shows that for the productive start-up for new participants, the lead time will probably be at least six weeks after SIX Interbank Clearing receives all documents.

More information on the set-up process and details on the individual steps will be provided after the participation application has been received.

7.3 Fees

Information regarding fees will be provided upon request and upon registration to participate.

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7.4 Checklist

No.	Documents	Participant	SNB	SIC
1	FINMA license or decree	X		
2	Application to the SNB to participate in the SIC system	X		
3	Participation in SIC system confirmed by SNB		X	
4	Current annual report to SNB and SIC AG	X		
5	Signature list	X		
6	Commercial register excerpt	X		
7	Participation request delivered to SIX Interbank Clearing AG.	X		
8	SNB giro contract signed	X	X	
9	SIC participation contract signed with SIC AG	X		X
10	Information on the connection process			X

Contacts

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 CH-8021 Zurich

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contract.sic@six-group.com
www.six-interbank-clearing.com

8.0 Information from the SNB on participation in the CHF repo market and OTC spot market

The SNB publishes the currently valid information on opening a current account on its website. This is contained in the "Instruction sheet on admission to the SIC system and sight deposit accounts"

(https://www.snb.ch/en/i/about/paytrans/id/paytrans_swiss_interbank_clearing)

Participation in SNB open market operations is governed by the "Instruction sheet on open market operations" (https://www.snb.ch/en/i/about/snb/legal/id/snb_legal_terms)

For further information, the following contact points are available from the SNB:

Account Management
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kunden@snb.ch

Money Market
 + 41 58 631 77 00
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