

# SIX Group Ltd Rules of Organisation for the Regulatory Bodies of the Group's trading venues

(Regulatory Bodies Organisation Rules, RBOR)

Dated 12 December 2018  
Entry into force: 2 May 2019

## Table of contents

1	General .....	4
1.1	Content of the Rules of Organisation .....	4
1.2	The individual Regulatory Bodies.....	4
1.3	Independence.....	4
1.4	FINMA approval.....	4
1.5	Resources .....	4
1.6	Budget .....	5
1.7	Revenues .....	5
2	The Regulatory Board.....	5
2.1	Structure of the Regulatory Board.....	5
2.2	Right of FINMA to be consulted .....	5
2.3	Removal from office.....	5
2.4	Remit of the Regulatory Board.....	5
2.5	Right to information .....	6
2.5a	Independence.....	6
2.6	Committees.....	6
2.7	Issuers Committee .....	6
2.8	Tasks .....	6
2.9	Participants & Surveillance Committee .....	7
2.10	Tasks .....	7
3	The Chairman of the Regulatory Board .....	7
4	The Office of the Regulatory Board .....	7
5	The Sanctions Commission .....	7
5.1	Structure of the Sanctions Commission.....	7
5.2	Remit of the Sanctions Commission .....	8
6	The independent Appeals Board.....	8
7	The Board of Arbitration .....	8
8	SIX Exchange Regulation.....	8
8.1	Remit.....	8
8.2	Appointment and composition of the SIX Exchange Regulation AG BoD.....	9
8.3	Appointment and composition of the Management Committee .....	9
8.4	Remit of the Management Committee.....	9
9	Cooperation between SIX Exchange Regulation and the supervised trading venues .....	9
9.1	Right to participate .....	9
9.2	Duty to provide information .....	9
9.3	Right to information .....	9

9.4	Decision of the Chairman of the SIX Group Ltd BoD .....	10
10	Reporting by SIX Exchange Regulation .....	10
10.1	Reporting to the BoD of SIX Group Ltd .....	10
10.2	Reporting to the Chairman of the SIX Group Ltd BoD .....	10
10.3	Reporting to the Regulatory Board.....	10
10.4	Extraordinary incidents .....	10
10.5	Information to the supervisory authority .....	10
11	Review.....	10
12	Signatory rights .....	10
12.1	Regulatory Board .....	10
12.2	Sanctions Commission .....	10
12.3	Appeals Board.....	11
12.4	SIX Exchange Regulation.....	11
13	Final provisions.....	11
13.1	Entry into force .....	11
13.2	Cancellation of the Surveillance & Enforcement rules .....	11
13.3	Disclosure Office Rules .....	11
13.4	Schedule of powers of SIX Group Ltd and its group companies.....	11
13.5	Amendment .....	11
13.6	Revisions.....	11

# 1 General

## 1.1 Content of the Rules of Organisation

These Rules of Organisation govern the following areas:

- the tasks and responsibilities of the Board of Directors ("BoD") and the Chairman of SIX Group Ltd in connection with the Regulatory Bodies;
- the constitution, structure and remit of the Regulatory Bodies and their position with respect to SIX Group Ltd and within the Group.

## 1.2 The individual Regulatory Bodies

The Regulatory Bodies are:

- the Regulatory Board;
- the Sanctions Commission, the Appeals Board and the Board of Arbitration;
- SIX Exchange Regulation.

The Regulatory Bodies are borne by SIX Exchange Regulation AG, whereby SIX Exchange Regulation AG performs the tasks and functions of SIX Exchange Regulation.

## 1.3 Independence

<sup>1</sup> Under the Financial Market Infrastructure Act, trading venues must ensure that they have their own regulatory and supervisory organisation which is appropriate to their activity. These tasks must be carried out by independent bodies.

<sup>2</sup> To prevent conflicts of interest between the bodies that are responsible for regulation, evaluation and supervision, on the one hand, and the operational business units of SIX, on the other, regulatory and operating activities are, as far as is possible, legally separate, with their own staff and structures. SIX Group Ltd and its subsidiaries respect the independence of the Regulatory Bodies both internally and in their external activities.

<sup>3</sup> Where regulatory matters are concerned, the Regulatory Bodies are not subject to instructions issued by SIX Group Ltd, by its subsidiaries or by any trading venues that use the services provided by the Regulatory Bodies.

<sup>4</sup> Under these Rules, the Regulatory Bodies all hold the same status as each other in terms of the powers they exercise. An individual may belong to only one of the Regulatory Bodies and only one of the judiciary boards (such as the Appeals Board, the Sanctions Commission or the Board of Arbitration) at any given time.

## 1.4 FINMA approval

The key figures within the Regulatory Board (the Chairman and Vice-Chairman), the Sanctions Commission (the Chairman) and SIX Exchange Regulation (the members of the SIX Exchange Regulation Management Committee) must provide a guarantee of irreproachable business conduct, enjoy a good reputation, and have the specialist qualifications required for their functions. The appointment of these individuals requires the prior approval of the Swiss Financial Market Supervisory Authority (FINMA).

## 1.5 Resources

The Regulatory Bodies must be provided with sufficient material and personnel resources by SIX Group Ltd, its subsidiaries and the trading venue operators. The Regulatory Bodies must manage in an economical way the resources made available to them.

## 1.6 Budget

<sup>1</sup> The Chairman of the SIX Group Ltd BoD sets the budget for SIX Exchange Regulation AG. SIX Exchange Regulation AG uses the budget allocated to finance the normal operations of the other Regulatory Bodies. The budget must allow the Regulatory Bodies to fulfil their remits, including in particular their further development. To this end, the SIX Exchange Regulation Management Committee draws up a proposal for each budget period for submission to the Chairman of the SIX Group Ltd BoD.

<sup>2</sup> The Chairman of SIX Group Ltd determines the principles that apply to remuneration for the activities of members of the Regulatory Board, the Appeals Board, the Sanctions Commission and any other commissions and offices. He also determines the principles of reimbursement for any expenses.

## 1.7 Revenues

<sup>1</sup> Any revenues collected by the Regulatory Bodies are due to the SIX trading venues insofar as they are directly related to the trading venues, i.e. collected on their account.

<sup>2</sup> Any fines that are collected are accounted for separately and used for research and knowledge-sharing in connection with Switzerland's financial centre, or for charitable purposes. To that end, SIX Exchange Regulation issues Regulations on the Use of Fines.

# 2 The Regulatory Board

## 2.1 Structure of the Regulatory Board

<sup>1</sup> The Regulatory Board is composed of no more than 17 members, six of whom are drawn from *economiesuisse* and nine from the BoD of SIX Group Ltd. They are appointed for a three-year term of office, and may be re-elected.

<sup>2</sup> In addition, one member of the BoD of SIX Group Ltd is co-opted *ex officio* as an ordinary member. An ordinary member cannot be Chairman or Vice-Chairman of the Regulatory Board or its committees.

<sup>3</sup> The Chairman of the Regulatory Board is appointed by the BoD of SIX Group Ltd for a three-year term of office. The Regulatory Board otherwise constitutes itself. Its members must, as a group, hold the specialist knowledge necessary for the Board to fulfil its tasks.

## 2.2 Right of FINMA to be consulted

The Swiss Financial Market Supervisory Authority (FINMA) has the right to be consulted before the appointment of members of the Regulatory Board.

## 2.3 Removal from office

Where there are important grounds for doing so, following consultation with FINMA and, in the case of *economiesuisse* members, also with *economiesuisse*, individual members of the Regulatory Board may be removed from office by the BoD of SIX Group Ltd even before they have completed their full term of office.

## 2.4 Remit of the Regulatory Board

<sup>1</sup> The Regulatory Board is the highest legislative body under the self-regulation tasks laid down in the Financial Market Infrastructure Act. It determines the laws that apply to issuers, to their agents and to third parties assuming the relevant obligations on their behalf, as well as to participants and to traders. The issue of rules and regulations, as well as changes to them, must be approved by FINMA.

<sup>2</sup> The Regulatory Board performs the following tasks:

- a) it issues rules on the organisation of orderly and transparent trading;
- b) it governs the admission, obligations and exclusion of participants and traders;
- c) it governs the listing and admission to trading of securities, issues criteria for the tradability of securities, and determines which information is required for investors to evaluate the characteristics of securities and quality of issuers. It also determines the obligations that issuers, their agents and third parties must fulfil for the duration of listing or admission to trading;
- d) it issues rules on the supervision of trading and the fulfilment of obligations for the duration of listing or admission to trading;
- e) it is the highest supervisory body with respect to the implementation and enforcement of the rules issued by SIX Exchange Regulation;
- f) it may establish its own Internal Regulations.

## 2.5 Right to information

<sup>1</sup> The Regulatory Board may demand information on specific matters and to inspect the internal documents of SIX Exchange Regulation, insofar as this is necessary for it to fulfil its remit. Such requests may be made to the Chairman of the Regulatory Board at a meeting or in writing between meetings.

<sup>2</sup> This right to information excludes facts connected with federal government business, orders issued by cantonal or federal authorities, preliminary enquiries and ongoing proceedings, as well as cases in which the business confidentiality of third parties might be infringed.

<sup>3</sup> In the event of a dispute, the Chairman of the Appeals Board makes the ultimate decision as to whether or not the information is necessary for the Regulatory Board to fulfil its remit.

### 2.5a Independence

<sup>1</sup> Members of the Regulatory Board may not simultaneously exercise their office and directly represent an issuer, a guarantor, a sponsor, a recognised representation, a participant, a trader or a reporting agent in the context of a preliminary investigation, an investigation or a sanction proceeding in accordance with the Rules of Procedure, the Appeals Board Rules and the arbitration clause.

<sup>2</sup> In the event of an indirect representation, the member concerned shall recuse himself until the proceeding has been legally concluded, or he shall cease to act as a representative, if there is a conflict of interests.

<sup>3</sup> If the recusal is contested, the Chairman of the Regulatory Board shall rule. Regarding the recusal of the latter, the Vice-Chairman of the Regulatory Board shall rule.

## 2.6 Committees

The Regulatory Board forms an Issuers Committee for issuer regulation and a Participants & Surveillance Committee for participant regulation.

### 2.7 Issuers Committee

The Issuers Committee is composed of at least five members, at least two of whom are issuer representatives appointed by *economiesuisse*. Issuers and investors must be appropriately represented. The Committee is headed by the Chairman of the Regulatory Board.

## 2.8 Tasks

The Issuers Committee performs the following tasks:

- a) it prepares the rules and additional rules for issuers that are to be issued by the Regulatory Board;

- b) it may issue guidelines or delegate the authority to issue individual guidelines to SIX Exchange Regulation;
- c) it may hold consultative proceedings and public hearings on the rules and directives that are to be issued;
- d) it may grant exemptions from the rules and directives upon application in individual cases;
- e) it decides on the listing or admission to trading of securities;
- f) it may delegate tasks either entirely or in part to SIX Exchange Regulation.

## **2.9 Participants & Surveillance Committee**

The Participants & Surveillance Committee is composed of at least five members. Participants must be appropriately represented. The Committee is headed by the Vice-Chairman of the Regulatory Board.

## **2.10 Tasks**

The Participants & Surveillance Committee performs the following tasks:

- a) it prepares the rule books that are to be issued by the Regulatory Board;
- b) it may issue directives for participants and traders;
- c) it may hold consultative proceedings and public hearings on the rule books and directives that are to be issued;
- d) it may delegate tasks either entirely or in part to SIX Exchange Regulation.

# **3 The Chairman of the Regulatory Board**

The Chairman of the Regulatory Board performs the following specific tasks:

- a) he chairs the meetings of the Regulatory Board;
- b) he provides specialist advice to the SIX Exchange Regulation Management Committee;
- c) he promotes self-regulation;
- d) he represents the Regulatory Board externally.

# **4 The Office of the Regulatory Board**

The Regulatory Board and its committees are supported by an administrative office that is provided by SIX Exchange Regulation. The Chairman of the SIX Exchange Regulation Management Committee serves ex-officio as the Secretary to the Board. The office handles the administrative business of the Regulatory Board and its committees.

# **5 The Sanctions Commission**

## **5.1 Structure of the Sanctions Commission**

<sup>1</sup> The Sanctions Commission is composed of no fewer than five and no more than eleven members in total. It is made up of a Chairman plus an even number of further members, with half drawn from the BoD of SIX Group Ltd and half drawn from the Regulatory Board. These individuals must be impartial and have the necessary specialist knowledge. They are appointed for a term of six years. The Regulatory Board appoints the Chairman. The BoD of SIX Group Ltd appoints a Secretary following a proposal from the Sanctions Commission.

<sup>2</sup> The Sanctions Commission may issue rules governing its own internal organisation insofar as there are no respective provisions in other regulations.

## 5.2 Remit of the Sanctions Commission

Following the procedures laid down in the Rules of Procedure (RP), the Sanctions Commission imposes sanctions in accordance with the rule books and directives, as well as with the Listing Rules plus the Additional Rules and their implementing provisions, on those natural persons and legal entities that are subject to these rules and regulations.

## 6 The independent Appeals Board

The independent Appeals Board pursuant to Art. 37 FMIA is governed by special rules to be issued by the BoD of SIX Group Ltd.

## 7 The Board of Arbitration

## 8 SIX Exchange Regulation

### 8.1 Remit

<sup>1</sup> SIX Exchange Regulation executes the duties laid down in federal law and the rules issued by the Regulatory Board, as well as monitors compliance with them. SIX Exchange Regulation imposes sanctions to the extent that the regulations give SIX Exchange Regulation the power to do so and makes sanction proposals. The Chairman of the SIX Group Ltd BoD, the supervisory authority and, where appropriate, the competent public prosecutors are informed in cases of suspected breaches of the law or other irregularities.

<sup>2</sup> The specific tasks entrusted to SIX Exchange Regulation include:

- a) the supervision of trading in accordance with the law, and any additional tasks laid down in the agreements with the individual trading venues;
- b) reviewing incoming indications of the suspected exploitation of knowledge of insider information, price manipulation and other infringements of the law;
- c) receiving complaints from participants and third parties if these are made against the Management Committee of a trading venue supervised by SIX Exchange Regulation or against participants or their traders;
- d) conducting the investigations necessary to respond to complaints;
- e) proposing measures to eliminate the reasons for complaints. Should the Management Committee of a trading venue supervised by SIX Exchange Regulation refuse to cooperate in implementing the measure, then SIX Exchange Regulation will apply to the competent BoD to ensure due cooperation by the Management Committee in question;
- f) conducting regulatory and arbitral proceedings;
- g) processing incoming applications for listing and admission;
- h) monitoring compliance with the rules issued by the Regulatory Board, and undertaking the necessary preliminary enquiries and investigations;
- i) providing appropriate information to participants, traders and issuers and their representatives with regard to questions of regulation and the corresponding practices;
- j) ordering the suspension of trading at short notice, and laying down the procedure for ordering, where the suspension is not being imposed as a sanction;
- k) appointing the disclosure office and commission of experts that are required under federal law, and issuing the rules that apply to the disclosure office;

- l) monitoring national and international developments in regulation;
- m) fostering contact with domestic and foreign regulators;
- n) presenting regulatory activities in the public arena.

## **8.2 Appointment and composition of the SIX Exchange Regulation AG BoD**

The SIX Group Ltd BoD proposes candidates for the SIX Exchange Regulation AG BoD, with the Chairman of the former co-opted ex officio as a member of the latter. The SIX Exchange Regulation AG BoD constitutes itself. In particular, it appoints a Chairman, whereby the Chairman of the SIX Group Ltd BoD is the Chairman of SIX Exchange Regulation AG. Should the Chairman of the SIX Group Ltd BoD not also be the Chairman of the SIX Exchange Regulation AG BoD, the latter is appointed in consultation with the former.

## **8.3 Appointment and composition of the Management Committee**

The SIX Exchange Regulation AG BoD appoints the Chairman and the other two members of the SIX Exchange Regulation Management Committee in consultation with the Chairman of the Regulatory Board. The members' appointment must be approved by FINMA. The Chairman determines his deputy in consultation with the Chairman of the SIX Exchange Regulation AG BoD.

## **8.4 Remit of the Management Committee**

<sup>1</sup> The Management Committee is responsible for managing the business of SIX Exchange Regulation. It may issue directives that the staff of SIX Exchange Regulation must observe.

<sup>2</sup> The members of the SIX Exchange Regulation Management Committee have the right to attend the meetings of the Regulatory Board and its committees in an advisory capacity.

<sup>3</sup> The SIX Exchange Regulation Management Committee is the point of contact for participants and third parties should they wish to bring complaints against the Management Committees of SIX trading venues or against participants or their traders. It conducts the investigations necessary to respond to complaints. It informs the Chairman of SIX Group Ltd, the supervisory authority and, where appropriate, the competent public prosecutors, in cases of suspected breaches of the law or other irregularities.

# **9 Cooperation between SIX Exchange Regulation and the supervised trading venues**

## **9.1 Right to participate**

The Chairman of SIX Exchange Regulation is a permanent guest at the meetings of the Management Committee of the division which operates the trading venue (Swiss Exchange division), and may also attend the meetings of the executive bodies of the other regulated SIX trading venues as a guest without voting rights. He may co-opt another member of the Management Committee to attend in his place.

## **9.2 Duty to provide information**

The trading venues that are regulated by the Regulatory Board and supervised by SIX Exchange Regulation must draw the attention of the SIX Exchange Regulation Management Committee at an early stage to projects and particular incidents that might result in regulatory action.

## **9.3 Right to information**

The bodies and members of the trading venues regulated by the Regulatory Board and supervised by SIX Exchange Regulation must provide the SIX Exchange Regulation Management Committee with the information that SIX Exchange Regulation demands in order to fulfil its remit.

#### **9.4 Decision of the Chairman of the SIX Group Ltd BoD**

In the event of a dispute, the Chairman of the SIX Group Ltd BoD issues a ruling upon application from the rejected applicant regarding disputes as to the rights and duties stated in Chapter 9.

## **10 Reporting by SIX Exchange Regulation**

### **10.1 Reporting to the BoD of SIX Group Ltd**

The BoD of SIX Group Ltd receives an annual report from SIX Exchange Regulation.

### **10.2 Reporting to the Chairman of the SIX Group Ltd BoD**

<sup>1</sup> The Chairman of the SIX Exchange Regulation Management Committee reports periodically to the Chairman of the SIX Group Ltd BoD about ongoing activities. Where necessary, the Chairman may invite other members of SIX Exchange Regulation's Management Committee and/or its BoD to submit reports.

<sup>2</sup> In addition, the Chairman of the SIX Exchange Regulation Management Committee is available at any time to report to the Chairman of the SIX Group Ltd BoD.

### **10.3 Reporting to the Regulatory Board**

SIX Exchange Regulation produces a quarterly report on ongoing regulatory activities for submission to the Regulatory Board. These reports may be discussed and amended at meetings of the Regulatory Board and its committees.

### **10.4 Extraordinary incidents**

Extraordinary incidents that have major ramifications must immediately be brought to the attention of the Chairman of the SIX Group Ltd BoD and the Chairmen of the Regulatory Bodies.

### **10.5 Information to the supervisory authority**

SIX Exchange Regulation provides regular information to the supervisory authority on ongoing activities. Extraordinary incidents that have major ramifications are brought immediately to the attention of the supervisory authority.

## **11 Review**

The regulatory activities of SIX Exchange Regulation are subject to the audit of the supervised trading venues in accordance with financial market infrastructure legislation.

## **12 Signatory rights**

### **12.1 Regulatory Board**

Two members, generally the Chairman and the Vice-Chairman, must sign jointly on behalf of the Regulatory Board. In the case of the Committees, the two required signatures are provided by the Chairman together with one of the members.

### **12.2 Sanctions Commission**

The decisions of the Sanctions Commission must bear two signatures: that of the Chairman and that of either the Vice-Chairman or the Secretary.

### 12.3 Appeals Board

The rulings of the Appeals Board must bear two signatures: those of the Chairman and one other member.

### 12.4 SIX Exchange Regulation

<sup>1</sup> The members of the SIX Exchange Regulation AG BoD must in principle sign jointly on behalf of SIX Exchange Regulation.

<sup>2</sup> The members of the SIX Exchange Regulation Management Committee must in principle sign jointly on behalf of SIX Exchange Regulation. The SIX Exchange Regulation Management Committee may designate further individuals as authorised co-signatories. The SIX Exchange Regulation Management Committee may also grant sole signatory powers for specific transactions in special cases.

## 13 Final provisions

### 13.1 Entry into force

<sup>1</sup> These Rules of Organisation were approved on 17 April 2009 by the BoD of SIX Group Ltd on the basis of Art. 716 and 716b of the Swiss Code of Obligations and Art. 14 of the Articles of association, and by the Swiss Financial Market Supervisory Authority on 29 April 2009.

<sup>2</sup> These Rules of Organisation enter into force on 29 April 2009.

### 13.2 Cancellation of the Surveillance & Enforcement rules

The Surveillance & Enforcement Rules dated 12 May 2000 will be cancelled by the Regulatory Board at the request of the SIX Exchange Regulation MC. Until such time, where contradictions exist between these Rules of Organisation and the Surveillance & Enforcement Rules, then these present Rules of Organisation will prevail. Otherwise the provisions of the Surveillance & Enforcement Rules will continue to apply mutatis mutandis until such Rules are cancelled.

### 13.3 Disclosure Office Rules

The provisions of these Rules of Organisation take precedence over any contradictory provisions contained in the Disclosure Office Rules dated 1 January 2016.

### 13.4 Schedule of powers of SIX Group Ltd and its group companies

The provisions of these Rules of Organisation take precedence over any contradictory provisions laid down in the schedule of powers for SIX Group Ltd and its Group companies, as appended to the SIX Group Ltd Rules of Organisation.

### 13.5 Amendment

<sup>1</sup> These Rules of Organisation may be amended at any time by majority decision, subject to the quorum laid down in Clauses 12.7 and 12.8 of the Rules of Organisation of SIX Group Ltd.

<sup>2</sup> Amendments to these Rules of Organisation require the prior approval of FINMA.

### 13.6 Revisions

<sup>1</sup> Amendment owing to the entry into force of the Financial Market Infrastructure Act and related ordinances in Point 6 as of 1 April 2016.

<sup>2</sup> The revision of Points 1.1, 1.3, 1.4, 1.5, 1.6, 2.1, 2.3, 2.4, 2.5, 2.7, 2.8, 2.9, 2.10, 4, 5.1, 5.2, 6, 8.1, 8.2, 8.3, 9.1, 9.2, 9.3, 9.4, 9.5, 10.1, 10.2, 10.4, 11 and 13.1 decreed by the BoD of SIX Group Ltd in its resolutions of 8 November 2016 and 1 September 2017 and approved by FINMA on 14 November 2017 enters into force on 15 February 2018.

<sup>3</sup> The revision of Clauses 1.2, 1.6, 1.7, 5.1, 8.1-8.3, 10.2 and 12.4, the new Clause 8.2 and the cancellation of Clause 9.4 decreed by the BoD of SIX Group Ltd in its resolution of 25 April 2018 and approved by the Swiss Financial Market Supervisory Authority FINMA on 30 April 2018 enter into force on 1 May 2018.

<sup>4</sup> The new Clause 2.5a decreed by the BoD of SIX Group Ltd on 12 September 2018 and approved by the FINMA on 31 August 2018 enters into force on 1 December 2018.

<sup>5</sup> The revision of Clause 2.5a para. 1 decreed by the BoD of SIX Group Ltd on 12 December 2018 and approved by the FINMA on 25 February 2019 enters into force on 2 May 2019.