

Violation of the duty to report securities transactions to the Reporting Office SIX Swiss Exchange

The Sanctions Commission has imposed a fine of CHF 100'000 on a participant of SIX Swiss Exchange AG. The Sanctions Commission held that the participant failed to fulfill its securities transactions reporting duty by failing to submit about 15 million Transaction Reports undetected by its compliance for a period of several months.

The Surveillance & Enforcement department (SVE) of SIX Exchange Regulation AG had detected that no Transaction Reports had been reported by the relevant participant to the Reporting Office SIX Swiss Exchange AG (SIX) for several months. Transaction Reports are mandatory for participants to fulfill their regulatory securities transactions reporting duties as per art. 39 FinMIA. Transaction Reports provide substantial additional information to conduct a holistic trade surveillance of the Swiss Stock Exchange.

Upon inquiry by SVE the participant stated that its designated reporting facilitator failed to facilitate Transaction Reports from the go-live of its services due to various technical issues. The participant established procedures for the reporting but did not validate if Transaction Reports had been received by SIX until SVE inquired about the issue. The SIX system enables participants to exercise such verification. In total, the participant failed to submit 15.2 million Transaction Reports.

The Sanctions Commission decided that the participant therefore failed to comply with applicable domestic exchange-related laws, to monitor compliance with the Trading Rules and to fulfil its Transaction Reporting duty.

The Sanctions Commission considered that 15.2 million missing Transaction Reports have a significant impact on the integrity of the market surveillance. Any type of market misconduct or other violations of statutory and regulatory provisions could have been occurring, through clients of the participant or the participants itself, willful or negligent, and without the proper data base ensured by submitted Transaction Reports. An outage in the magnitude of 15.2 million unreported transactions could potentially undermine all effort put into providing a fair and transparent market by SIX Exchange Regulation AG and the financial market regulator.

In line with its previously communicated policy, the Sanctions Commission considered that it should impose higher sanctions for violations of the rules of the Exchange, not only to penalize the past, but also to emphasize the preventative and deterrent effect of the sanction. In the current case, the violation represented a severe breach and was not detected over a longer period of time. On the other hand, efforts undertaken by the participant as well as its cooperation during the investigation have been considered by the Sanctions Commission as well. Both factors led to a sanction at the lower end of the permissible spectrum.

For further details please find the [anonymized sanction decision](#).