

[non-binding translation]

Segment Listed ETFs – Annex: ETF-Spreads

1. Purpose and Validity

- 1.1. This Annex rules the maximum spreads market makers must observe for BX listed ETFs (Exchange Traded Funds).
- 1.2. Spread is here forth defined as the trading margin between bid and ask or the difference on both sides (+/-) to the indicative NAV (Net Asset Value).
- 1.3. Minimum volume is here forth defined as the minimum volume offered by the market maker on both bid and ask sides (quantity x price).
- 1.4. Spreads and minimum volumes are in accordance with international standards.
- 1.5. BX supervises compliance with the specified spreads.

2. Market Making

- 2.1. A market maker is enrolled for every BX listed ETF.
- 2.2. The market maker must comply with the maximum spreads and minimum volumes indicated in this Annex in at least 90% of the official BX trading hours.
- 2.3. BX may, in justified cases, grant exceptions, especially for technical reasons.

3. ETFs on equity indices

- 3.1. ETFs including more than 50% equities, are considered ETFs on equity indices.
- 3.2. The minimum volume is CHF 50'000.
- 3.3. If at least 50% of the underlyings are tradable on their primary market during BX trading hours, maximum spread is 1.0% to the iNAV.
- 3.4. If at least 50% of the underlyings are not tradable on their primary market during BX trading hours, maximum spread is 5.0%.
- 3.5. During one trading day both rules 3.3 and 3.4 may apply.

4. ETFs on Fixed-income indices

- 4.1. ETFs including more than 50% fixed-income instruments, are considered ETFs on fixed-income indices.
- 4.2. The minimum volume is CHF 100'000.
- 4.3. Market makers must comply to following maximum spreads to the iNAV, if available:
 - a) 0.1% (+/- 0.05%) for money market products;
 - b) 0.5% (+/- 0.25%) for money market products not traded in the fund currency;
 - c) 0.5% (+/- 0.25%) for government bonds, «supranationals» and similar bonds with a maturity of less than 3 years;
 - d) 1.0% (+/- 0.5%) for government bonds, «supranationals» and similar bonds with a maturity of more than 3 years and investment-grade corporate bonds;

- e) 2.0% (+/- 1.0%) for emerging markets bonds and non-investment-grade corporate bonds.

5. ETFs on commodity indices

- 5.1. ETFs including more than 50% commodities, are considered ETFs on commodity indices.
- 5.2. The minimum volume is CHF 50'000.
- 5.3. If at least 50% of the underlyings are tradable on their primary market during BX trading hours, maximum spread is 1.0% to the iNAV.
- 5.4. If at least 50% of the underlyings are not tradable on their primary market during BX trading hours, maximum spread is 3.0%.
- 5.5. During one trading day both rules 5.3 and 5.4 may apply.

6. ETFs on collective investment schemes indices

- 6.1. The minimum volume is CHF 50'000.
- 6.2. If at least 50% of the underlyings are exchange-traded real estate funds or hedge fund indices, maximum spread shall be 2% (+/- 1% to the iNAV, if available).

7. Final provisions and validity

- 7.1. For ETFs differing from the abovementioned categories, the provisions for ETFs on equity indices apply.
- 7.2. This Annex has been approved by FINMA on February 3rd 2017 and comes into force on March 7th 2017.