



## SIX Corporate Bonds Notice no. 01/2017

Subject	<b>SIX Corporate Bonds Release – Introduction of Benchmark Hedging</b>
Category	SIX Corporate Bonds System
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Pages	3
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Information 

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### Content of this message:

- New mandatory release of the SIX Corporate Bonds system
- Benchmark Hedging supported for Corporate Bonds traded in spread
- Publication of updated Directive 3: Trading and Directive 6: Fees and Costs
- Rollout in Membertest **6 March 2017** and in Production **2 May 2017**

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As part of its ongoing improvements, SIX Corporate Bonds is introducing an upgrade of its trading system. The SIX Corporate Bonds system release is a **mandatory** upgrade which will introduce benchmark hedging for spread traded Corporate Bonds.

The SIX Corporate Bonds platform upgrade has been introduced in the Membertest environment on **6 March 2017** and is scheduled to go-live on **2 May 2017** in the Production environment.

### Functional Changes

SIX Corporate Bonds is introducing Benchmark Hedging for Corporate Bonds traded in spread.

Participants which have been notified of matching Indications of Interest (IOI) and enter binding quotes during the Curtain Time and the immediate Market Session, can define their “Hedging Option” on the quote. If the participants in the Trading Session have both defined the hedging option “Hedge” on the quote (or one participant defined “Hedge” and the other participant defined “Indifferent”) the negotiation will start. If the negotiation during the Market Session is successful in the Corporate Bond the hedging trade will be automatically be executed in the corresponding Benchmark Bond. The “Hedging Option” defined in the Curtain Time or Immediate Market Session remains applicable for any further volume executions in the Private- and Public Workups. SIX Corporate Bonds will determine the cash price of the Corporate- and Benchmark Bonds as well as determine the traded quantity for the Benchmark Bond using data provided by a third party provider. The trading capacity of the Benchmark Bond will be the same as for the Corporate Bond. Further details in regards to the Benchmark Hedging functionality can be found in [Directive 3: Trading](#) as well as in the “SCB FIX Trading Interface Specification” published on the [Member Section](#) of SIX Corporate Bonds.

SIX Corporate Bonds only allows trades in Benchmark Bonds for hedging purposes of preceding trades in Corporate Bonds. Therefore no IOIs, quotes or orders are allowed to be entered in Benchmark Bonds directly. Participants can identify which Corporate Bonds are tradable, whether they support Benchmark Hedging and which Benchmark is used in the “SCB Reference Data Interface Specification” published on the [Member Section](#) of SIX Corporate Bonds.

The trades in Benchmark Bonds used for hedging purposes of preceding trades in Corporate Bonds are free of charge. Find further details about the participation- and trading fees in [Directive 6: Fees and Costs](#).

## Technical Changes

The functional changes described above which will be introduced with the SIX Corporate Bonds upgrade are not transparent for the interfaces and require mandatory adjustments to participants' systems, processes and interfaces.

Please find all technical information and any relevant technical specifications in [SIX Corporate Bonds Technical Message 01/2017](#) as well as in the [Member Section](#) on the [SIX Corporate Bonds](#) website.

Document	Link
Technical Messages	<a href="https://secure.six-swiss-exchange.com/member_section/scb_it_messages.html">https://secure.six-swiss-exchange.com/member_section/scb_it_messages.html</a>
Manuals & Downloads	<a href="https://secure.six-swiss-exchange.com/member_section/it/scb_manuals.html">https://secure.six-swiss-exchange.com/member_section/it/scb_manuals.html</a>

## Regulations

The functional changes introduced with this release also necessitate changes to the regulations. The following Directives are affected in this respect and have been amended accordingly:

- [Directives of SIX Corporate Bonds](#)
  - Directive 3: Trading
  - Directive 6: Fees and Costs

The updated versions of the Directives are available on the website of SIX Corporate Bonds: <https://www.six-corporate-bonds.com/en/home/regulation.html>

The following table contains a detailed overview of the amendments to the Directives:

Document	Type of change	Reference	Title
Directive 3: Trading	New	Clause 3.1 para. 3	Indications of Interest (IOI)
	New	Clause 3.2 para. 3	Quote
	New	Clause 3.2 para. 4 lit. h)	Attributes of a quote
	New	Clause 3.3 para. 3	Order
	Change	Clause 3.4	Determination of cash price
	New	Clause 3.5	Determination of traded quantity for the benchmark trade
	Change	Clause 4.3.2.1	Curtain Time
	Change	Clause 4.3.2.2	Market Session
	Change	Clause 4.3.2.3	Private Work-up
	Change	Clause 4.3.2.4	Public Work-up
	New	Clause 5.1 para. 2	Cancellation Principle
	Change	Clause 5.2 para. 2	Cancellation Procedure
	Change	Annex A - Clause 2 lit. c) and d)	Duration of Trading Sessions
Directive 6: Fees and Costs	New	Annex A - Clause 8	Benchmark Bonds
	New	Annex B	Benchmark Bonds

## Testing

Before the introduction of the SIX Corporate Bonds release in the Production environment, Participants and third parties have the possibility to test the new functionality and configuration in the Membertest environment.

SIX Corporate Bonds strongly recommends that all trading participants and Independent Software Providers (ISVs) test their own applications and interfaces as well as business processes during the Membertest phase.

You are kindly invited to contact Member Services ([member.services@six-swiss-exchange.com](mailto:member.services@six-swiss-exchange.com)) if you require assistance with testing or if you require changes to your configuration.

A mandatory conformance test is required, before production access is granted.

## Rollout

SIX Corporate Bonds plans to roll-out the upgrade of the trading system as follows:

Date	Activity
6 March 2017	First Trading Day with Benchmark Hedging in the <b>Membertest</b> environment
29-30 April 2017	Migration in the <b>Production</b> environment
1 May 2017	Market Holiday in the Membertest- and <b>Production</b> environments
2 May 2017	First Trading Day with Benchmark Hedging in the <b>Production</b> environment

SIX Corporate Bonds continuously strives to extend and improve the service and product offering as well as the trading system. Our participants will benefit from the improvements resulting from this upgrade, which continues to guarantee efficient trading.

If you have any questions, please do not hesitate to contact Member Services:

**Phone:** +41 58 399 2473

**E-mail:** [member.services@six-group.com](mailto:member.services@six-group.com)

Links to SIX Corporate Bonds:

[www.six-corporate-bonds.com](http://www.six-corporate-bonds.com) | [Member Section](#) | [Forms](#) | [Regulations](#)