Nonbinding translation

BXQ1 Trading Rules

Art. 1 Purpose

BX Berne eXchange (BX) provides a platform for trading securities and other financial products (instruments) using a trading model based on the price-time principle (BXQ1). Only instruments approved by BX may be traded using BXQ1.

The principles, provisions and sanctions of the BX trading rules (Handelsorganisation and Reglement über den Effektenhandel der BX) apply to BXQ1, unless supplemented or contradicted by this rules.

Art. 2 Product groups/segments

Instruments are managed in product groups or segments, which may be determined by BX.

Art. 3 BXQ1 trading system

The system allows trades between all connected trading partners during trading hours. No opening auction takes place.

BX trading partners place orders into the BXQ1 system via the BX interface using standard BX order types. Designated market makers place "tradable quotes" via a separate, dedicated interface. Orders and tradable quotes receive a time stamp from the same source.

Orders of all participants and designated market maker's tradable quotes, are processed according to the price-time principle, whereas orders with the same price and time stamp have precedence over tradable quotes.

Orders can only be executed when a designated market makers' tradable quote is available, which is not older than 20 seconds for leveraged products and not older than 30 seconds for other products. BX may set different time validities for individual product groups or segments.

BX determines a spread for valid executions per instrument. If the designated market maker sends a two-sided tradable quote, the spread will be identical to that quote. In the case of a one-sided tradable quote (bid or ask only), BX determines the missing market side. The spread will not be published.

If no matching is possible, the order will be forwarded to the designated market maker in a 'request for quote' process.

Best bid and best ask prices will be published with volumes.

Partial executions and different execution prices for partial executions are possible, whereby BX or the designated market maker, subject to prior approval by BX, can restrict the availabiility of partial executions for individual project groups or segments.

In the case of order modifications, the existing order will be cancelled and the modified order will be treated as a new order. As a follow it will receive a new time stamp and be ranked as a new order. During the execution procedure an order will be locked, hence may not be deleted or modified.

Art. 4 Order types
The usual BX order types and conditions will be supported. For designated market makers the new order types "Quote" and "Tradable Quote" are introduced as entry of a limited bid and/or ask price.

Art. 5 Validity of orders
The maximum period of validity of an order is 90 days, whereby orders are kept until close of trading of the last trading day at latest. Any outstanding orders after this date will be deleted.

BX can set other maximum order validity periods for individual product groups or segments.

Art. 6 Price steps and trading units
All instruments can be traded with a price step of three decimal points.

The trading unit is the smallest tradable quantity as defined by the designated market maker for the individual security.

BX can set different price steps or different trading units for individual product groups or segments.

Art. 7 Maximum order amount
The maximum order amounts are as follows:
–   Investment products: CHF   1,000,000;
–   Leveraged products: CHF   100,000;
–   Other products: CHF   100,000.

If an instrument is not traded in Swiss francs (CHF), the above amounts are to be understood in the currency symbol in the instrument trading currency (e.g. EUR or USD).

BX can determine other maximum order amounts for individual product groups or segments.

The maximum order amount is checked on order receipt, since actual execution amount may exceed the initial amount.

Orders which exceed the maximum order amount may only be placed as 'Immediate or cancel' (IOC) or 'Fill or kill' (FOK).

Art. 8 Market control
BX market control ensures a fair and orderly trading. In the interest of transparent, efficient and liquid trading, market control can, in particular, suspend trading in individual instruments (e.g. in the case of derivatives, the suspension or delisting of the underlying, the cancellation or incalculability of an underlying index or the technical impossibility of regularly obtaining data of the underlying), suspend all trading, instruct market participants to delete orders from the order book, declare executions as invalid, cancel executions or instruct the market participants to reverse trades.

Art. 9 Mistrades
Market control may delete mistrades it detects or which have been reported immediately by one of the involved parties, irrespective of whether further trades occurred in the instrument concerned.

In order for a mistrade to be declared, additionally, all of the following conditions have to be met:
1.   Notification or decision by market control within 30 minutes after trade.
2.   The trade price differs significantly from the market price or a fair and proper market was not ensured during the trade, whereby the final decision is entirely in the discretion of BX market control.
3.   The mistrade can be reversed on the same clearing day.

Mistrades processing is subject to fees.

Art. 10 Obligations of trading partners (Lizenznehmer) including designated market makers
Trading partners (Lizenznehmer) and their traders ensure fair trading and observe relevant rules on market conduct.

Designated market makers are trading partners of BX and are obliged to ensure a liquid and orderly market in the instruments they handle, including placing tradable quotes with appropriate volumes during trading hours, handling orders fairly and, in particular, by ensuring sufficient liquidity even in critical market situations.

Art. 11 Trading hours and calendar
Trading hours for BXQ1 are 09:15 to 17:00. BX may decide to extend trading hours up to 08:00 to 22:00. The BX trading calendar applies. Outside trading hours, orders may be entered, modified or deleted from 07:30 until market opening and from market closing until 22:30.

Shorter or longer trading hours may be introduced for individual product groups or segments.

Art. 12 Trading suspension
Trading suspension pursuant Art. 25 of BX trading rules (Reglement über den Effektenhandel der BX) a) 'Volatility interruption' and b) 'Market order interruption' are not applicable. Suspensions are decided by market control.

Art. 13 Market supervision
Within the framework of self-regulation, BX market supervision monitors trading for compliance with legal requirements and trading rules. Market supervision will inform FINMA or other competent authorities if violations or other shortcomings are suspected.

Art. 14 Emergency situations
Emergency situations for technical reasons will be handled according to BX rules and usual practice.

Art. 15 Mandatory stock exchange trading
During trading hours, all trading partners are obliged to enter buy and sell orders into the system and execute them via BXQ1, with the exception of orders exceeding the maximum order amount pursuant to Art. 6. These orders can be handled via the system or off-exchange.

Trades in derivatives both on-exchange and off-exchange are subject to the Concentration Rule according to Art. 12 of BXD1 listing rules (Zusatzreglement für Derivate BXD1).

Art. 16 Reporting obligation
Trading Partners (Lizenznehmer) and all other securities dealers (Effektenhändler) authorised by the supervising authority ("other securities dealers") are obliged to report to BX all transactions in instruments admitted to trade on BX (Art. 15 SESTA, Art. 2 SESTO-FINMA).

The reporting has to be made through the BX electronic interface and is subject to charges according to the relevant BX price list. Password-protected access will be provided on request.

If orders are passed onto other securities dealers, each securities dealer involved in the transaction chain will have the same duty to report.

Art. 17 Fulfilment of the reporting obligation for trades via the system
Trades happening during trading hours via the system (on-exchange) count as reported for the trading partner (Lizenznehmer). The system records those trades automatically.

Other securities dealers participating in the transaction chain report the trade via the BX electronic interface at latest before market opening of the next trading day (Trade Confirmation).

Art. 18 Trades outside the system (off-trades)
All trades agreed outside the system have to be reported via the BX electronic interface as follows (off-trade report):
- trading partners (Lizenznehmer): within 30 minutes
- non trading partners (other securities dealers): at latest before market opening of the next trading day.

Art. 19 Delivery, clearing and settlement
BX sends settlement instructions only for trades occurred via the system (on-exchange)

Clearing and settlement take place through SIX SIS (Swiss Value Chain). If required, BX may approve additional clearing and settlement providers.

Trading partners may renounce to BX automated settlement services. Requests to this effect must be sent to and approved by BX.

Art. 20 Publication of market information
Market information will be published on the BX website for the corresponding segment in observance of the professional secrecy provisions of Art. 43 SESTA. No official market bulletin (Kursblatt) will be published.

Trading partners (Lizenznehmer) may use market information made available via the system.

BX stores all the information and is entitled to forward it to competent authorities.

BX may charge fees for distributing market information.

Art. 21 Fees

Trading partners (Lizenznehmer) and other securities dealers are obliged to pay statutory and BX fees.

BX sets out the details in a segment-specific price list.

Fees listed under point 1. of BX price ordinance (Gebührenverordnung), in particular the volume fee (Umsatzgebühr) and trade fee (Ticket fee) do not apply.

Art.22 Final provisions

The provisions of the BX trading rules (Reglement für den Effektenhandel an der BX) apply in the same tenor for all not herein mentioned special provisions.

Approved by the Board (Vorstand) of the Berner Börsenverein on 24.April.2013.
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