

Rules of Procedure

(Rules of Procedure, RP)

Dated 8 November 2019
Entry into force: 1 April 2020

Contents

1	Object and executive bodies.....	4
1.1	Object.....	4
1.2	Executive bodies.....	4
2	General provisions	4
2.1	Recusal.....	4
2.2	Language.....	5
2.3	Conduct of proceedings	5
2.4	Deadlines.....	5
2.4.1	Setting of deadlines	5
2.4.2	Deadline calculation.....	5
2.4.3	Keeping of deadlines	5
2.5	Statute of limitations	6
2.6	Register of sanctions	6
2.7	Destruction of records of proceedings.....	6
2.8	Secret consultation	6
2.9	Costs	6
2.10	Agreements.....	6
3	Preliminary investigations/investigations.....	7
3.1	General principles	7
3.2	Preliminary investigation	7
3.3	Investigation	7
3.4	Conclusion of the investigation	8
3.5	Sanction notice	8
4	Sanction commission proceedings	8
4.1	Commencement of proceedings.....	8
4.2	New facts.....	9
4.3	Procedures	9
4.4	Decision	9
4.5	Costs	9
4.6	Regulatory authority held by the Sanctions Commission	10
5	Appeal	10
5.1	General principles	10
5.2	Sanction notices by the investigative body.....	10
5.3	Decisions by the Sanctions Commission	10
6	Information for the general public	10
7	Final provisions.....	11
7.1	Entry into force	11
7.2	Transitional provision	11

7.3 Revisions..... 12

1 Object and executive bodies

1.1 Object

¹ These Rules govern the procedure for investigating and punishing violations of the following rules and their implementing provisions that are issued by the regulatory bodies of SIX Group Ltd (regulations):

- a) Trading Rules and Directives;
- b) Listing Rules (LR) and Additional Rules, as well as rules and regulations concerning admission to trading and their implementing provisions.

² Only those sanctions that are contained in the Trading Rules, the Directives or the LR and the Additional Rules will be imposed, and only against those natural or legal persons which are subject to the rules and regulations set out in para. 1 (the Party/Parties Concerned).

1.2 Executive bodies

¹ The Surveillance & Enforcement department (Surveillance & Enforcement) of SIX Exchange Regulation AG (SIX Exchange Regulation) is the investigative body with regard to violations of the Trading Rules and Directives concerning the trading venues of SIX, as well as of their implementing provisions.

² The Listing & Enforcement department (Listing & Enforcement) of SIX Exchange Regulation is the investigative body with regard to violations of the LR, the Additional Rules, further rules and regulations concerning admission to trading, as well as their implementing provisions.

³ Sanctions in accordance with these Rules of Procedure are imposed by the Sanctions Commission or the investigative body.

⁴ The executive bodies will act and decide independently within the scope of their competence.

2 General provisions

2.1 Recusal

¹ Any conflicts of interest affecting persons involved in sanction proceedings must be declared immediately. Recusal may be declared by the person concerned or demanded by the Parties Concerned. Reasons must be given for the application for recusal. The facts relating to the application for recusal must be credible. The person concerned must state its position on the application for recusal.

² If the recusal is contested, the matter is decided by the line manager (in the case of employees of SIX Exchange Regulation) or by the Chairman (in the case of members of the Sanctions Commission). The Vice-Chairman shall rule on any recusal on the part of the Chairman.

³ If the application for recusal is approved, SIX Exchange Regulation will bear the procedural costs. If the application is rejected or if it was deliberately delayed or lodged with intent to manipulate the proceedings, the related costs will be borne by the applicant.

⁴ Any individual who has been involved in a matter within an investigative body is excluded from membership of the Sanctions Commission, the Appeals Court or the Court of Arbitration for the proceedings in question.

⁵ Proceedings in which a person who is under a recusal obligation has taken part must be cancelled and repeated. Evidence that cannot be re-gathered or gathered only at disproportionate time and expense may still be considered in the repeated proceedings.

⁶ In addition, the recusal provisions of the Swiss Supreme Court Act of 17 June 2005 in their current valid version apply mutatis mutandis to members of the investigative body and members of the Sanctions Commission.

2.2 Language

¹ At the choice of the Parties Concerned, the proceedings may be conducted in German, French or English. If no such choice is made or if the Parties Concerned cannot agree in this regard, the decision will be made by the investigative body which instituted the proceedings.

² Submissions may be made – and documents submitted – in German, French, Italian or English. Any relevant documents drawn up in another language must be translated into a permissible language.

2.3 Conduct of proceedings

¹ Unless the executive bodies rule otherwise, the proceedings will be conducted in writing.

² The proceedings are to be conducted swiftly and efficiently.

2.4 Deadlines

2.4.1 Setting of deadlines

¹ The deadlines laid down in these Rules may not be extended. If they are not observed, the rights are forfeited.

² All other deadlines will be set by the executive bodies in accordance with the needs of the capital market and with regard to the right to be heard.

³ Where sufficient reasons are given, the executive bodies may extend the deadlines they have set. The request for extension must be lodged prior to the deadline.

⁴ Deadlines will be extended only on the basis of a justified request and sufficient grounds.

⁵ If the Party Concerned and/or its representative are prevented through no fault of their own from acting prior to the given deadline, the deadline will be re-set, provided an application for an extension, stating the grounds, is submitted within five days of the obstacle being eliminated.

⁶ If the request for a new deadline is granted, the time period for rectifying the non-performance of the legal act in question will begin with the delivery of this decision.

2.4.2 Deadline calculation

¹ Deadlines are calculated on the basis of trading days at the regulated trading venues.

² No recess is taken into account.

³ The period of allowable time begins on the day following receipt of notification by the parties involved in the proceedings.

2.4.3 Keeping of deadlines

¹ An act is deemed to have been performed on time if it has been undertaken by 24:00 Swiss time on the deadline date.

² For the purpose of preserving deadlines, submissions may be made physically or by electronic means. In the case of physical submissions, the deadline is deemed to have been met if the submission is handed to the Swiss postal service or to an express courier by the deadline.

³ If an original signature is required for the validity of a document that has been submitted electronically, this original signature must be supplied immediately.

2.5 Statute of limitations

¹ No sanction proceedings may be initiated if the alleged violation of the regulations as described in clause 1 para. 1 was committed more than three years in the past. The period for initiation begins:

- a) the day on which the violation occurred;
- b) for omission, the day on which the or by which an act should have been performed.

² Sanction proceedings are deemed to have been initiated when the investigative body takes action against the Parties Concerned as described in clause 3.3. If the investigative body has issued a sanction notice or the Sanctions Commission has issued a decision before the end of this period, the statute of limitations will no longer apply, irrespective of the legal force of such notices or decisions. No sanction may be imposed if more than two years have passed since the initiation of sanction proceedings.

2.6 Register of sanctions

¹ SIX Exchange Regulation will keep a register of all sanctions that have become legally enforceable. The corresponding entries must be deleted ten years after the decision has acquired legal force.

² The register is not publicly accessible.

³ Third parties holding the appropriate legal rights will, should they enforce such rights, be provided with the relevant extract from the register.

⁴ A register entry will not be taken into account in the assessment of any subsequent sanctions if three years have elapsed between the previous sanction acquiring legal force and the time of the latest violation of the regulations. The time of the latest violation of the regulations is defined as:

- a) the day on which the violation occurred;
- b) for omission, the day on which the or by which an act should have been performed.

2.7 Destruction of records of proceedings

Records of proceedings will be destroyed ten years after the decision has acquired legal force.

2.8 Secret consultation

The executive bodies will arrive at their decisions following confidential consultations.

2.9 Costs

¹ The executive bodies may require the Parties Concerned to pay all or some of the costs of the proceedings or of any other specific expenditures such as costs for expert opinions and the processing of records, provided:

- a) sanctions have been imposed; or
- b) the Parties Concerned were responsible for those costs being incurred owing to a violation of procedural obligations.

² As a general rule, any costs for legal counsel or other such assistance are to be borne by the Parties Concerned.

³ If proceedings must be repeated, those parties to the proceedings which caused the repetition may be required to pay all or some of the additional costs of the proceedings, regardless of the outcome of those proceedings.

2.10 Agreements

¹ Listing & Enforcement may terminate sanction proceedings by entering into an agreement with the Party Concerned (agreement).

² Agreements are permissible in trivial cases or if they would allow the public to be informed more rapidly or more fully than would be the case with sanction proceedings concluded in the regular manner. If the Party Concerned has committed the violation intentionally, no agreement is permitted.

³ Agreements are to be drawn up in writing and must bear legally valid signatures. The Party Concerned and the investigative body will each receive one copy of the agreement.

⁴ Agreements are to be published in accordance with clause 6 para. 5. As a minimum, the public notification must state the regulatory area in question, the key facts of the matter, the content of the agreement and the identities of the Parties Concerned.

3 Preliminary investigations/investigations

3.1 General principles

¹ The investigative body must consider exculpatory and inculpatory aspects with equal care.

² Evidence is deemed to be all objects and information that serve to determine the facts of the case. All such objects and information are subject to free evaluation.

³ The investigative body may appoint experts. The Parties Concerned will be granted the opportunity to state their position on the person appointed as the expert, the issuance of the corresponding mandate and the content of the latter. As a general rule, expert opinions are presented in written form.

⁴ The investigative body may interrogate the Parties Concerned and third parties.

⁵ The interrogation may be recorded on an audio or video storage medium. The investigative body must advise the Parties Concerned in advance that a recording will be made. If, by way of exception, no audio or video recording is made of the interview, a detailed written record must be made.

⁶ SIX Exchange Regulation will make the objects and information serving as evidence in the sanction proceedings available to the Parties Concerned. At the request of the Parties Concerned and at their own cost, SIX Exchange Regulation may provide them with copies of original documents and audio or video recordings.

⁷ Documents that include data relating to third parties must be made anonymous prior to dispatch.

⁸ Evidence that has not been made available to the Parties Concerned may not be taken into account in the sanction proceedings.

3.2 Preliminary investigation

In the context of a preliminary investigation, the investigative body will examine whether or not sufficient indications exist to conduct a formal investigation.

3.3 Investigation

¹ If there are sufficient indications of a violation of regulations as described in clause 1.1 para. 1, an investigation will be initiated. The Parties Concerned will be notified in writing of the initiation and object of the investigation. Furthermore, the Parties Concerned will be informed in writing that the results of the investigation might lead to a proposal for a sanction, a sanction notice, an agreement (if Listing & Enforcement is conducting the investigation) or the stay of the investigation. No appeal may be lodged against the opening of an investigation.

² As part of the investigation, SIX Exchange Regulation will ascertain the facts of the matter to the extent necessary to justify a sanction notice or a proposal to the Sanctions Commission. The Parties Concerned will have the opportunity during the investigation to state their position in writing. The sanction proposal or sanction notice will be delivered to the Parties Concerned for comment.

³ For violations of the regulations as defined in clause 1.1 para. 1 let. a, SIX Exchange Regulation will inform the supervisory authority of the initiation and conclusion of investigations.

3.4 Conclusion of the investigation

¹ An investigation by the executive bodies generally concludes with the stay of the proceedings or upon an agreement, the issue of a sanction notice or the lodging of a proposal for sanctions with the Sanctions Commission.

² The Parties Concerned will be notified in writing of the stay of the investigation.

³ Both the Parties Concerned and the Sanctions Commission will be informed in writing of the sanction notice.

⁴ The investigative body's proposal for sanctions will be submitted to the Sanctions Commission with the records underlying the proposal and the statement of the Party Concerned. The Parties Concerned will be notified that the sanction proposal has been submitted to the Sanctions Commission.

3.5 Sanction notice

¹ Surveillance & Enforcement may issue a sanction notice against a trader employed by a participant if the sanction takes the form of a reprimand, a suspension or exclusion from trading.

² Listing & Enforcement may issue a sanction notice for a negligent violation if possible sanctions include a reprimand or fine of up to CHF 100,000.

³ The sanction notice includes:

- a) a presentation of the facts of the case;
- b) the statement of the rules that have been violated;
- c) a brief description of grounds;
- d) the sanction;
- e) an indication that the notice will be published;
- f) the costs;
- g) the means of legal redress.

4 Sanction commission proceedings

4.1 Commencement of proceedings

¹ After the Sanctions Commission has received the sanction proposal and the supporting documentation, the Chairman of the Commission will forward the proposal and documentation to the Parties Concerned if the investigative body has not already done so.

² The Chairman may set a deadline for a further statement of position and for a further exchange of written submissions.

³ The statement of position submitted by the Parties Concerned must comprise a proposal, the grounds for the proposal and supporting evidence.

4.2 New facts

¹ The Sanctions Commission will also admit facts and evidence which, at reasonable effort and expense, might have been put forward during the investigative phase. If such facts and evidence are submitted, the related additional effort may be taken into account in the calculation of costs.

² If the Sanctions Commission admits new facts or evidence, the other parties to the proceedings will be given the opportunity to state their position.

4.3 Procedures

¹ As a general rule, Sanctions Commission decisions will be made by three of its members. Decisions of fundamental importance may be arrived at by a five-member panel. The Chairman will determine which members are to handle the proceedings and will then inform all parties to the proceedings.

² The composition of the members involved in the proceedings must ensure that, in the case of decisions concerning possible violations on the part of participants, the majority of the members involved in the proceedings is independent of the participants. In the case of decisions concerning possible violations on the part of issuers, the majority of the members involved in the proceedings must be independent of the issuers.

³ The Chairman or Vice-Chairman will lead the Commission and the proceedings. He may instruct a member or the Secretary to arrange for expert reports.

⁴ The Sanctions Commission may pass its decisions either at meetings or via circular letter. Decisions are passed with the majority of members appointed for the proceedings in question. These members are obliged to cast a vote.

⁵ The Sanctions Commission will arrive at its decision essentially on the basis of the documentation submitted. The Chairman may summon the parties to a verbal hearing.

4.4 Decision

¹ The decision of the Sanctions Commission includes:

- a) the names of the participating members of the Sanctions Commission;
- b) a presentation of the facts of the case;
- c) the statement of the regulations that have been violated;
- d) the grounds;
- e) the sanction;
- f) an indication that the sanction will be published;
- g) the costs;
- h) the means of legal redress.

² Decisions must be signed by the Chairman or Vice-Chairman, as well as one of the members or the Secretary.

³ The decision will be sent to the parties to the proceedings.

⁴ In arriving at its decision, the Sanctions Commission is not bound by the sanction proposals submitted by the investigative body.

4.5 Costs

The Sanctions Commission may impose charges to cover its procedural expenses.

4.6 Regulatory authority held by the Sanctions Commission

The Sanctions Commission may regulate its own organisation and its proceedings (including fees) to the extent that this is not already covered by other regulations.

5 Appeal

5.1 General principles

¹ Appeals are permissible only against the final decisions of the executive bodies.

² Appeals generally are accorded suspensive effect. Clause 4.4 of the Rules of Arbitration remains reserved.

³ To safeguard the security markets' ability to function properly, to ensure transparency or to safeguard the equal treatment of market participants, the Sanctions Commission may revoke the suspensive effect of any appeal. This right ends with the filing of an appeal to the Appeals Board or the constitution of a Court of Arbitration.

5.2 Sanction notices by the investigative body

¹ The Party Concerned may lodge an appeal with the Sanctions Commission against investigative body sanction notices within ten trading days.

² Having received the appeal, the Chairman of the Sanctions Commission will set the issuer a deadline by which it must submit grounds for its appeal. Once the grounds for the appeal have been received, the investigative body will be invited to present its position before the Sanctions Commission.

³ The appeal may challenge all deficiencies relating to the investigation, to the proceedings themselves or to the sanction notice.

⁴ Appeals against sanction notices are ruled on by the Sanctions Commission, which is accorded full cognisable authority in this regard. The Sanctions Commission may refer the matter back to the responsible investigative body for regular sanction proceedings or instruct the responsible investigative body to conduct further investigations. If the Sanctions Commission opts to rule on its own, its decision need not be bound by the sanction notice or the petition filed by the appellant.

5.3 Decisions by the Sanctions Commission

¹ Under the terms of Art. 37 of the Financial Market Infrastructure Act, decisions by the Sanctions Commission regarding the exclusion of participants, traders and reporting agents, as well as the delisting or suspension of securities may be challenged by submitting an appeal to the Appeals Court within 20 trading days of receiving the decision in question.

² Where all other Sanctions Commission decisions are concerned, a complaint may be filed with the Court of Arbitration within 20 days of receiving the decision in question.

6 Information for the general public

¹ SIX Exchange Regulation does not inform the public of whether or not the investigative body has initiated preliminary investigations into a particular matter.

² In cases where Listing & Enforcement is the investigative body, SIX Exchange Regulation will inform the public that an investigation has been initiated after notification to the Party Concerned as described in clause 3.3 para. 1. In the case of proceedings involving accounting, the public is not informed until after

dispatch of the sanction notice to the issuer or dispatch of the sanction proposal to the Sanctions Commission. In exceptional cases, Listing & Enforcement may refrain from informing the public that an investigation has been initiated.

³ Listing & Enforcement will inform the Party Concerned and the public if an investigation that was previously announced publicly is halted.

⁴ Listing & Enforcement will inform the public when an investigation involving a sanction notice that has acquired legal force has been concluded, provided initiation of the investigation was previously published. In other cases, Listing & Enforcement will generally inform the public of the conclusion of the investigation.

⁵ Listing & Enforcement will inform the public when an investigation is concluded with an agreement, provided initiation of the investigation was previously published. If initiation of the investigation was not previously published, Listing & Enforcement may, in exceptional cases, refrain from making the agreement public.

⁶ SIX Exchange Regulation publishes legally binding sanction notices on its website. Publications are made in anonymous form.

⁷ The public will always be informed of any investigation concluded with a legally binding sanction decision, provided initiation of the investigation was previously published. In other cases, the public will generally be informed of the conclusion of the investigation.

⁸ Legally binding decisions of the Sanctions Commission are published on the SIX Exchange Regulation website. Publications are made in anonymous form. The Sanctions Commission may communicate the sanction decision against a participant to the public in shortened, non-anonymised form at the request of Surveillance & Enforcement.

⁹ To safeguard the security markets' ability to function properly, to ensure transparency or to safeguard the equal treatment of market participants, Sanctions Commission decisions may be published regardless of whether or not they are legally enforceable. In such cases, it must be stated that the parties involved have the option of taking the matter further.

7 Final provisions

7.1 Entry into force

These Rules of Procedure replace the Rules of Procedure dated 25 August 2006. They were approved by the Swiss Financial Market Supervisory Authority on 23 April 2009 and they entered into force on 1 July 2009.

7.2 Transitional provision

¹ Proceedings in which investigations into the Parties Concerned were initiated prior to 1 July 2009 are governed by the provisions of the Rules of Procedure dated 25 August 2006.

² If the violation of the regulations as defined in clause 1, para. 1 occurred on 1 April 2020 or later, the periods for the statute of limitations as described in clause 2.5 apply. For violations which occurred before this date, the periods for the statute of limitations under the applicable Rules of Procedure at the time of the violation apply.

7.3 Revisions

¹ The revision of Points 1.1 and 1.2 that was decreed by the Regulatory Board in its resolution of 21 April 2010 and approved by the Swiss Financial Market Supervisory Authority on 26 April 2010 entered into force on 1 May 2010.

² The revision of Points 1.1 and 1.2 that was decreed by the Regulatory Board in its resolution of 1 October 2010 and approved by the Swiss Financial Market Supervisory Authority on 7 October 2010 entered into force on 1 November 2010.

³ The revision of Points 1.1 and 1.2 that was decreed by the Regulatory Board in its resolution of 6 May 2015 and approved by the Swiss Financial Market Supervisory Authority on 11 June 2015 entered into force on 1 August 2015.

⁴ Amendment owing due to the entry into force of the Financial Market Infrastructure Act and related ordinances in Point 5.3 as of 1 April 2016.

⁵ Amendment to Points 1.1 and 1.2 owing to the merger by absorption of SIX Structured Products Exchange Ltd by SIX Swiss Exchange Ltd effective 2 May 2017.

⁶ The revision of Points 1.1, 1.2, 2.4.2, 2.5, 2.6, 3.3, 3.5, 4.3, 5.2, 5.3 and 6.3 that were decreed by the Regulatory Board in its resolution of 4 November 2016 and January 2018, and approved by the Swiss Financial Market Supervisory Authority on 14 November 2017 enter into force on 15 February 2018.

⁷ The revision of Clauses 1.1, 1.2, 3.2, 3.5, 5.2 and 5.3 that were decreed by the Regulatory Board in its resolution of 4 April 2018 and approved by the Swiss Financial Market Supervisory Authority on 30 April 2018 enter into force on 1 May 2018.

⁸ The revision of Clauses 1–2.2, 2.4.1–2.7, 2.9–4.1 and 4.3–6 that was decreed by the Regulatory Board in its resolution of 25 October 2018 was approved by the Swiss Financial Market Supervisory Authority FINMA on 25 February 2019 – on the basis of the regulatory criteria pursuant to Art. 25 para. 1 of the Financial Market Infrastructure Ordinance of 25 November 2015 – solely in relation to the Financial Market Infrastructure Act of 19 June 2015. It enters into force on 1 July 2019.

⁹ The revision of clauses 2.5, 2.6, 6 and 7.2 that was decreed by the Regulatory Board in its resolution of 8 November 2019 were approved by the Swiss Financial Market Supervisory Authority FINMA on 4 February 2020 and enters into force on 1 April 2020.