

### Audit of participants of SIX Exchange Regulation Ltd: Examination points

Examination point	Subject matter	Description
1	Access to the Exchange System	It must be examined how the participant ensures that only registered traders respectively only registered reporting agents have access to the Exchange System respectively to the Reporting System using their personal identification number.
2	Trader substitutions	It must be examined whether the participant's registered traders are represented in their absence by other registered traders within the same organization and, if this is the case, how such substitutions are recorded to ensure traceability.
3	Customers with direct market access (DEA) and/or Sponsored Access (SA)	
3.1	Customers with direct market access (DEA)	It must be examined whether the participant has suitable systems in place to monitor and filter the orders of its DEA customers and which criteria are applied for this purpose.  It must also be examined whether the participant has the technical means to stop the order flow of its DEA customers at any time.
3.2	Sponsored Access (SA)	It must be examined whether the participant uses, has adequately configured and appropriately monitors the risk management controls provided by the Exchange, and whether the participant has taken proper account of the nature and complexity of the order flow of each Sponsored User.  It must also be examined whether the participant has suitable systems in place to allow orders transmitted by Sponsored Users to be appropriately monitored, and whether the participant has the technical means to delete the orders of its Sponsored Users at any time and to prevent the entry of new orders.
4	Market conduct	It must be examined how the participant ensures that it is compliant with the applicable codes of market conduct, that market integrity is maintained at all times and that unfair trading practices are omitted.
5	Algorithmic trading	It must be examined whether orders generated by algorithmic trading have been flagged correctly and whether a separate identification for each algorithm is used. It must be examined whether the orders generated by algorithmic trading are recorded by the participant, and whether the orders including order cancellations are stored.

6	Reporting obligation I: Trade Report	It must be examined whether reportable trades have been reported completely, correctly and in due time by Trade Reports, and whether the entries recorded in the participant's record of securities transactions match the information contained in the reports submitted to SIX Swiss Exchange.
7	Reporting obligation II: Transaction Report	<p>It must be examined whether reportable trades have been reported completely, correctly and in due time by Transaction Reports in a format accepted by the Reporting Office.</p> <p>It must also be examined whether reportable derivative transactions also contain the name of the underlying assets on which they are based as well as other determining characteristics defining the derivative, such as the classification of the derivative, etc.</p>
8	Time of execution	It must be examined whether, in the case of on-exchange, off-order-book transactions, the actual time of execution has been reported, and if this corresponds to the time reported to SIX Swiss Exchange.
9	Designation	It must be examined whether on-exchange orders and trades executed on- or off-order-book have been correctly designated as client or proprietary transactions (R, P).
10	Market information	<p>It must be examined whether and to what extent market information has been used and passed on, and more specifically, whether there has been any further use of market information by the participant, i.e. whether there was a use for Non Display Applications including automated trading systems and/or whether the participant forwarded any information to third parties. In this regard, it must also be examined if such further use is consistent with the requirements laid down by SIX Swiss Exchange and SIX Exfeed.</p> <p>It must be examined whether prior approval has been duly obtained from SIX Exfeed Ltd., whether the market data fees have been paid and whether the participant has duly signed a data delivery agreement, a Data Distribution Agreement (DDA) and/or a Non Display Information Usage Agreement (NDIU) with SIX Exfeed Ltd. regarding the use of market data of SIX Swiss Exchange.</p>