

SIX GROUP LTD RULES OF ORGANISATION  
FOR THE REGULATORY BODIES OF THE  
GROUP'S EXCHANGES



Exchange Regulation

## Admission of Securities

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# **SIX Group Ltd Rules of Organisation for the Regulatory Bodies of the Group's exchanges**

(Regulatory Bodies Organisation Rules, RBOR)

Dated 1 January 2016

## **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.

### **1.3 Independence**

<sup>1</sup> Stock exchanges are obliged under federal law to regulate issuers, securities dealers and trading, and to supervise them via an independent agency. 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 Group, 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>2</sup> Where regulatory matters are concerned, the Regulatory Bodies are not subject to instructions issued by SIX Group Ltd or its subsidiaries, or by any exchange that uses the services provided by the Regulatory Bodies.

<sup>3</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 Resources**

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

#### **1.5 Budget**

<sup>1</sup> The Chairman of SIX Group Ltd sets the budget for SIX Exchange Regulation. This budget must allow SIX Exchange Regulation to fulfil its remit. To this end, the Management Committee of SIX Exchange Regulation draws up a proposal for each budget period for submission to the Chairman of SIX Group Ltd.

<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.

#### **1.6 Revenues**

<sup>1</sup> Any revenues collected by the Regulatory Bodies are due to the exchanges within SIX Group.

<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. SIX Exchange Regulation issues the corresponding regulations.

## **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, the following are co-opted as individual members: one member of the BoD of SIX Group Ltd as an ex officio member, and one representative of the Management Committee ("MC") of the Group unit that operates the exchange (currently the Cash Markets Division of SIX Group Ltd). Individual members 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 obligations laid down in the stock exchange legislation. It determines the laws that issuers, participants and traders must observe. 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 efficient and transparent trading;
- b. it governs the admission, obligations and exclusion of participants and traders;
- c. it governs the admission of securities (listing), issues rules on the tradability of securities and determines the information that is required by investors to assess the characteristics of the securities and the quality of the issuer;
- d. it issues rules on the supervision of trading and of issuers;
- 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 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.

## **2.6 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 no fewer than three and no more than seven members, at least two of whom are issuer representatives appointed by economie-suisse. 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 admission of securities (listing);
- 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 no fewer than three and no more than seven members. Participants must be appropriately represented. The representative who is co-opted from the Cash Markets Division of SIX Group Ltd is an ex-officio member of this Committee. 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 General Conditions ("GC") for participants 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 GC 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 is 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.

### **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 holds regulatory powers as laid down in the existing rules and 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 GC, 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 Swiss Exchange Ltd.

## 7. THE BOARD OF ARBITRATION

<sup>1</sup> The Chairman and Vice-Chairman of the Board of Arbitration are appointed by the Swiss Federal Supreme Court for a four-year term of office.

<sup>2</sup> Each party appoints a further arbitrator in accordance with the applicable arbitration rules.

<sup>3</sup> The Regulatory Board may issue arbitration rules for the Board of Arbitration.

## 8. SIX EXCHANGE REGULATION

### 8.1 *Remit*

<sup>1</sup> The SIX Exchange Regulation Division executes the tasks assigned to it under federal law and under the rules issued by the Regulatory Board. It also monitors compliance with both the law and the rules. Where the rules grant it such authority, it imposes sanctions and makes sanction proposals. The Chairman of SIX Group Ltd, 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. market surveillance in accordance with the law, and any additional tasks laid down in the agreements with the individual exchange operators;
- b. reviewing incoming indications of the suspected exploitation of knowledge of confidential facts, price manipulation and other infringements of the law;
- c. receiving complaints from participants and third parties if these are against the MC of an exchange 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 MC of an exchange 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 MC 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 stock exchanges are required to have under federal law, and issuing the rules that apply to the disclosure office;
- l. monitoring national and international developments in exchange regulation;
- m. fostering contact with domestic and foreign regulators;
- n. presenting regulatory activities in the public arena.

## **8.2 *Appointment and composition of the MC***

The BoD of SIX Group Ltd appoints the Chairman and the other two members of the SIX Exchange Regulation MC 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 SIX Group Ltd.

## **8.3 *Tasks of the MC***

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

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

<sup>3</sup> The SIX Exchange Regulation MC is the point of contact for participants and third parties should they wish to bring complaints against the Management Committees of SIX Group exchanges 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 EXCHANGES**

### **9.1 *Right to participate***

The Chairman of SIX Exchange Regulation is a permanent guest at the meetings of the Management Committee ("MC") of the Group unit which operates the exchange (currently the Cash Markets Division of SIX Swiss Exchange Ltd), and may also attend the meetings of the executive bodies of the other regulated exchanges within SIX Group as a guest without voting rights. He may co-opt another member of the MC to attend in his place.

### **9.2 *Duty to provide information***

The exchanges that are regulated by the Regulatory Board and supervised by SIX Exchange Regulation must draw the attention of the SIX Exchange Regulation MC 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 exchanges regulated by the Regulatory Board and supervised by SIX Exchange Regulation must provide the SIX Exchange Regulation MC with the information that SIX Exchange Regulation demands in order to fulfil its remit.

### **9.4 *Signatory authorities for the supervised exchanges***

The MC and staff of SIX Exchange Regulation require sufficient signatory authorities for the supervised exchanges.

### **9.5 *Decision of the Chairman of SIX Group Ltd***

In the event of a dispute, the Chairman of SIX Group Ltd 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 SIX Group Ltd**

<sup>1</sup> The Chairman of the SIX Exchange Regulation MC reports to the Chairman of SIX Group on a periodic basis about ongoing activities. Where necessary, the Chairman may invite other members of the SIX Exchange Regulation MC to submit reports.

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

### **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 SIX Group Ltd 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. AUDIT UNDER THE STOCK EXCHANGE LEGISLATION**

Under federal law, the regulatory activities of SIX Exchange Regulation are subject to the audit of supervised exchanges under the stock exchange 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**

SIX Exchange Regulation business must essentially bear two signatures from members of the SIX Exchange Regulation MC. The SIX Exchange Regulation MC may designate further individuals as authorised co-signatories. The SIX Exchange Regulation MC 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 19 November 1997.

### **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**

These Rules of Organisation may be amended at any time by majority decision, subject to the quorum laid down in Points 11.7 and 11.8 of the Rules of Organisation of SIX Group Ltd.

**13.6 Revision**

Amendments due to the entry into force of the Financial Market Infrastructure Act and related ordinances in Point 6 as of 1 April 2016.