



The need for speed

Self-regulated exchange outstrips rivals

André Buck, head of sales at SIX Swiss Exchange, named exchange of the year, explains how the launch of a bilateral trading platform and a new pricing regime will ensure the exchange retains its competitive edge in 2017

How has SIX Swiss Exchange continued to differentiate itself from competitors?

André Buck: SIX is the leading independent exchange in Europe, and our status as a self-regulated exchange outside European Union jurisdiction gives us autonomy. This means official procedures can be completed more quickly than in some other jurisdictions: for example, the listing process for companies on SIX Swiss Exchange takes just four weeks, compared with two to four months for other European exchanges.

At the same time, we recognise that many of our members require the exchange to adhere to similar regulations as those enforced by the EU. Thanks to our role as the financial markets' infrastructure provider, we help the Swiss market overcome regulatory challenges and ensure clients retain a competitive edge against the rest of the world.

In addition, we focus on improving the automation of our systems to offer our customers a more efficient and economical value chain from the moment a product is created, listed and traded on the exchange, including full support for the life-cycle management of a product.

What was the strategy behind the launch of the XBTR bilateral platform this year, and how popular has it been?

André Buck: We recognised that our members at SIX Swiss Exchange were able to use existing procedures and tools to execute non-listed transactions, so it made sense for the market, and for us as the exchange, to develop our own platform.

The bilateral trading platform XBTR enables participants of SIX Swiss Exchange to efficiently trade and settle over-the-counter (OTC) products on a central platform with already-existing interfaces; XBTR therefore closes a gap in the trading offer of structured products. Now, unlisted OTC products can also be traded and processed with the same level of efficiency as listed products.

The platform is aimed at professional market participants in the interbank business and is based on the exchange's existing infrastructure, the Swiss value chain. It is, however, separate from on-order-book trading from a regulatory and functional perspective.

The most important differences between bilateral interbank trading on XBTR and on-order-book trading include:

- Bilateral trading takes place over a request-for-quote-based trading system
- It is not regulated by the Swiss Financial Market Supervisory Authority and trades without market surveillance.
- Longer trading times from 8am until 6pm.



André Buck

- Instant trading availability – products can be traded based on their International Securities Identification Number prior to the availability of the remaining master data.
- No formal approval process, technical validation and activation via Connexor®.

Since the platform launched, we have secured five participants, with more currently in the process of onboarding. We are pleased with the interest shown by the market so far and expect the strong pick-up to continue in 2017.

How is the exchange adjusting its pricing to respond to client demand?

André Buck: SIX Swiss Exchange recognises that reacting to client needs is key and, as a result of client feedback, we are introducing a new pricing regime as of January 2017. This is, in part, thanks to our investments in automation, which have allowed us to lower the listings fee every year since 2013. In 2017, we will lower it by more than 40%, thus continuing to make the trading platform more attractive for issuers and investors alike. The aim is to incentivise more listings and simplify market-making – this will increase the choice of products and attract more investors.

What is your outlook for 2017? Do you expect trading volumes to rise again?

André Buck: Our outlook for 2017 is very positive. This past year has seen a number of major events affecting trading volumes globally: the EU referendum in the UK, the presidential election in the US, interest rates and low volatility have all contributed to disappointing performance. As we enter 2017, however, we expect a more dynamic environment that will subsequently lead to greater activity across markets. We are confident that our new pricing regime will lead to higher trading volumes on our platform.

We are also excited to be promoting better trading volumes with the launch of our new visibility initiative for listed small and medium-sized companies. The 'Stage' programme, introduced in September, supports companies in expanding their market presence and perception among key stakeholders, thus ensuring a minimum trading liquidity volume and enabling small and medium-sized enterprises to use capital markets effectively.

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