



Directive 5: Alternative Trading

SIX Swiss Exchange AG

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1 Purpose and principle

This Directive contains implementing provisions for the following trading services for on-exchange trading. It is based on Clause 11.2 Trading Rules:

- a) SwissAtMid
- b) Swiss EBBO
- c) Quote on Demand

I Common Provisions

Unless expressly stated otherwise in Parts II, III and IV, the common provisions set out in Part I apply to all alternative trading services for on-exchange trading.

2 Admission of participants

¹ All participants of the Exchange are authorised to trade in SwissAtMid, Swiss EBBO and Quote on Demand and to act as liquidity providers.

² Details are laid down in the "Admission of participants" Directive.

3 Technical connectivity

Details are laid down in the "Technical Connectivity" Directive.

3.1 Trading interfaces

¹ The Standard Trading Interface (STI) and the OUCH Trading Interface (OTI) enable participants and liquidity providers to access the SwissAtMid, Swiss EBBO and Quote on Demand order books. In particular, they support the entry of orders and the receipt of execution confirmations for further processing.

² In addition, the SIX Trading User Interface is available to participants for access to the Quote on Demand order books, and the Quote Trading Interface (QTI) is available to liquidity providers. In particular, they support the entry of quote requests and quotes and the receipt of execution confirmations for further processing.

3.2 Market data interfaces

3.2.1 Reference data

The Reference Data Interface (RDI) enables the receipt of reference data on securities that may be traded using SwissAtMid, Swiss EBBO and Quote on Demand.

3.2.2 Market data

The SIX MDDX Multi-Dimensional Data fluX™ Interface (SIX MDDX) and the ITCH Market Data Interface (IMI) enable participants to obtain real-time market information on transactions executed in SwissAtMid, Swiss EBBO and Quote on Demand as well as pre-trade information on Swiss EBBO.

4 Trading

4.1 Reporting obligation

¹ The participant is obliged to submit a Transaction Report (Clause 13 Trading Rules) for "on-exchange trades without pre-trade transparency" in SwissAtMid, "on-exchange, hybrid trades" in Swiss EBBO and "on-exchange trades with quote requests" in Quote on Demand in accordance with Clause 10.1 Para. 2 let. b, c and d Trading Rules independently of a Trade Report (Clause 12.1) to a Reporting Office of a Swiss trading venue.

² At the participant's request, the Exchange may submit the Transaction Report to the Reporting Office of the Exchange.

4.2 Correction, cancellation and countertrade

4.2.1 Correction

¹ A participant may correct the information on whether the trade was an own or a client transaction.

² A trade may only be corrected once.

³ The correction must be made on the same clearing day.

4.2.2 Cancellation

¹ If trades which violate the provisions of the Trading Rules have been made in error, the parties shall apply to the Exchange to have such trades cancelled. The information that these parties provide must agree.

² The application from the parties must be made by the close of trading on the current trading day.

³ As a rule, the Exchange will cancel the trade by the end of the clearing day at the latest.

⁴ Under exceptional circumstances, the Exchange may extend these periods or refuse to cancel a trade.

4.2.3 Countertrade

With the consent of both parties, a participant may make a countertrade. In the Trade Report of the countertrade, the ID of the original trade must be given, and marked with the "Special Price" trade type.

4.3 Short-selling

4.3.1 Principle

¹ The short-selling of securities traded on SIX Swiss Exchange AG is permitted.

² The seller must settle the short sale at the latest upon execution of the trade in accordance with Clause 15.1 Trading Rules.

4.3.2 Special situations

In special situations the Management Committee of the Exchange may issue regulations on short-selling. In such cases, the Exchange will notify participants in the form of a Notice.

4.4 Clearing and settlement

¹ Trades in SwissAtMid and Swiss EBBO are cleared and settled via a central counterparty. The provisions of Clauses 15 and 17 Trading Rules apply. The counterparty shall remain anonymous.

² The Exchange defines whether trades in Quote on Demand trading should be cleared and settled with or without the involvement of a central counterparty for each trading segment. The counterparty shall be disclosed.

³ The details are laid down in the "Trading Parameters" Guideline.

4.5 Market conduct

The market conduct provisions of Clause 10.3 Trading Rules shall apply. In particular, the participant shall ensure that the respective precautions are taken to prevent impermissible cross-trades.

5 Market Control

The details are laid down in the "Market Control" Directive.

6 Market information

¹ The use and publication of market information is governed by Clause 14 Trading Rules.

² The details are laid down in the "Market Information" Directive.

7 Fees and costs

The details are laid down in the "List of Charges under the Trading Rules".

8 Sponsored Access

¹ Sponsored Access (SA) supports trading in SwissAtMid and Swiss EBBO.

² Sponsored Access (SA) does not support trading in Quote on Demand.

³ Details are laid down in the "Sponsored Access" Directive.

II On-exchange trading without pre-trade transparency in SwissAtMid

SwissAtMid is a service for trading on-exchange without pre-trade transparency in Swiss equity securities at Mid-Point Prices.

9 Trading in SwissAtMid

9.1 Tradeable securities

¹ The Exchange defines the trading segments for which the SwissAtMid trading service is supported and determines the trading details and provisions.

² The details are laid down in the "Trading Parameters" Guideline.

9.2 Trading days and hours

¹ Trading days are governed by the trading days of the Exchange and are stated in the Exchange trading calendar.

² In special situations the Exchange may modify trading days.

³ Trading hours are governed by the trading hours of the Primary Reference Market. The Primary Reference Market is defined as the primary exchange on which the equity securities are listed or admitted to trading on a regulated market. Trading is available during the trading period "Continuous Trading" on the Primary Reference Market relating to the security in question.

⁴ In special situations the Exchange may modify trading hours.

9.3 Clearing day

¹ A clearing day shall last from 08:00 to 18:15 (CET).

² In special situations the Exchange may modify clearing days.

9.4 Order book without pre-trade transparency

¹ The Exchange maintains one or more order books without pre-trade transparency for each security. These order books shall classify and manage all orders according to price, quantity and the time at which they are received by the Exchange.

² The orders contained in the order book without pre-trade transparency are binding in principle. Indicative Block orders in the order book without pre-trade transparency are not binding.

³ Orders which are executed by reference price systems of the Exchange are exempted from pre-trade transparency regulations in accordance with Art. 27 para. 4 lit. a FMIO.

⁴ Orders that are large in scale compared with normal market size are exempted from pre-trade transparency regulations in accordance with Art. 27 para. 4 lit. d FMIO.

⁵ The orders contained in the order book without pre-trade transparency are not published.

9.5 Definition of order

¹ An order is an offer, which may be binding or non-binding, to buy or sell a certain quantity of securities at an unlimited or limited price.

² Orders may be entered in or deleted from the order book without pre-trade transparency during set periods. All incoming orders shall be assigned a time stamp and an identification number.

9.6 Order types

¹ The Exchange supports the order types Normal order, Iceberg order and Block order for trading without pre-trade transparency.

² A Normal order may be entered at any time during the trading day. Non-executed parts of the order remain in the order book without pre-trade transparency until they have been executed or deleted, or have expired. Other validities and routing instructions remain reserved.

³ An Iceberg order may be entered at any time during the trading day. The total order volume is published in the order book without pre-trade transparency and the visible quantity of the Iceberg order is published in the Central Limit Order Book (CLOB). After the visible quantity of the Iceberg order has been executed, the next tranche of the total order quantity shall be published in the Central Limit Order Book (CLOB) as a new visible quantity, and so on until the total order quantity has been executed or deleted, or has expired. Each tranche shall be given a new time stamp and a new identification number, and thus loses its time priority.

⁴ At the request of the participant, the Exchange may define, on a random basis within a specific limit, the visible quantity of the Iceberg order for each tranche of the total order volume. Other validities and routing instructions remain reserved.

⁵ A Block order may be entered at any time during the trading day. A Block order can be entered indicative or binding in the order book without pre-trade transparency. Indicative Block orders must be firmed-up during the firm-up phase before they can be executed. The minimum order size for the entry of Block orders and for trades resulting from Block orders must correspond to the minimum order size compared with normal market size. The Exchange shall publish the required minimum order size for Block orders per security together with the static data.

9.7 Order specification

¹ An order must be recorded with the following attributes:

- a) Identification of the participant: participant identification (Party ID) and Trader ID;
- b) Transaction type: buy or sell;
- c) Trading capacity: client transaction (trading in own name but for the account of the client) or proprietary transaction (trading in own name and for own account);
- d) Identification of the security: ISIN, trading currency and trading venue;
- e) Order volume:
 1. number of securities, without statement of the minimum execution quantity; or
 2. number of securities, with statement of the minimum execution quantity;
In the case of Iceberg orders, the visible quantity in the Central Limit Order Book (CLOB) must also be defined. The minimum order size for Block orders must correspond to the minimum order size compared with normal market size;
- f) Price limit:
 1. for Normal orders and Block orders: limited or unlimited;

2. for orders with Routing Instruction "SWMB": limited;

g) Validity:

1. Immediate-or-cancel (IOC or Accept): shall be executed immediately, in full or inasmuch as is possible. Non-executed parts of the order are deleted without entry in the order book without pre-trade transparency. In the case of firmed-up Block orders, the orders remain valid for the duration of the firm-up phase;
2. Fill-or-kill (FOK): shall be executed immediately and in full or not at all. If an immediate, full execution is not possible, the order is deleted without entry in the order book without pre-trade transparency. In the case of firmed-up Block orders, the orders remain valid for the duration of the firm-up phase;
3. Good-for-day: valid until the close of trading on the current trading day;
4. Good-till-date: valid until the close of trading on a certain trading day. The maximum term of validity shall be one year;

h) Algorithmic trading: flagging of

1. the order generated by algorithmic trading;
2. the algorithm used;
3. the trader initiating the order;

i) Routing Instruction:

1. "SWM" for entry in the order book without pre-trade transparency in SwissAtMid; it is supported for Normal orders with or without a price limit; or
2. "SWMX" for entry in the order book without pre-trade transparency in SwissAtMid and subsequent routing of the remaining quantity in the Central Limit Order Book (CLOB); the Routing Instruction "SWMX" is supported for Normal orders with or without a price limit. If the order book without pre-trade transparency is not activated for a given trading segment, orders with Routing Instruction "SWMX" are routed directly to the Central Limit Order Book (CLOB) or to the Quote Driven Market (QDM) order book. If an order with Routing Instruction "SWMX" is entered while the order book is not in the continuous trading period, it will be routed directly to the Central Limit Order Book (CLOB) or to the Quote Driven Market (QDM) order book. Existing orders with the Routing Instruction "SWMX" are forwarded to the Central Limit Order Book (CLOB) in the closing auction and during the Trading-At-Last period. Orders with Routing Instruction "SWMX" follow the execution provisions of the order book in question in Continuous Trading; or
3. "SWMB" for entry in the Central Limit Order Book (CLOB) and simultaneous entry in the order book without pre-trade transparency of SwissAtMid; if the quantity of the order with Routing Instruction "SWMB" in the Central Limit Order Book (CLOB) or the order book without pre-trade transparency in SwissAtMid is executed, the total quantity of the order in the order book in question will be reduced by the quantity that has been executed, until the total order quantity has been executed or deleted, or has expired.

The Routing Instruction "SWMB" is supported for Normal and Iceberg orders with a price limit. The stated price limit applies to executions in SwissAtMid, and as a maximum limit for the Central Limit Order Book (CLOB). For executions in the Central Limit Order Book (CLOB), the Exchange adjusts the price limit for orders with Routing Instruction "SWMB" dynamically to the best bid or ask price. If the Central Limit Order Book (CLOB) does not contain a bid or ask price, the order is suspended in both order books and is thus neither executable nor visible in the order book. Suspended orders are re-activated as soon as a corresponding bid or ask price is available in the Central Limit Order Book (CLOB). These orders are thus executable, have a new time stamp and are visible in the order book. If the order book without pre-trade transparency is not activated for a given trading segment, orders with Routing Instruction "SWMB" will be rejected. If the Central Limit Order Book (CLOB) is not

in the trading period "Continuous Trading" or if there is a trading interruption, the order with Routing Instruction "SWMB" is suspended in both order books and as such is neither executable nor visible in the order book. Once the Central Limit Order Book (CLOB) is again in continuous trading, suspended orders are reactivated, have a new time stamp and are visible in the order book. Existing orders with the Routing Instruction "SWMB" are deleted in the closing auction. Orders with routing instruction "SWMB" are rejected during the Trading-At-Last period. The Exchange may limit the number of orders with Routing Instruction "SWMB" that are permitted in each order book. Orders with Routing Instruction "SWMB" follow the execution provisions of the order book in question in Continuous Trading; or

4. "SEB" for execution at the European best bid and ask price on a best effort basis of the liquidity provider (Swiss EBBO) in the Central Limit Order Book (CLOB), in the order book without pre-trade transparency of SwissAtMid and in the order book for hybrid trading of Swiss EBBO; the Routing Instruction "SEB" is supported for Normal orders with or without price limit. If the order book for on-exchange, hybrid trading is not activated for a given trading segment, orders with Routing Instruction "SEB" are forwarded directly to the Central Limit Order Book (CLOB) or to the Quote Driven Market (QDM) order book. If an order with Routing Instruction "SEB" is entered while the order book is not in the continuous trading period, it will be forwarded directly to the Central Limit Order Book (CLOB) or to the Quote Driven Market (QDM) order book. Existing orders with the Routing Instruction "SEB" are forwarded to the Central Limit Order Book (CLOB) in the closing auction and during the Trading-At-Last period. Orders with Routing Instruction "SEB" follow the execution provisions of the order book in question in Continuous Trading; or
 5. "SWML" for entry of Block orders in the order book without pre-trade transparency in SwissAtMid; it is supported for Block orders with or without a price limit. If the order book without pre-trade transparency or the order type Block order is not activated for a given trading segment, orders with Routing Instruction "SWML" will be rejected. Block orders with Routing Instruction "SWML" follow the execution provisions of the order book without pre-trade transparency in Continuous Trading.
- j) State of the Block order:
1. Indicative: the Block order is non-binding and cannot be executed without prior firm-up; or
 2. Firmed-up: the Block order that was firm-ed-up during the firm-up phase and is executable or was non-binding until then; or
 3. Binding: a Block order that can be executed without prior firm-up.
- k) Type of firm-up phase for indicative Block orders:
1. Manual: applies to all indicative Block orders via the SIX Trading User Interface and can be set by the participant for indicative Block orders via the Standard Trading Interface (STI); or
 2. Automatic: applies to all indicative Block orders via the OUCH Trading Interface (OTI) and can be set by the participant for indicative Block orders via the Standard Trading Interface (STI).

² Details are laid down by the Exchange in the relevant technical specifications.

9.8 Price steps

¹ The Exchange defines price steps for the trading service SwissAtMid per trading segment.

² The details are laid down in the "Trading Parameters" Guideline.

9.9 Firm-up phase for indicative Block orders

¹ Indicative Block orders in the order book without pre-trade transparency are non-binding when entered and thus cannot be executed. If an indicative Block order or several indicative Block orders with one or more orders on the opposite side of the order book without pre-trade transparency SwissAtMid according

to quantity-time priority at the Mid-Point Price of the primary reference market can be executed, the Exchange shall start one or several parallel firm-up phase(s).

² Participants are invited to firm-up their indicative Block orders during the firm-up phase. When invited to the firm-up phase, the indicative Block order is deleted from the order book and the participant can enter a firm-up Block order with reference to the indicative Block order during the firm-up phase. Participants can change the attributes of the Block order when firming-up indicative Block orders. As soon as all indicative Block orders have been confirmed, but no later than after completion of the firm-up phase, one or more trades are executed in the SwissAtMid order book, provided that the conditions for executions pursuant to Clause 9.10 are met.

³ If there are any possible trades between manual and automatic indicative Block orders during a firm-up phase, the participants with manual indicative Block orders will first receive the invitation to firm-up, and only when all manual indicative Block orders have been firm-up, but at the latest after the end of the firm-up phase, the participants with automatic indicative Block orders will receive the invitation to firm-up. If only manual or automatic indicative Block orders are involved in a firm-up phase, all participants will receive the invitation to firm-up the indicative Block orders at the same time.

⁴ The participant will receive its current performance score in accordance with Clause 9.15 with each invitation to a firm-up of an indicative Block order.

⁵ The duration of the firm-up phase for indicative Block orders is determined per trading segment. The details are laid down in the "Trading Parameters" Guideline.

9.10 Market model

9.10.1 Quantity-time priority

¹ Binding "In-limit" orders in the order book are considered for execution. "In-limit" orders are defined as those for which the limited price corresponds at least to the Mid-Point Price of the respective security on the Primary Reference Market, or is higher (the price limit for buy orders is equal to or higher than the Mid-Point Price or the price limit for sell orders is equal to or lower than the Mid-Point Price). Unlimited orders are always deemed to be "in limit".

² The quantity-time priority principle means that binding "in-limit" orders with the greater quantity shall be executed first. For orders with the same quantity, the order received first shall also be executed first.

9.10.2 Mid-Point Price Execution

¹ Orders shall be executed against each other at the Mid-Point Price, which means the mid-point between the highest displayed bid price and the lowest displayed ask price on the Primary Reference Market at the time of the trade. For the SwissAtMid trading service, the Primary Reference Market is always the Central Order Limit Book (CLOB) of the corresponding securities at SIX Swiss Exchange AG.

² If an order is not or only partially executed, the remaining portion shall be placed in the SwissAtMid order book. Other order validities and routing instructions remain reserved. If the remaining portion for Block orders is smaller than the predefined minimum order size compared with normal market size, the remaining portion of the Block order is deleted from the SwissAtMid order book.

³ An incoming order shall be checked for feasibility and shall be executed in accordance with the quantity-time priority with orders on the opposite side of the order book in one or more steps. The following rules shall apply:

- a) If the incoming order is equal to or larger than the sum of the executable orders on the opposite side of the order book, these orders will be executed in full. Any remaining order quantity from the incoming order will be placed in the SwissAtMid order book.
- b) If the incoming order is smaller than the sum of the executable orders on the opposite side of the order book, these orders will be executed up to their respective maximum quantities. Any remaining order quantity from the incoming order which cannot be executed against executable orders from the opposite side of the order book will be executed according to time priority.
- c) In the case of Block orders, each (partial) execution in SwissAtMid must additionally correspond to the predefined minimum order size compared with normal market size.

⁴ The Exchange may provide Self Match Prevention for trading in SwissAtMid. At the request of the participant, opposite buy and sell orders under his own participant identification (Party ID) which are flagged as proprietary transactions will not be executed. Opposite buy and sell orders shall remain in the order book.

9.11 Algorithmic trading

¹ The participant must possess effective arrangements and risk controls for algorithmic trading, to ensure that its systems:

- a) are robust and equipped with sufficient capacity to deal with peak volumes of orders and announcements;
- b) are subject to appropriate trading thresholds and upper trading limits;
- c) do not cause or contribute to any disruptions on the Exchange;
- d) are effective for preventing violations of Articles 142 and 143 FMIA; and
- e) are subject to appropriate tests of algorithms and control mechanisms, including the precautions to:
 1. limit the proportion of unexecuted trading orders relative to the number of transactions that can be entered into the system by a participant;
 2. slow down the flow of orders if there is a risk of the capacity of the system being reached; and
 3. limit and enforce the minimum tick size that may be executed on the Exchange.

² In algorithmic trading, the Exchange may make provision for higher fees for:

- a) the placement of orders that are later cancelled;
- b) participants placing a high proportion of cancelled orders;
- c) participants with:
 1. an infrastructure intended to minimise delays in order transfer;
 2. a system that can decide on order initiation, generation, routing or execution; and
 3. a high intraday number of price offers, orders or cancellations.

³ The details are laid down in the "List of Charges under the Trading Rules".

9.12 Pre-trade controls

¹ The provisions of Clause 12 "Trading" Directive on pre-trade controls apply mutatis mutandis.

² In addition, the Exchange may reject Block orders in the order book without pre-trade transparency from SwissAtMid if the order size of the incoming Block order does not reach or falls below the predefined minimum order size of securities compared with normal market size pursuant to Art. 27 para. 4 lit. d FMIO. The Exchange shall publish the minimum order size for Block orders per security together with the static data.

9.13 Trading interruption

¹ Trading in SwissAtMid shall be interrupted if and for as long as

- a) no Mid-Point Price for the relevant security can be calculated on the Primary Reference Market; or
- b) the relevant security is not in the trading period "Continuous Trading" on the Primary Reference Market in the Central Limit Order Book (CLOB) (i.e. Pre-opening, Opening, Closing Auction, Trading-At-Last or Post-trading); or
- c) trading in the relevant security on the Primary Reference Market in the Central Limit Order Book (CLOB) is interrupted (i.e. Delayed Opening, Stop Trading or Non-Opening), or is suspended from trading; or
- d) the price of the next execution at the Mid-Point Price compared to the reference price on the Primary Reference Market in the Central Limit Order Book (CLOB) is outside a range determined by the Exchange (Stop Trading). The bandwidth (Stop Trading Range) of the interruption in trading in SwissAtMid is determined by the trading segment on the Primary Reference Market of the relevant security, and is laid down in the corresponding annex to the "Trading Parameters" Guideline; or
- e) the price of the next execution at the Mid-Point Price compared to the reference price on the Primary Reference Market in the Central Limit Order Book (CLOB) within a certain time period (Avalanche Time) is outside a range determined by the Exchange (Avalanche Stop Trading). The bandwidth (Stop Trading Range) and time period (Avalanche Time) of the interruption in trading in SwissAtMid is determined by the trading segment on the Primary Reference Market of the relevant security, and is laid down in the corresponding annex to the "Trading Parameters" Guideline.

² The participant may enter new orders during a trading interruptions or delete existing ones.

³ The Exchange shall publish exceptions for individual securities or trading days in a suitable manner.

⁴ Market control interventions remain reserved in accordance with the "Market Control" Directive.

9.14 Post-trade transparency

¹ The Exchange shall publish information on "on-exchange trades without pre-trade transparency" in SwissAtMid with the flag "Dark Book".

² Information is published promptly. Delayed publication of post-trade transparency data is not supported.

9.15 Performance score for indicative Block orders

¹ The Exchange calculates a performance score for indicative Block orders. The performance score for indicative Block orders is based on the following criteria during the firm-up phase:

- a) quality of response;
- b) quality of size; and
- c) quality of price.

² The Exchange determines

- a) a performance score per participant and security in SwissAtMid; and
- b) a performance score per participant for all SwissAtMid securities. The participant receives this current performance score in each new firm-up phase.

³ If one of the predefined performance score thresholds for indicative Block orders is reached or falls below, the participant is blocked from indicative Block orders for the remainder of the current trading day. All existing indicative Block orders from blocked participants are deleted from the order book without pre-

trade transparency, and the entry of new indicative Block orders is rejected. The binding Block orders are not affected by the blocking of the participant for indicative Block orders.

⁴ In justified exceptional cases and special situations pursuant to Clause 10.10 Trading Rules, the Exchange may, at the participant's request, lift the block for indicative Block orders.

⁵ The thresholds for the performance score of indicative Block orders relevant to the blocking of participants is determined for each trading segment. The details are laid down in the "Trading Parameters" Guideline.

⁶ Market control interventions remain reserved in accordance with the "Market Control" Directive.

III On-exchange, hybrid trading in Swiss EBBO

Swiss EBBO is a service for on-exchange, hybrid trading in Swiss equity securities in which the aim is to achieve trades at the European best bid and offer (Swiss EBBO) on a best effort basis.

10 Trading in Swiss EBBO

10.1 Tradeable securities

¹ The Exchange defines the trading segments for which the Swiss EBBO trading service is supported and determines the trading details and provisions.

² The details are laid down in the "Trading Parameters" Guideline.

10.2 Trading days and hours

¹ Trading days are governed by the trading days of the Exchange and are stated in the Exchange trading calendar.

² In special situations the Exchange may modify trading days.

³ Trading hours are governed by the trading hours of the Primary Reference Market. The Primary Reference Market is defined as the primary exchange on which the equity securities are listed or admitted to trading on a regulated market. Trading is available during the trading period "Continuous Trading" on the Primary Reference Market relating to the security in question.

⁴ In special situations the Exchange may modify trading hours.

10.3 Clearing day

¹ A clearing day shall last from 08:00 to 18:15 (CET).

² In special situations the Exchange may modify clearing days.

10.4 Liquidity providers

¹ The liquidity providers admitted by the Exchange provide prices on a best effort basis in the Swiss EBBO order book at the European best bid and offer (Swiss EBBO).

² The Exchange has appointed an independent service provider to determine the European best bid and offer (EBBO) and compares the prices provided by liquidity providers in accordance with this Clause 10.4 para. 1 against the calculated EBBO. The Exchange publishes a list of the trading venues which the independent service provider takes into account when determining the European best bid and offer (EBBO).

³ The Exchange may refuse to apply the LPS Swiss EBBO tariff to a liquidity provider for the month concerned if:

- a) the price of a trade deviates significantly from the European best bid and offer (EBBO) calculated in accordance with this Clause 10.4 para. 2; and
- b) fair, efficient and orderly market conditions are not ensured as a result of a number of trades with prices differing from the European best bid and offer (EBBO) calculated in accordance with this Clause 10.4 para. 2.

The decision on the existence of a significant deviation is at the discretion of the Exchange. In serious cases, the Exchange may not apply the LPS Swiss EBBO tariff to the liquidity provider for the following three months.

⁴ The applicability of the LPS Swiss EBBO tariff is further subject to the provisions of the "List of Charges under the Trading Rules" Guideline.

10.5 Hybrid order book

¹ The Exchange maintains one or more hybrid order books for each security. These order books shall classify and manage all orders received from liquidity providers according to price, quantity and the time at which they are received. Orders from participants are not entered in the hybrid order book.

² The orders contained in the hybrid order book are binding.

³ The order prices and volumes contained in the hybrid order book are published.

10.6 Definition of order

¹ An order is a binding offer to buy or sell a certain quantity of a security at an unlimited or limited price.

² Orders with the Routing Instruction "SEB" may be entered in or deleted from the hybrid order book or during set periods. All incoming orders shall be assigned a time stamp and an identification number.

10.7 Order types

¹ The Exchange supports the order type Normal order for hybrid trading.

² A Normal order may be entered by a participant at any time during the trading day. Non-executed parts of the order with Routing Instruction "SEB" in Swiss EBBO are transmitted to the Central Limit Order Book (CLOB) until they have been executed or deleted, or have expired. Other validities and routing instructions remain reserved.

³ A Normal order may be entered by a liquidity provider in the hybrid order book of Swiss EBBO at any time during the trading day. Non-executed parts of the order remain in the order book until they have been executed or deleted, or have expired. Other validities and routing instructions remain reserved.

10.8 Order specification

¹ An order must be recorded with the following attributes:

- a) Identification of the participant: participant identification (Party ID) and Trader ID;
- b) Transaction type: buy or sell;
- c) Trading capacity: client transaction (trading in own name but for the account of the client) or proprietary transaction (trading in own name and for own account);
- d) Identification of the security: ISIN, trading currency and trading venue;
- e) Order volume: number of securities without details of the minimum executable quantity; for orders from liquidity providers, the full execution quantity to be executed may be defined in addition;
- f) Price limit:
 1. for Normal orders from participants: limited or unlimited;
 2. for Normal orders from liquidity providers: limited;
- g) Validity:
 1. Good-for-day: valid until the close of trading on the current trading day;
 2. Good-till-date for orders from participants: valid until the close of trading on a certain trading day. The maximum term of validity shall be one year;
- h) Algorithmic trading: flagging of

1. the order generated by algorithmic trading;
 2. the algorithm used;
 3. the trader initiating the order;
- i) Routing Instruction:
1. "SEB" for orders from participants for execution at European best bid and offer price on a best effort basis of the liquidity provider (Swiss EBBO) in the Central Limit Order Book (CLOB), in the order book without pre-trade transparency of SwissAtMid and in the order book for hybrid trading of Swiss EBBO; the Routing Instruction "SEB" is supported for Normal orders with or without price limit. If the order book for on-exchange, hybrid trading is not activated for a given trading segment, orders with Routing Instruction "SEB" are forwarded directly to the Central Limit Order Book (CLOB) or to the Quote Driven Market (QDM) order book. If an order with Routing Instruction "SEB" is entered while the order book is not in the continuous trading period, it will be forwarded directly to the Central Limit Order Book (CLOB) or to the Quote Driven Market (QDM) order book. Existing orders with the Routing Instruction "SEB" are forwarded to the Central Limit Order Book (CLOB) in the closing auction and during the Trading-At-Last period. Orders with Routing Instruction "SEB" follow the execution provisions of the order book in question in Continuous Trading.
 2. "SEB" for orders from liquidity providers for direct entry in the hybrid order book of Swiss EBBO; this is supported for Normal orders with a price limit. If the order book for on-exchange, hybrid trading is not activated for a given trading segment, orders with Routing Instruction "SEB" from liquidity providers will be rejected. If an order with Routing Instruction "SEB" is entered by liquidity providers, while the order book is not in the continuous trading period, orders will be accepted and entered in the order book for hybrid trading. Existing orders with Routing Instruction "SEB" from liquidity providers are deleted in the closing auction.

² Details are laid down by the Exchange in the relevant technical specifications.

10.9 Price steps

¹ The Exchange defines price steps for the trading service Swiss EBBO per trading segment.

² The details are laid down in the "Trading Parameters" Guideline.

10.10 Market model

¹ Orders with Routing Instruction "SEB" from participants are executed at the best price offered on the opposite side. The European best bid and offer (Swiss EBBO) to be provided on a best effort basis by liquidity providers in the hybrid order book in accordance with Clause 10.4 aims to execute orders with Routing Instruction "SEB" from participants at the European best bid and offer (Swiss EBBO) on a best effort basis. Swiss EBBO corresponds to the prices provided by the liquidity provider and may differ from the European best bid and offer (EBBO). There is no guarantee of execution at the European best bid and offer (EBBO).

² In the event of the execution of orders of participants with Routing Instruction "SEB" at SIX Swiss Exchange AG not at the European best bid and offer, these trades are not deemed to be irregular on-exchange trades in accordance with the Clause 23.1 "Trading" Directive and are not cancelled by the Exchange.

10.10.1 Price-quantity-time priority

¹ The price-quantity-time priority principle means that the order from a liquidity provider with the better price (highest price limit for buy orders, lowest price limit for sell orders) shall be executed first. Unlimited orders enjoy top priority when consolidating orders. For orders with the same price, the order with the

larger quantity shall be executed first. For orders with the same price and quantity, the order received first shall also be executed first.

² If an order of a liquidity provider defining the full execution quantity cannot be executed against the full quantity of an order in Swiss EBBO, this order loses its priority.

10.10.2 Trades of orders from participants with Routing Instruction "SEB"

¹ Trades are triggered by an incoming order from a participant with Routing Instruction "SEB" which is executed with the orders on the opposite side of the following order books provided quantity and price allow it:

- a) Central Limit Order Book (CLOB); and
- b) order book without pre-trade transparency SwissAtMid;
- c) hybrid order book Swiss EBBO.

² The following rules shall apply:

- a) in the case of an incoming order from a participant with Routing Instruction "SEB", the Exchange determines which order book offers the best price on the opposite side in accordance with Clause 10.10.2 para. 1 and routes the order to the corresponding order book. If two or all the order books in accordance with Clause 10.10.2 para. 1 offer the same best price, the following priority applies for the first matching cycle:
 - order book without pre-trade transparency SwissAtMid;
 - Central Limit Order Book (CLOB);
 - hybrid order book in Swiss EBBO.
- b) the incoming order from a participant with Routing Instruction "SEB" is executed immediately taking account of the corresponding priority and the execution provisions of the corresponding order book with orders of the opposite side in SwissAtMid, CLOB and Swiss EBBO in one or more steps;
- c) if an order with Routing Instruction "SEB" from a participant is only partially executed in the first matching cycle, the Exchange determines the next best price on the opposite side while taking account of the price limit of the order, whereby from the second matching cycle on only the Central Limit Order Book (CLOB) and the hybrid order book Swiss EBBO are taken into account;
- d) the partially executed order from a participant with Routing Instruction "SEB" is further executed in one or more steps, taking account of the corresponding priority and the execution provisions of the corresponding order book with orders of the opposite side in CLOB and in Swiss EBBO;
- e) the execution of the order from a participant with Routing Instruction "SEB" continues in accordance with c) and d) above in additional matching cycles until no more executions are possible in consideration of the participant's price limit. Subsequently the remaining portion of the order with Routing Instruction "SEB" from a participant is routed to the Central Limit Order Book. Other order validities remain reserved;
- f) if the quantity of the order from a participant with Routing Instruction "SEB" is greater than the quantity of the order from a liquidity provider, and the liquidity provider has defined the full execution quantity on his order, execution shall not take place in the hybrid order book Swiss EBBO;
- g) if there are no orders from liquidity providers in the hybrid order book Swiss EBBO, the incoming order from a participant with Routing Instruction "SEB" is routed to the Central Limit Order Book (CLOB) or the order book without pre-trade transparency SwissAtMid.

³ For executions of orders from a participant with Routing Instruction "SEB" in the Central Limit Order Book (CLOB), the execution provisions of continuous trading apply in accordance with Clause 8 "Trading" Directive. For executions of orders from a participant with Routing Instruction "SEB" in the order book

without pre-trade transparency SwissAtMid, the execution provisions apply in accordance with Clause 1 of this Directive "Alternative Trading".

⁴ Opposite orders from liquidity providers may never be executed in the hybrid order book Swiss EBBO.

⁵ The Exchange does not support Self-Match Prevention for trading in Swiss EBBO.

10.11 Algorithmic trading

¹ The participant must possess effective arrangements and risk controls for algorithmic trading, to ensure that its systems:

- a) are robust and equipped with sufficient capacity to deal with peak volumes of orders and announcements;
- b) are subject to appropriate trading thresholds and upper trading limits;
- c) do not cause or contribute to any disruptions on the Exchange;
- d) are effective for preventing violations of Articles 142 and 143 FMIA; and
- e) are subject to appropriate tests of algorithms and control mechanisms, including the precautions to:
 1. limit the proportion of unexecuted trading orders relative to the number of transactions that can be entered into the system by a participant;
 2. slow down the flow of orders if there is a risk of the capacity of the system being reached; and
 3. limit and enforce the minimum tick size that may be executed on the Exchange.

² In algorithmic trading, the Exchange may make provision for higher fees for:

- a) the placement of orders that are later cancelled;
- b) participants placing a high proportion of cancelled orders;
- c) participants with:
 1. an infrastructure intended to minimise delays in order transfer;
 2. a system that can decide on order initiation, generation, routing or execution; and
 3. a high intraday number of price offers, orders or cancellations.

³ The details are laid down in the "List of Charges under the Trading Rules".

10.12 Pre-trade controls

The provisions of Clause 12 "Trading" Directive on pre-trade controls apply mutatis mutandis.

10.13 Trading interruption

¹ Trading in Swiss EBBO shall be interrupted if and for as long as

- a) the relevant security is not in the trading period "Continuous Trading" on the Primary Reference Market in the Central Limit Order Book (CLOB) (i.e. Pre-opening, Opening, Closing Auction, Trading-At-Last or Post-trading); or
- b) trading in the relevant security on the Primary Reference Market in the Central Limit Order Book (CLOB) is interrupted (i.e. Delayed Opening, Stop Trading or Non-opening), or is suspended from trading.

² If the price of the next execution in Swiss EBBO compared to the reference price on the Primary Reference Market in the Central Limit Order Book (CLOB) is outside a range determined by the Exchange (Stop Trading), it will not be executed in the hybrid order book. The bandwidth (Stop Trading Range) for Swiss EBBO is determined by the trading segment on the Primary Reference Market of the relevant security, and is laid down in the corresponding annex to the "Trading Parameters" Guideline.

³ If the price of the next execution in Swiss EBBO compared to the reference price on the Primary Reference Market in the Central Limit Order Book (CLOB) within a certain time period is outside a range determined by the Exchange (Avalanche Stop Trading), it will not be executed in the hybrid order book. The bandwidth (Stop Trading Range) and time period (Avalanche Time) for Swiss EBBO is determined by the trading segment on the Primary Reference Market of the relevant security, and is laid down in the corresponding annex to the "Trading Parameters" Guideline.

⁴ The liquidity provider may enter new orders for Swiss EBBO or delete existing ones during a trading interruption. Incoming orders with Routing Instruction "SEB" from participants are routed to the Central Limit Order Book (CLOB) or order book without pre-trade transparency SwissAtMid during a trading interruption in Swiss EBBO.

⁵ Market control interventions remain reserved in accordance with the "Market Control" Directive.

10.14 Post-trade transparency

¹ The Exchange shall publish information on "on-exchange hybrid trades" in Swiss EBBO with the flag "Hybrid".

² Information is published promptly. Delayed publication of post-trade transparency data is not supported.

10.15 Trading restriction

¹ The Swiss EBBO trading service supports participants in meeting the requirement for best execution of orders when trading for the account of the client. The entry of orders with the routing instruction "SEB" is therefore not permitted for participants trading for their own account (e.g. participants admitted as liquidity providers in the Central Limit Order Book (CLOB), Swiss-At-Mid or Swiss EBBO).

² In the event of the execution of orders with Routing Instruction "SEB" in the Central Limit Order Book, in SwissAtMid or in Swiss EBBO with opposite orders from liquidity providers of the same participant, these trades are deemed to be irregular on-exchange trades in accordance with Clause 22.1 "Trading" Directive, and the participant has to request the Exchange to cancel these trades.

³ Opposite orders from liquidity providers may never be executed in Swiss EBBO.

10.16 Transmission of data abroad

The Exchange has appointed an independent service provider to determine the European best bid and offer (cf. Clause 10.4). In this context, order data on orders and trade data relevant to Swiss EBBO may be transmitted to the European Union in anonymised form and/or routed inside the EU and/or retained there. Despite the data being anonymised, conclusions drawn by the service provider as to the trading behaviour of participants cannot be excluded.

10.17 EBBO Report

¹ The Exchange provides a Report ("EBBO Report") to participants and liquidity providers for the purpose of verifying their orders with the Routing Instruction "SEB" and the resultant trades in the Central Limit Order Book (CLOB), in the order book without pre-trade transparency SwissAtMid and/or in the order book for on-exchange hybrid trading in Swiss EBBO. The EBBO Report shows the difference between the on-exchange trades and the European best bid and offer (EBBO) determined by the independent service provider in accordance with Clause 10.4 para. 2.

² The EBBO Report is provided to participants and liquidity providers one trading day (T+1) after their orders with Routing Instruction "SEB" are entered and potential executions on-exchange prior to the start of trading.

³ The Exchange may charge a monthly fee for the EBBO Report. The details are laid down in the "List of Charges under the Trading Rules".

IV On Exchange trading with quote requests in Quote on Demand

Quote on Demand is a service for trading on-exchange with quote requests in collective investment schemes, i.e. Exchange Traded Funds (ETF) and Exchange Traded Products (ETP) without pre-trade transparency.

11 Trading in Quote on Demand

11.1 Tradeable securities

¹ The Exchange defines the trading segments for which the Quote on Demand trading service is supported and determines the trading details and provisions.

² The details are laid down in the "Trading Parameters" Guideline.

11.2 Trading days and hours

¹ Trading days are governed by the trading days of the Exchange and are stated in the Exchange trading calendar.

² In special situations the Exchange may modify trading days.

³ Trading hours are governed by the trading hours of the Primary Reference Market. The Primary Reference Market is defined as the primary exchange on which the collective investment schemes are listed or admitted to trading on a regulated market. Trading is available during the trading period "Continuous Trading" on the Primary Reference Market relating to the securities in question.

⁴ In special situations the Exchange may modify trading hours.

11.3 Clearing day

¹ A clearing day shall last from 08:00 to 18:15 (CET).

² In special situations the Exchange may modify clearing days.

11.4 Liquidity providers

¹ The liquidity providers admitted by the Exchange provide quotes in the Quote on Demand order book (QOD) at the request of a participant.

² The fulfillment of the criteria for Quote on Demand liquidity Providers is further subject to the provisions of the "List of Charges under the Trading Rules" Guideline.

11.5 Quote on Demand order book

¹ The Exchange maintains one or more Quote on Demand order books for each security. These order books shall manage all quote requests received from participants and all quotes from liquidity providers according to price, quantity and the time at which they are received.

² Quote requests from participants contained in the Quote on Demand order book are not binding. Quotes from liquidity providers contained in the Quote on Demand order book are binding.

³ Quote requests and quotes which are executed using an order management facility of the Exchange are exempted from pre-trade transparency regulations in accordance with Art. 27 para. 4 let. c FMIO.

⁴ Quote requests and quotes contained in the Quote on Demand order book (QOD) are not published.

11.6 Quote request

11.6.1 Definition of quote request

¹ A quote request is a non-binding offer to buy or sell a certain quantity of a security at an unlimited or limited price.

² Quote requests with the Routing Instruction "QODN" or "QODS" may be entered in or deleted from the Quote on Demand order book (QOD) during set periods. All incoming quote requests shall be assigned a time stamp and an identification number.

11.6.2 Type of quote request

¹ The Exchange supports quote requests for trading with quote requests as order type.

² A quote request can be entered by a participant during pre-opening and continuous trading. Each quote request starts a dedicated call phase. Quote requests can be changed or deleted by participants during the call phase. Partial executions of quote requests are not supported. Non-executed quote requests with the Routing Instruction "QODN" or "QODS" expire at the end of the call phase. Other instructions from the participant remain reserved.

11.6.3 Specification of quote request

¹ A quote request must be recorded with the following attributes:

- a) Identification of the participant: participant identification (Party ID) and Trader ID;
- b) Transaction type: buy or sell;
- c) Trading capacity: client transaction (trading in own name but for the account of the client) or proprietary transaction (trading in own name and for own account);
- d) Identification of the security: ISIN, trading currency and trading venue;
- e) Volume of quote request: Number of securities;
- f) Price limit: limited or unlimited;
- g) Validity:
 1. good for auction: valid until the end of the call phase;
- h) Algorithmic trading: flagging of
 1. the quote request generated by algorithmic trading;
 2. the algorithm used;
 3. the trader initiating the quote request;
- i) Routing Instruction:
 1. "QODN" (quote request no sweep) for entry in the Quote on Demand order book (QOD) and possible execution in the Quote on Demand order book (QOD) only; the Routing Instruction "QODN" is supported for quote requests with or without price limit. If the order book for on-exchange trading with quote requests is not activated for a given trading segment, quote requests with Routing Instruction "QODN" will be rejected. If a quote request with the Routing Instruction "QODN" is entered during pre-opening or a trading interruption, the quote request is queued until continuous trading resumes. Existing quote requests with the Routing Instruction "QODN" are deleted in the closing auction and rejected during post-trading. Orders with Routing Instruction "QODN" follow the execution provisions of the Quote on Demand order book.
 2. "QODS" (quote request with sweep) for entry in the Quote on Demand order book (QOD) and possible execution both in the Quote on Demand order book (QOD) and the Quote Driven Market (QDM); the Routing Instruction "QODS" is supported for quote requests with or without price limit. If the

order book for on-exchange trading with quote requests is not activated for a given trading segment, quote requests with Routing Instruction "QODS" will be rejected. If a quote request with the Routing Instruction "QODS" is entered during pre-opening or a trading interruption, the quote request is queued until continuous trading resumes. Existing quote requests with the Routing Instruction "QODS" are deleted in the closing auction and rejected during post-trading. Orders with Routing Instruction "QODS" follow the execution provisions of the order book in question in Continuous Trading.

- j) Trading mode:
 1. Discretion Only;
 2. Auto-Execute or Cancel;
 3. Auto-Execute and Optional Discretion;
- k) Minimum number of liquidity providers responding: Minimum number of quotes from liquidity providers for automatic execution in the trading mode "Auto-Execute or Cancel" and "Auto-Execute and Optional Discretion" if the standard value of the Exchange is overwritten.
- l) Disclosure Mode: participant identification (Party ID) is disclosed to the liquidity providers receiving the quote request.
- m) Recipients of quote request:
 1. All liquidity providers registered for Quote on Demand receive quote requests;
 2. Individual registered liquidity providers for Quote on Demand selected by the participant receive the quote request.

² Details are laid down by the Exchange in the relevant technical specifications.

11.7 Quote

11.7.1 Quote definition

¹ Quote specifies the simultaneous entry of a limited buy and/or sell order in a single instruction. Quotes shall remain in the Quote on Demand order book throughout the call phase. Quotes can be changed, overwritten or deleted during the call phase. Partial executions are possible for quotes.

² The quotes contained in the Quote on Demand order book (QOD) are binding.

11.7.2 Quote specification

¹ A quote must be recorded with the following attributes:

- a) Identification of the participant: participant identification (Party ID) and Trader ID;
- b) Transaction type: buy and sell;
- c) Trading capacity: client transaction (trading in own name but for the account of the client) or proprietary transaction (trading in own name and for own account);
- d) Identification of the security: ISIN, trading currency and trading venue;
- e) Quote volume: The number of securities must correspond to the volume of quote requests defined by the participant;
- f) Price limit: limited;
- g) Validity:
 1. good-for-day: valid until the end of the current trading day;

- h) Algorithmic trading: flagging of
1. the quote generated by algorithmic trading;
 2. the algorithm used;
 3. the trader initiating the quote;

² Details are laid down by the Exchange in the relevant technical specifications.

11.8 Price steps

¹ The Exchange defines price steps for the trading service Quote on Demand per trading segment.

² The details are laid down in the "Trading Parameters" Guideline.

11.9 Trading modes

¹ The Exchange supports the following trading modes for trading with quote requests:

a) Discretion only: This trading mode does not support automatic execution and the participant has control over whether and when their quote request is executed throughout the call phase. The conditions for execution in this trading mode are as follows:

1. the entire volume of quote requests can be executed; and
2. the participant confirms the execution of their quote request;

b) Auto-Execute or Cancel: This trading mode supports automatic execution and at the end of the call phase leads to an execution if the following conditions are met:

1. the entire volume of quote requests can be executed;
2. the minimum number of responding liquidity providers is met; and
3. at least one quote is "in limit". "In limit" quotes are defined as those for which the limited price is equal to the price of the quote request or better (the price limit for quotes on the buy side is equal to or higher than the quote request price or the price limit on the sell side is equal to or lower than the quote request price);

c) Auto-Execute and Optional Discretion: This trading mode supports automatic execution and, in the initial Auto-Execute phase, seeks to execute quote requests in accordance with lit. b of this Clause. If no trade is made during the Auto-Execute phase, the call phase is extended by an Optional Discretion phase. During the Optional Discretion phase the participant in principle has control over whether and when an execution takes place. As soon as the conditions for the execution during the Optional Discretion phase in accordance with lit. b of this Clause are met, the trade is executed automatically.

² Non-executed quote requests and quotes expire at the end of the call phase in each trading mode.

³ Both Routing Instructions "QODN" and "QODS" are supported for all trading modes.

⁴ The duration of the call phase for the Quote on Demand trading modes and the minimum number of responding liquidity providers is determined for each trading segment.

⁵ The details are laid down in the "Trading Parameters" Guideline.

11.10 Market model

Quote requests from participants are executed at the best price offered on the opposite side. Each quote request leads to a dedicated call phase in the Quote on Demand order book (QOD). Registered liquidity providers are invited to enter quotes during the call phase. Depending on the trading mode and Routing Instruction of the quote request, one or more trades are executed in the Quote on Demand order book (QOD) and/or Quote Driven Market (QDM) according to price-full quantity-time priority.

11.10.1 Execution priority

¹ As a rule, the price-full quantity-time priority principle applies to the Quote on Demand trading service.

² For quote requests, this means that if multiple quote requests are received the call phase is started for the quote request received first. For quote requests, it must be possible to execute the full quantity of the quote request in a trade or multiple (partial) trades in the Quote on Demand order book (QOD) and/or in the Quote Driven Market (QDM).

³ For executions of quote requests, in principle only orders and quotes that are "in-limit" are taken into account in the Quote on Demand order book (QOD) and/or the Quote Driven Market (QDM). "In limit" orders and quotes are defined as those for which the price is equal to the price of the quote request or is better (the price limit for the buy side is equal to or higher than the quote request price or the price limit for the sell side is equal to or lower than the quote request price). For unlimited quote requests, all orders and quotes qualify as "in limit".

⁴ For orders and quotes with the same "in limit" price, the order or quote received first shall also be executed first.

11.10.2 Trades of quote requests

¹ Trades are triggered by an incoming quote request from a participant which is executed during the call phase with the orders or quotes on the opposite side of the following order books provided quantity and price allow it:

- a) Quote on Demand (QOD); and/or
- b) Quote Driven Market (QDM).

² The following rules shall apply:

- a) The full quantity of quote requests with Routing Instruction "QODN" is executed against the "in limit" quote with the best price/time priority on the opposite side of the Quote on Demand order book (QOD); provided the conditions for executing the corresponding trading mode are met.
- b) The full quantity of quote requests with Routing Instruction "QODS" is
 - 1. executed against "in limit" orders and/or quotes with the best price/time priority on the opposite side in the Quote Driven Market (QDM);
 - 2. If the full quantity of quote requests is executed only partially or not at all in the Quote Driven Market, the full or remaining quantity is executed against the "in limit" quote with the best price/time priority on the opposite side of the Quote on Demand order book (QOD), provided the conditions for executing the corresponding trading mode are met;
 - 3. If the best "in limit" price in the Quote Driven Market (QDM) and the Quote on Demand order book (QOD) are the same, time priority applies.

³ For executions of quote requests from a participant with Routing Instruction "QODS" in the Quote Driven Market (QDM), the execution provisions of Continuous Trading apply in accordance with Clause 8 "Trading" Directive.

⁴ Opposite orders from liquidity providers may never be executed in the Quote on Demand order book.

⁵ The Exchange does not support Self-Match Prevention for trading in Quote on Demand.

11.11 Algorithmic trading

¹ The participant must possess effective arrangements and risk controls for algorithmic trading, to ensure that its systems:

- a) are robust and equipped with sufficient capacity to deal with peak volumes of orders and announcements;
- b) are subject to appropriate trading thresholds and upper trading limits;
- c) do not cause or contribute to any disruptions on the Exchange;
- d) are effective for preventing violations of Articles 142 and 143 FMIA; and
- e) are subject to appropriate tests of algorithms and control mechanisms, including the precautions to:
 1. limit the proportion of unexecuted trading orders relative to the number of transactions that can be entered into the system by a participant;
 2. slow down the flow of orders if there is a risk of the capacity of the system being reached; and
 3. limit and enforce the minimum tick size that may be executed on the Exchange.

² In algorithmic trading, the Exchange may make provision for higher fees for:

- a) the placement of orders that are later cancelled;
- b) participants placing a high proportion of cancelled orders;
- c) participants with:
 1. an infrastructure intended to minimise delays in order transfer;
 2. a system that can decide on order initiation, generation, routing or execution; and
 3. a high intraday number of price offers, orders or cancellations.

³ The details are laid down in the "List of Charges under the Trading Rules".

11.12 Pre-trade controls

¹ The provisions of Clause 12 of the "Trading" Directive on pre-trade controls apply mutatis mutandis to quote requests.

² In addition, the Exchange can reject quote requests in the Quote on Demand order book (QOD) and thus not start a call phase if the price limit of the incoming quote requests reaches or exceeds the predetermined price deviation of the security compared to the current price in the Quote Driven Market (QDM).

³ The Exchange calculates the price deviation between the price limit of the quote requests and the current price in the Quote Driven Market (QDM) as follows:

- a) if there are quotes in the Quote Driven Market (QDM) order book of the corresponding security on the buy and sell side, the Mid-Point Price of the best quotes is used;
- b) if there are quotes in the Quote Driven Market (QDM) order book of the corresponding security on only the buy or the sell side, the best buy or sell quote is used;
- c) if there are no quotes for the corresponding security in the Quote Driven Market (QDM) order book, the reference price is used.

⁴ The price deviation between quote requests and the current price in the Quote Driven Market (QDM) is determined for each trading segment. The details are laid down in the "Trading Parameters" Guideline.

11.13 Trading interruption

¹ Trading in Quote on Demand shall be interrupted if and for as long as

- a) the relevant security is not in the trading period "Continuous Trading" on the Primary Reference Market in the Quote Driven Market (QDM) (i.e. Pre-opening, Opening, Closing Auction or Post-trading); or
- b) trading in the relevant security on the Primary Reference Market in the Quote Driven Market (QDM) is interrupted (i.e. Delayed Opening, Stop Trading or Non-opening) or is suspended from trading.

² During pre-opening and when trading on the Quote Driven Market (QDM) is interrupted, the participant can enter new quote requests for Quote on Demand and change or delete existing quote requests. During pre-opening and trading interruptions in the Quote Driven Market (QDM), incoming quote requests from participants are queued in the Quote on Demand order book (QOD) until continuous trading in the Quote Driven Market (QDM) resumes. During the closing auction in the Quote Driven Market (QDM), post-trading or when trading is suspended, outstanding quote requests are deleted and new quote requests are rejected.

³ If in the Quote Driven Market (QDM) the relevant security is not in the trading period "Continuous Trading" or trading is interrupted, the liquidity provider cannot enter any quotes in the Quote on Demand order book (QOD) and outstanding quotes are deleted.

⁴ Market control interventions remain reserved in accordance with the "Market Control" Directive.

11.14 Post-trade transparency

¹ The Exchange publishes information on "on-exchange trades with quote requests" in Quote on Demand flagged as "Request for Quotes".

² The Exchange publishes trades on the Exchange with quote requests with a delay if all of the following provisions are fulfilled:

- a) the trade takes place in the Quote on Demand order book; and
- b) the required minimum order size of the trade corresponds to orders that are large in scale compared with normal market size pursuant to Art. 28 para. 4 lit. a FMIO.

³ The following table shows delayed publication:

Required minimum order size in CHF for a trade qualifying for delayed publication	Timing of publication following the transaction
10,000,000	60 minutes
50,000,000	At the end of the trading day

11.15 QOD Report

¹ The Exchange provides a Report ("QOD report") to participants and liquidity providers for the purpose of verifying their quote requests and quotes and the resultant trades in the Quote on Demand (QOD) order book and/or Quote Driven Market (QDM).

² The QOD Report is provided to participants and liquidity providers one trading day (T+1) after their quote requests and quotes have been entered and potential executions occurred on the exchange prior to the start of trading.

Resolution of the Participants & Surveillance Committee of the Regulatory Board of 18 June 2021; in effect since 6 December 2021.