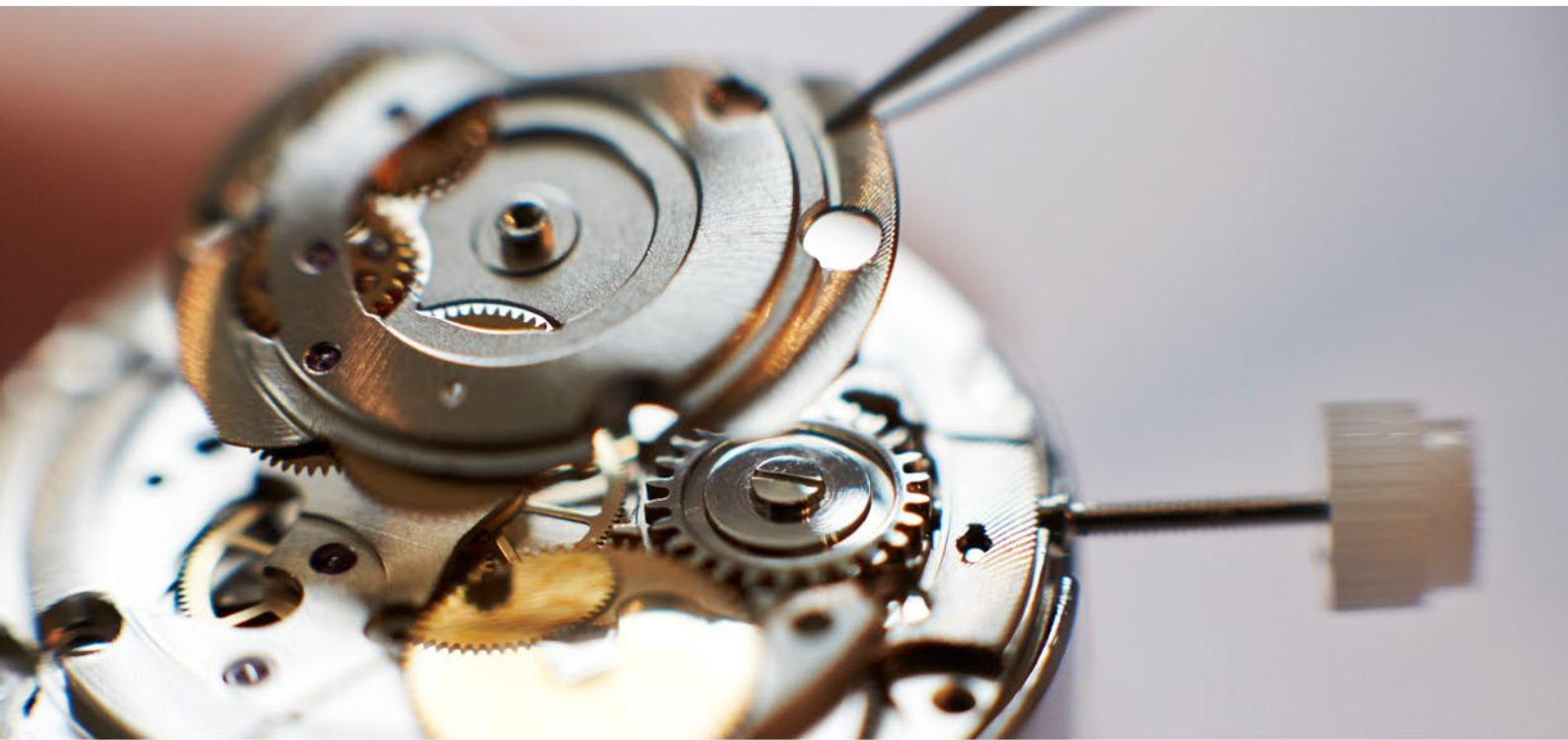




SIX SIS AG

Product Specification for the CH Repo Market OTC Spot

August 2023



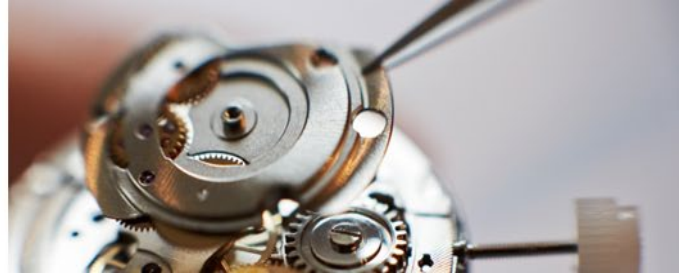


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1.0 Introduction

This document specifies the security types that can be traded in the OTC spot market as well as the trading modalities available to participants. It further provides general market-related information.

2.0 Definitions and explanations

The following table gives definitions and explanations for the product terms and related terminology.

Term	Definition/explanation
Accrued interest	The interest accrued between the trade date and the settlement date. The payment amount due on the settlement date includes accrued interest.
Aggressor	Participant who responds to a quote or request for offer (RfO) that results in a trade. For trades that result directly from an order, both counterparties are considered aggressors.
Auto-hit	Indicates that an order sent in response to a quote will automatically be accepted. Auto-hit limits have to be set up at trading-desk level and can be modified by any trader.
Basket	Contains a number of securities as specified by the basket owner. Baskets are used as collateral for general collateral (GC) contract types. The collateral seller may additionally specify a security from the selected basket for delivery.
Business day	A business day is any day on which the market platform is open for trading. For more information, see the trading and settlement calendar which is published at www.six-repo.com . See also currency business day.
Cash amount	The cash amount transferred from the cash lender to the cash borrower on the purchase date and from the cash borrower to the cash lender on the repurchase date.
Cash borrower	One of the two counterparties to a repo trade. Borrows cash and sells collateral. See also collateral seller.
Cash lender	One of the two counterparties to a repo trade. Lends cash and buys collateral. See also collateral buyer.
Cash lot amount	Indicates the increment by which the cash amount may be increased above the minimum cash amount.
CCY	Trading currency
Collateral	Securities sold to the cash lender by the cash borrower on the purchase date and repurchased by the cash borrower on the repurchase date.
Collateral buyer	One of the two counterparties to a repo trade. Lends cash and buys collateral. See also cash lender.
Collateral seller	One of the two counterparties to a repo trade. Borrows cash and sells collateral. See also cash borrower.
Collateral type	Indicates whether the collateral is of the type basket or security. See also general collateral (GC) and special (SPC).



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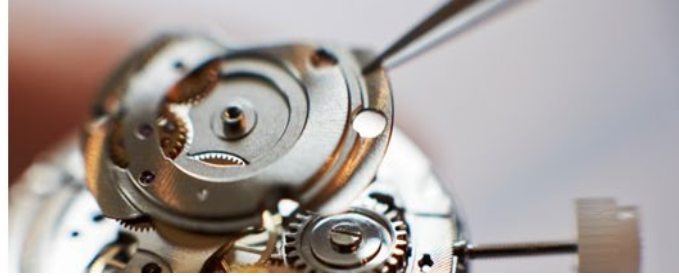
Term	Definition/explanation
Collateral valuation	Indicates whether the collateral valuation, which determines the nominal amount of bonds or number of shares transferred in a repo, is negotiable or must be based on the collateral's market value on the purchase date.
Contract type	Sets out the terms of a given repo. A contract type is identified based on its trading currency and subcategory.
Currency business day	A currency business day is any day on which settlement in a specific currency is possible. Currency holidays largely correspond to national public holidays. For more information, see the trading and settlement calendar which is published at www.six-repo.com . See also business day.
Day roll convention	Specifies whether the repurchase date will be rolled to the next or the previous currency business day if it happens to fall on a currency holiday. See also following modified.
DVP	Delivery versus payment
DVP cut-off days	Only relevant for contract types with a variable (negotiable) purchase date. Indicates the minimum interval in currency business days between the trade date and the purchase date that must be observed. The purchase date cut-off time (where defined) applies additionally. For instance, if the number of DVP cut-off days is one and the purchase date cut-off time for the respective trading currency is 13:00, then the earliest possible purchase date is T + 1 (where T is the current business date), and the trade must be concluded by 13:00 on the current business day. Concluding the trade after the purchase date cut-off time may be possible if the purchase date is greater than T + 1 (see trade after cut-off time).
End-to-end convention	For monthly contract types (1 month – 12 months), the convention is to use the same date for the purchase and repurchase date (e.g. 3 January – 3 June), unless the purchase date happens to be the last currency business day of the month. In this case, the repurchase date will also be the last currency business day of the month (e.g. 31 January to 28 February) if the end-to-end convention applies.
Fixed-rate type	Rate is predefined and confirmed by both participants.
Following modified	Day roll convention whereby the repurchase date is rolled forward to the next currency business day if it happens to fall on a currency holiday, unless the next currency business day falls in the following month, in which case the repurchase date is rolled back to the last currency business day prior to the currency holiday.
General collateral (GC)	Contract type where the collateral is a basket. The collateral seller may additionally specify a security from the basket for delivery. See also special (SPC).
GMBF	Geldmarktbuchforderung der Schweizerischen Eidgenossenschaft. Short-term and usually discounted debt obligation issued by the Swiss Confederation. See also MMDRC.
Indexed-rate type	Rate fixings/calculations are based on the SARON index.
Liberierung	The date on which the payment by subscribers for the issue of a



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Term	Definition/explanation
	security falls due following the subscription period.
LSFF	Liquidity shortage financing facility. Monetary policy instrument used by the Swiss National Bank (SNB).
Margin ratio	The collateral-to-cash amount ratio. At 100%, the collateral amount provided by the collateral seller equals the cash amount in terms of the collateral's value. See also collateral valuation.
Minimum cash amount	The minimum cash amount that applies for a given contract type.
Minimum duration	Minimum interval between the purchase date and repurchase date in currency business days.
Minimum security size	Minimum nominal amount of the security (debt instrument) sold or bought.
MMDRC	Money market debt register claim of the Swiss Confederation. English for GMBF.
No. of payments	Number of times a repo interest payment is made.
Nominal currency	Currency in which the security (debt instrument) is denominated.
Nominal lot amount	Indicates the increment by which the security size may be increased above the minimum security size.
Non-standard GC	Non-standard contract types with a variable term and a basket as collateral.
Non-aggressor	Participant who posts a quote or request for offer (RfO) that results in a trade. See also aggressor.
Order	Binding offer sent to a selected participant. Orders are used to initiate trading activity directly with a specific counterparty or to respond to a quote or request for offer (RfO).
Payable first date	The due date of the (first) repo interest payment.
Payment date (PD)	See settlement date.
Periodicity	The interval at which repo interest payments are made.
Purchase date	Settlement date of the repo's near leg. The purchase date may be pre-defined (e.g. T + 1 for overnight contract types where T is the trade date), partially defined (e.g. purchase date ³ T + 1) or fully negotiable.
Purchase date cut-off time	The time of day by when a trade must be concluded. Applies for each currency to intraday, overnight and any variable term contract type with a purchase date of T + 0 or T + 1 (where T is the trade date) or if the trade after cut-off time is set to no.
Quote	Generally non-binding offer sent to selected participants as specified by the participant to buy or sell a security at the quoted price.
Repo rate	Annualized rate of return on the cash amount (in %). For indexed floating-rate and fixed-relative repos, the repo rate offset is given in basis points (bp). 1 basis point = 0.01%. See also repo rate type.
Repo rate fixing frequency	Determines how often the repo rate is adjusted with respect to the reference index (only applies to indexed rate type repos).
Repo rate type	There are three repo rate types: fixed, floating and fixed relative. The repo rate of fixed-rate repos does not vary. The repo rate of floating-rate and fixed-relative repos varies in accordance with



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Term	Definition/explanation
	the index to which the repo rate is pegged.
Repurchase date (RD)	Settlement date of the repo's far leg. The repurchase date may be pre-defined (e.g. all fixed-term contract types), partially defined (e.g. a minimum term of PD + 2) or fully negotiable.
Repurchase date type	Only applies to variable-term contract types. Indicates whether the repurchase date must be specified in pre-trading and cannot be modified later (fixed), can be specified in pre-trading or remain unspecified until post-trading as agreed (negotiable) or cannot be specified until post-trading (open). See also terminable on demand.
Request for offer (RfO)	Non-binding offer sent to selected participants as specified by the participant.
Right of substitution (RoS)	Determines whether the collateral seller has the right to substitute the collateral specified for different collateral of equal value and credit rating.
Right to reuse (RtR)	Determines whether the collateral seller has the right to reuse the collateral specified.
Security currency	Currency in which the securities are denominated (bonds) or traded (equity).
Security price	The price negotiated for a security (expressed in % of the nominal value).
Security size	Total nominal amount of the security (debt instrument) sold or bought.
Settlement date	The payment and settlement date. See section 7 for details.
Settlement type	Indicates the clearing and settlement conditions that apply for a given contract type, e.g. central counterparty or triparty.
Settlm. org. CT cat.	Settlement organization contract type category.
Settlm. org. CT ref.	Settlement organization contract type reference. Unique contract type identifier.
SNB Bill	A short-term and usually discounted debt obligation issued by the Swiss National Bank.
SNB contract type	Contract type set up for Swiss National Bank (SNB) monetary policy operations. For the terms and conditions that apply to SNB auctions, please contact the Swiss National Bank (SNB).
Special (SPC)	Non-standard contract types with a variable term and a security as collateral.
Standard GC	Standardized contract types with a fixed term and a basket as collateral.
Term	As in contract type term: contract duration from purchase date to repurchase date.
Terminable on demand (ToD)	Indicates whether the contract type is terminable on demand. If so, then it is possible to terminate the contract prior to the agreed repurchase date (in the case of intraday contract types, this means that the contract can be repurchased before end of business). If the repurchase date is not set, the contract must be terminable on demand. See also repurchase date type.
Trade date	Date on which a trade is concluded.
Trading currency	Currency in which the security is traded.



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3.0 Market segments

There are two market segments in the OTC spot market, namely the primary market segment and the secondary market segment.

3.1 Primary auction

The primary market segment is where auctions are held for the issue of new securities or an issue increase for existing securities. Bilateral trading outside of auctions is not possible in this segment.

3.1.1 Security types

The types of securities available in the primary market segment as set out in the Trading Rules for the OTC Spot Market (link to be provided in the next update of this document) include:

- Listed short-term debt instruments and federal bonds.
- Unlisted short-term debt instruments with maturities of up to one year issued by the Swiss Confederation (e.g. GMBF) or the Swiss National Bank (e.g. SNB Bills).

3.1.2 Auctions

There are two types of auctions in the primary market segment:

- Sell auctions for the issue of a new security or for an issue increase
- Repurchase auctions for securities that were not admitted to the OTC trading market segment or that have been withdrawn from the OTC trading market segment

The auctioneer must be set up as the security owner and enabled as auctioneer by SIX Repo AG.

The Swiss National Bank holds auctions at regular intervals and at fixed times. For more information, please contact the Swiss National Bank.

3.2 Secondary trading

The secondary trading market segment is where securities can be traded bilaterally outside of auctions. It is also possible to hold auctions (sell or buy) for securities admitted to the secondary trading market segment, provided the participant has been enabled as auctioneer by SIX Repo AG.

Unless otherwise specified by the issuer, securities admitted to the secondary trading market segment begin trading on the next business day following the date on which the payment by the subscribers for the issue of the security is due (Liberierung).



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3.3 Security types

The types of securities available in the secondary trading market segment as set out in the Trading Rules for the OTC Spot Market include:

- Unlisted short-term debt instruments with maturities of up to one year issued by the Swiss Confederation (e.g. GMBF) or the Swiss National Bank (e.g. SNB Bills).

Whether a security may be traded in the OTC spot market and, if so, withdrawn prior to maturity is determined by the issuer.

4.0 Auction conditions

Auctions may be held anytime during business hours but must not exceed one business day.

The auctioneer must complete the allocation process and execute trades within 30 minutes of the auction end time.

All other auction terms are specified by the auctioneer, including, for instance, the auction start/end time, minimum security price and allocation method.

5.0 Taxation

Federal stamp tax: Short-term debt instruments are not subject to the federal issuance stamp duty (Emissionsabgabe). Short-term debt instruments with maturities of up to one year are exempt from the federal stamp tax on turnover (Umsatzabgabe).

Withholding tax: Earnings from short-term debt instruments are subject to Swiss withholding tax. Details on withholding tax compliance regarding short-term debt instruments are published by the Federal Tax Authority in the *Merkblatt Geldmarktpapiere und Buchforderungen inländischer Schuldner* dated April 1999 (www.estv.admin.ch) and by the Swiss National Bank in *Treatment of withholding tax on SNB Bills* dated 21 October 2010 (www.snb.ch).

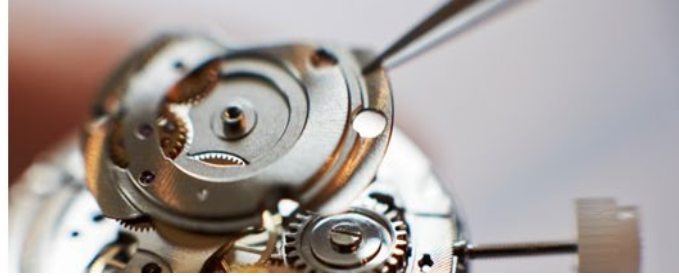
6.0 Market

This section provides general market information.

6.1 Business days

A business day is any day on which the market is open for trading. The market is open from Monday to Friday, except on holidays. An overview of all holidays for the market can be found in the trading calendar of the platform operator:

<https://www.six-group.com/en/products-services/securities-services/securities-finance/repo/repo-market.html#scrollTo=repo-trading>



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6.2 Business hours

Business hours / Time (CET)	Event
06:00	Start of business day
07:00	Start of trading
18:15	End of business day

6.3 Currency value days

A currency value day is any day on which a payment can be settled. Currency value days are from Monday to Friday, except on holidays.

7.0 Settlement

Straight-through-processing for settlement is provided by SIX Securities Services. All transactions are settled on a delivery-versus-payment basis. In-house back office data processing automation is supported through its own trades file interface (OTX) and the participant API (PAPI).

The standard settlement date (on-the-spot), minimum security size and nominal lot amount are as follows:

Security type	Settlement T + n*	Minimum security size**	Nominal lot amount
Federal bonds	T + 3	1,000	1,000
SNB Bills (CHF)	T + 2	1,000,000	1,000,000
SNB Bills (USD)	T + 2	500,000	500,000
GMBF	T + 2	50,000	50,000

* In the primary auction market segment, the settlement date is the date on which the payment by the subscribers for the issue of a security falls due following the subscription period (Liberierung).

**For primary auctions, the minimum security size specified by the auctioneer may be higher.

This date must equal at least T + n where "T" is the auction date and "n" the number of currency business days to add. In the secondary trading market segment, "T" equals the trade date. Non-standard settlement is possible if the trade resulted from a request for offer or addressed order.

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