



Media release

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SIX welcomes the Federal Council Communication on the Financial Market Infrastructure Act (Finanzmarktinfrastrukturgesetz, FinfraG), albeit with reservations

As an operator of financial market infrastructure, SIX supports the intention of the Federal Council to regulate financial market infrastructure and derivatives trading through a law. SIX recognizes that the legislation proposed at the beginning of September is pragmatic and feasible, and that it is largely based on international standards. SIX is surprised, however, that the regulatory approach for trading platforms and systems was inconsistent and so-called organized trading systems are not considered independent elements of financial market infrastructure.

Clear and competitive regulations governing financial market infrastructure are vital for a financial centre with such a strong international focus as Switzerland. Adaptation to international standards (G-20, Financial Stability Board) is critical for reasons of competitiveness. Moreover, EU regulations make market access for service providers from third countries dependent on the existence of equivalent regulations in their domestic markets. SIX as the operator of the Swiss financial market infrastructure therefore expressly supports the work being done by the Federal Council to consolidate parts of the Stock Exchange Act, the Banking Act, the National Banking Act and the National Banking Ordinance in future into a single directive, the Financial Market Infrastructure Act (FinfraG), and to make it compatible with international legal developments.

SIX welcomes the fact that the term "financial market infrastructures" has been broadly defined within the scope of the Communication on FinfraG and thus encompasses all levels ranging from trading to clearing and settlement all the way to custody. This creates a regulatory framework that meets the requirements for the specific business of an infrastructure provider. In particular, it was possible to take care of some questions that had long been hanging over the post-trading infrastructure, which has also meant a simplification that has in turn increased the transparency for all market participants. SIX also welcomes the fact that the proven supervisory principle of self-regulation of stock exchanges is being adhered to. This concept, which has proven to be successful in the past, will continue to provide close-to-the-market supervision going forward. In addition, SIX acknowledges that the current regulation is a pragmatic solution to implementing the G-20 requirements with regard to enhancing system stability and transparency in the field of derivatives trading. SIX is using the reporting obligation for derivative transactions stipulated in the law as an occasion to set up a central register under Swiss law and to make it available to market players, as



announced in June earlier this year. This project has generated a lot of interest among banks and enjoys broad support.

However, SIX is surprised that the Federal Council is deviating from the consultation process and, in particular, from international standards in the regulation of organised trading systems. In their efforts to maximize pricing transparency in terms of setting and distributing prices, the European regulators have recommended uniform competitive conditions for all trading platforms. Organized trading platforms are not recognized by the draft legislation in Switzerland as financial market infrastructure. As a result, operators of organized trading platforms are only subject to limited duties with regard to organization and trading transparency, which does not create a level playing field for the trading centres and which may cause unfair competition. SIX also urges that the multilateral trade in equities remains in the regulated and supervised trading centres, i.e. the stock exchanges and multilateral trading systems, corresponding to international standards. Only in this way can a further fragmentation of trading, which is not beneficial for setting and distributing of prices nor for transparency, be avoided. With the so-called trading obligation, the EU has already reacted to this development, which is detrimental to investors. Switzerland should not lower the bar in terms of protecting investor interests.

In view of the globalization of financial markets, the increasing competition from abroad and the international regulatory trend, SIX maintains the need for congruence of the Swiss regulations to international standards. It creates an important prerequisite for ensuring the long-term competitive capabilities of the Swiss financial market infrastructure.

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SIX

SIX operates Switzerland's financial market infrastructure and offers on a global scale comprehensive services in the areas of securities trading, clearing and settlement, as well as financial information and payment transactions. The company is owned by its users (approximately 140 banks of various size and orientation) and, with its workforce of more than 3,700 employees and presence in 24 countries, generated an operating income of 1.58 billion Swiss francs and a Group net profit of CHF 210.2 million in 2013.

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