

# SDX Go-Live Event

10. November 2021



# Agenda

1. From Financial Market Infrastructure to Digital Market Infrastructure
2. Regulatory Framework
3. Digital Market Infrastructure
4. A peek around the corner
5. Q&A

# David Newns

Head SIX Digital Exchange



# David Newns – A brief introduction

In October 2021, David joined as Head SIX Digital Exchange. Prior to his position, David was Senior Managing director at State Street and Global Head of GlobalLink Execution services. In this role he has been responsible for Currenex and FX Connect, GlobalLink's core execution and trading platform businesses. Previously, he was Global Head of Currenex and SwapEx and prior to that, held the roles of Chief Operating Officer for State Street Global Exchange Trading & Clearing and State Street eExchange EMEA. He has more than 20 years of experience in the eFX industry, having joined Currenex in 2001 as a founding member of Currenex's London operation. Prior to joining Currenex, David held several positions in technical services at MicroStrategy, a leading global provider of enterprise software platforms for business intelligence.



**10.2021** – Head of SIX Digital Exchange

**2017-2021** – Head of Global Link Execution Services

**2014-2017** – Global Head of Currenex and SwapEx

**2011-2014** – Chief Operating Officer State Street eExchange

**2007-2011** – State Street acquisition - Currenex Head of EMEA

**2000-2007** – Currenex

**1996-2000** – Microstrategy

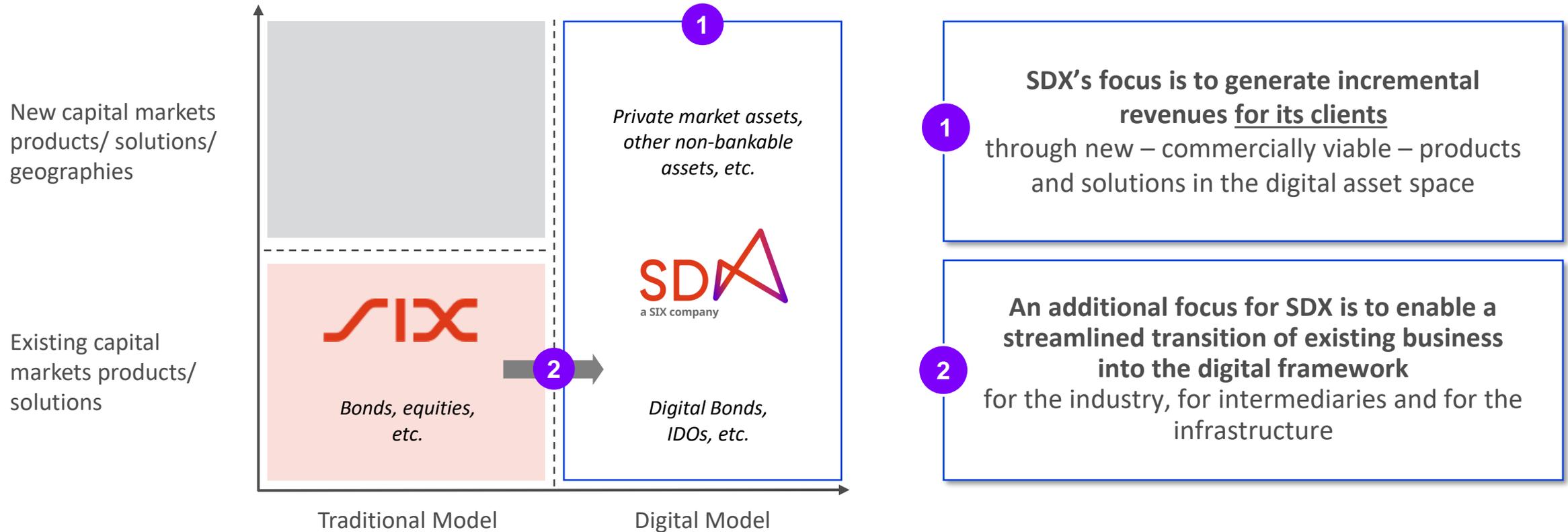
# 1. From Financial Market Infrastructure to Digital Market Infrastructure

David Newns, Head SIX Digital Exchange



# SIX Digital Exchange enables industry-wide digital transformation

## Expansion into the digital ecosystem with SDX



# SIX continues to break new ground, establishing SIX Digital Exchange as first fully regulated and integrated infrastructure for digital assets

2021	<ul style="list-style-type: none"> <li>• Cross-border wholesale CBDC</li> <li>• <b>LICENSE APPROVAL</b></li> <li>• Client onboarding</li> <li>• Initial bond transaction</li> </ul>
2020	<ul style="list-style-type: none"> <li>• SDX build-up</li> <li>• Project Helvetia</li> <li>• ADX</li> </ul>
2019	<ul style="list-style-type: none"> <li>• Strategy definition</li> <li>• SDX build-up</li> </ul>
2018	<ul style="list-style-type: none"> <li>• Start of journey</li> </ul>

## LICENSE APPROVAL

- Stock Exchange
- Central Securities Depository
- Digital assets (Bonds & Equities)



9 September 2021

### **SIX Digital Exchange gets regulatory approval from FINMA**

Today, SIX Digital Exchange (SDX) formally received the FINMA go-ahead to operate a stock exchange and a central securities depository for digital assets in Switzerland.

This authorization enables SDX to go live with a fully regulated, integrated trading, settlement, and custody infrastructure based on distributed ledger technology for digital securities. With these licenses, SDX can now offer the highest Swiss standards of oversight and regulation.

# SIX's Motivation to Invest in Innovation Based on Distributed Ledger Technology

1	Acceleration of digital transformation	<ul style="list-style-type: none"> <li>Emerging technologies continue to gain scale</li> <li>Client demand for digital assets grows</li> </ul>	<ul style="list-style-type: none"> <li>Increasing adoption and comfort with DLT</li> </ul>
2	Sustained cost pressures across the value chain	<ul style="list-style-type: none"> <li>Ongoing need to realize substantial efficiencies</li> </ul>	<ul style="list-style-type: none"> <li>DLT as potential enabler for automation more efficient collaboration to unlock cost efficiencies</li> </ul>
3	Balance sheet capacity continues to be a constraint	<ul style="list-style-type: none"> <li>High scrutiny where/how scarce financial resources are allocated</li> </ul>	<ul style="list-style-type: none"> <li>DLT-based solutions to improve balance sheet management</li> </ul>
4	Increased competition from both traditional players and new entrants	<ul style="list-style-type: none"> <li>Intensifying competitive landscape</li> <li>Value migration along the value chain</li> </ul>	<ul style="list-style-type: none"> <li>Increased demand for DLT solutions with clear and differentiated client benefits</li> </ul>
5	New product and service offerings	<ul style="list-style-type: none"> <li>Desire to add new product and service offerings both as differentiator and source of new revenues</li> </ul>	<ul style="list-style-type: none"> <li>Need for traditional finance institutions to apply and integrate with DLT-based technologies</li> </ul>

# A First stepping stone to overcome limitations seen in the market today

## What happens in the global context...

Selected international banks and issuers that have experience with digital assets on DLT<sup>1</sup>



## ...and what are limitations today?

- **No ecosystem** that is open to a broader set of market participants and drives standardization
- **Fragmented pilot projects** that cover only parts of the entire value chain
- **Absence of an official digital currency** for settlement and automation of corporate actions
- **No availability of regulated and trustworthy digital infrastructure providers**

The regulated and trustworthy digital infrastructure will facilitate collaboration across currently fragmented pilot projects in the digital assets space. It's a first stepping stone to introduce the 'digital asset age' in a risk-controlled way

<sup>1</sup> Please be aware that this is public information and that this statement does not relate or confirm any business relationship between the parties mentioned and SDX.

# 2. Regulatory Framework

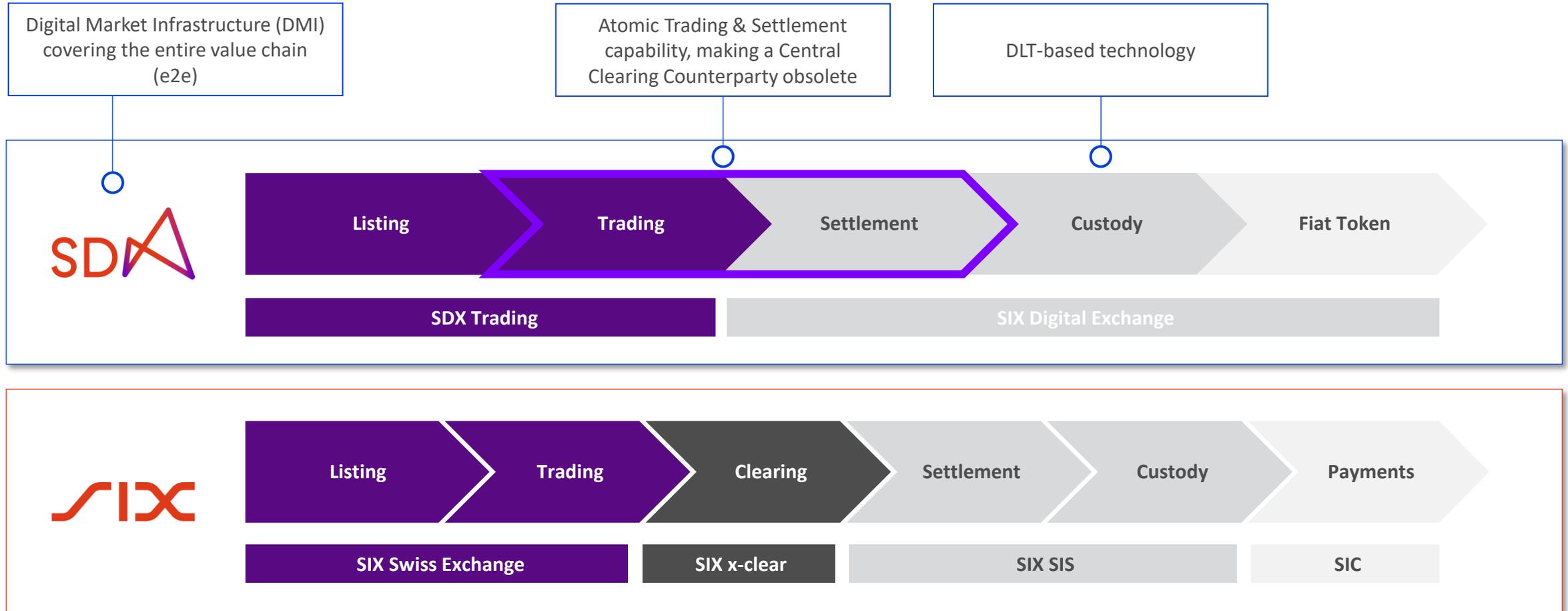
Nathan Kaiser, General Counsel



# 3. Digital Market Infrastructure

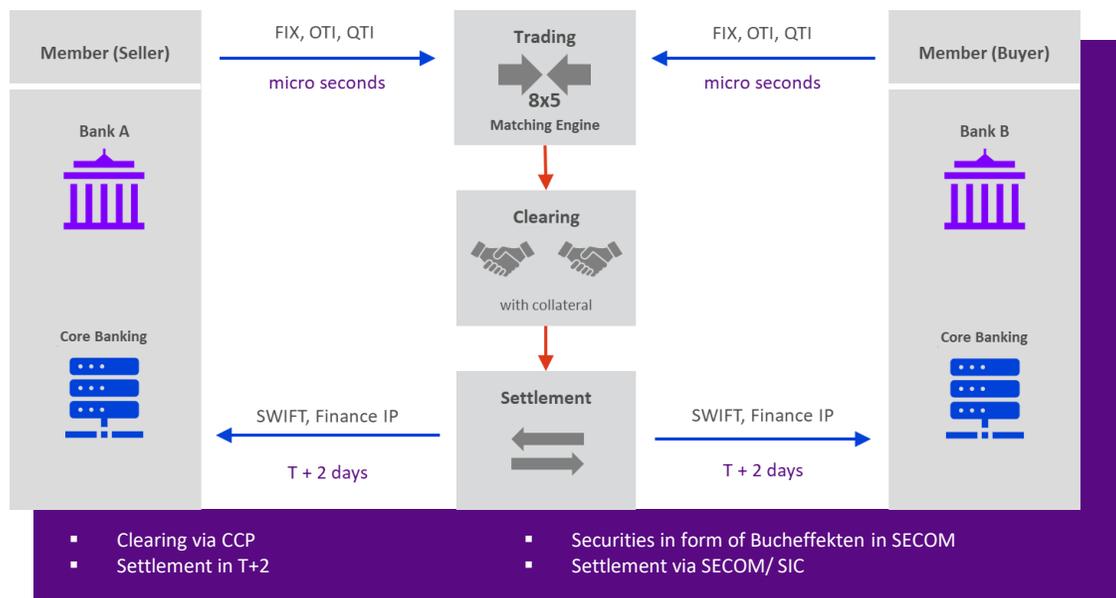
Mathias Studach, Head Finance, Risk and Org. Development

# SIX Digital Exchange aims to streamline the value chain, drive efficiency gains and reduce cost over time

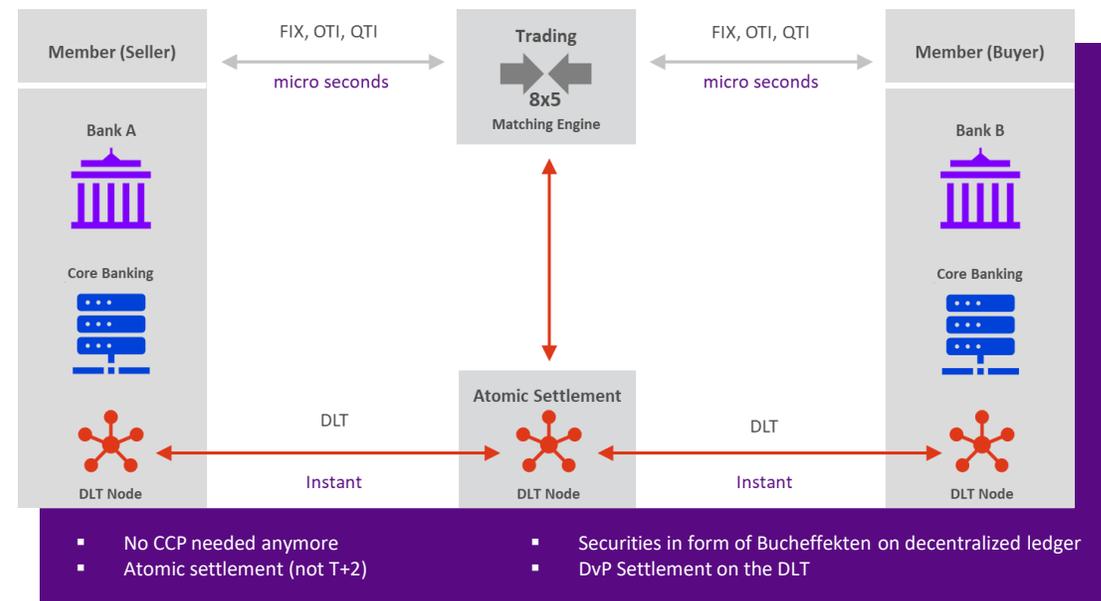


# Reinvention of currently separated processes

## Traditional Exchanges like



## 



### Exchange

- Multilateral trading
- Securities
- Contract conclusion along non-discretionary rules
- Listing of securities

### CCP

- Provides a central counterparty and netting function between counterparties of a securities transaction to reduce risk and increase liquidity.

### CSD

- Operation of a central securities depository
- Operation of a securities settlement system
- Creation of intermediated securities ("Bucheffekten") according to BEG

### Exchange

- Multilateral trading
- Securities
- Contract conclusion along non-discretionary rules
- Listing of securities

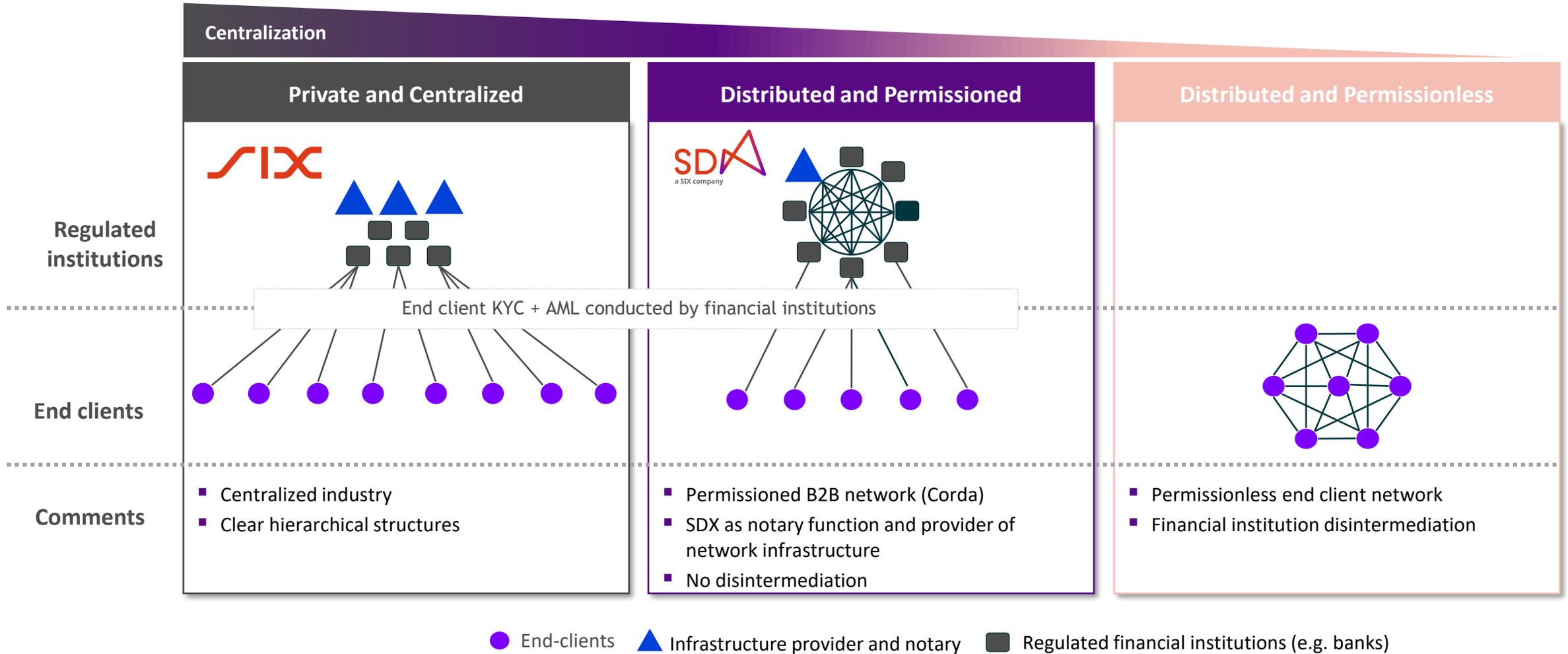
### Atomic Trading & Settlement



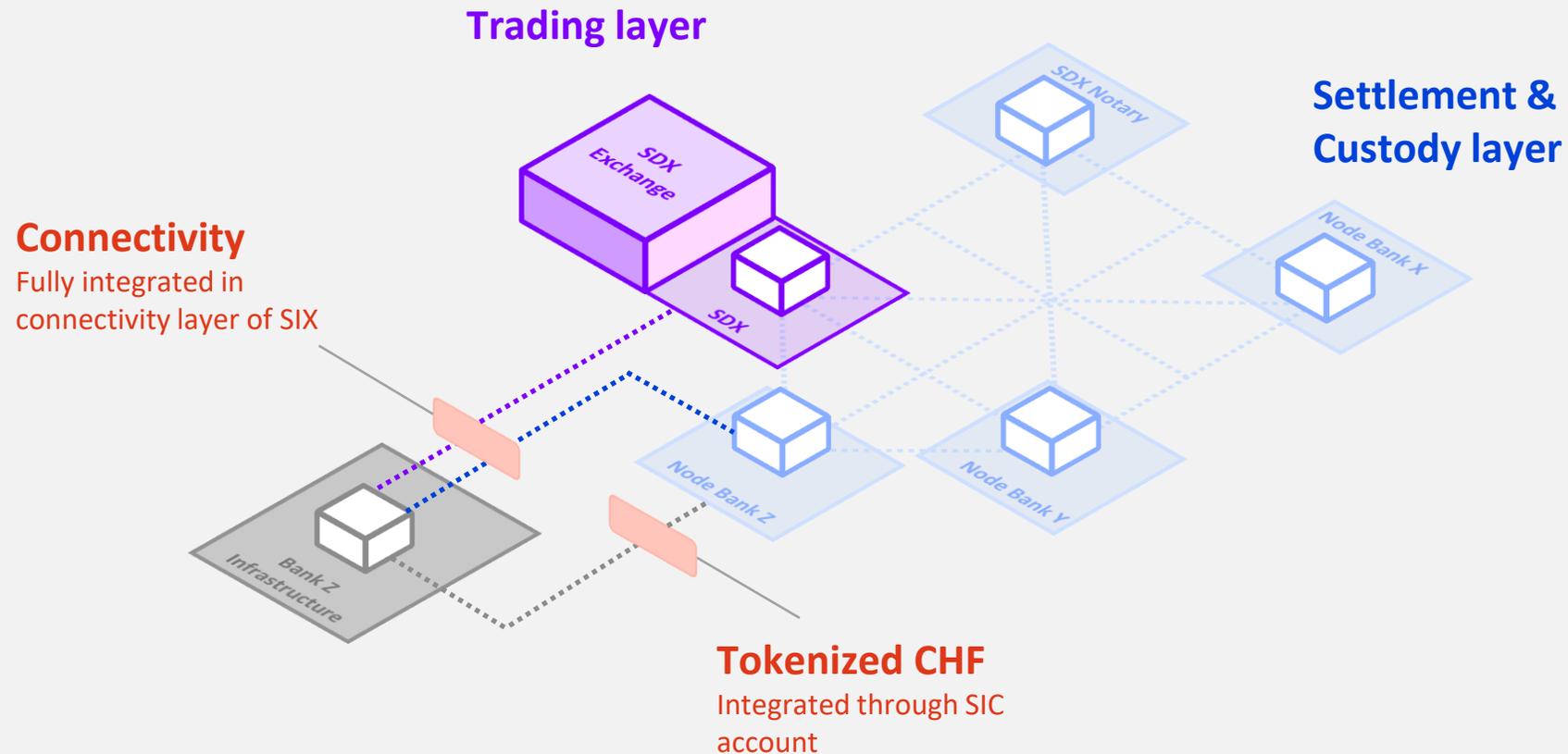
### CSD DLT

- Operation of a central securities depository
- Operation of a securities settlement system
- Creation of intermediated securities ("Bucheffekten") according to BEG

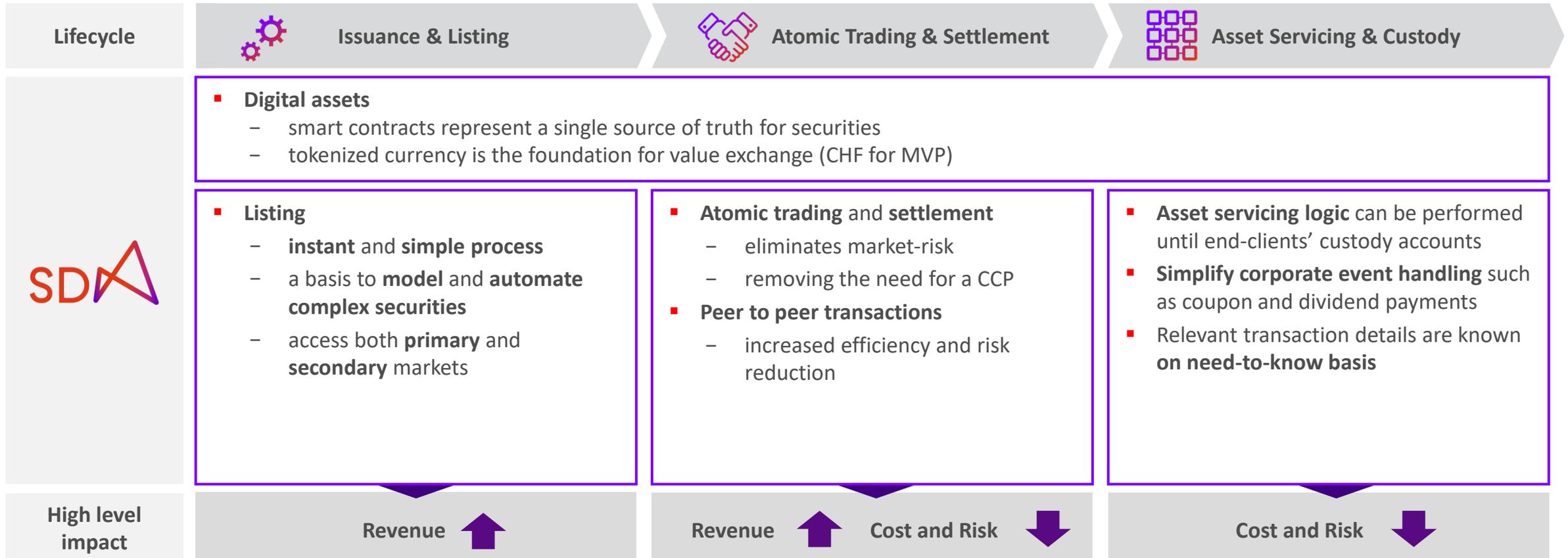
# A perspective on different DLT/Blockchain models in the market



# The CSD and Exchange form the heart of the new ecosystem and make key innovations immediately available to participants

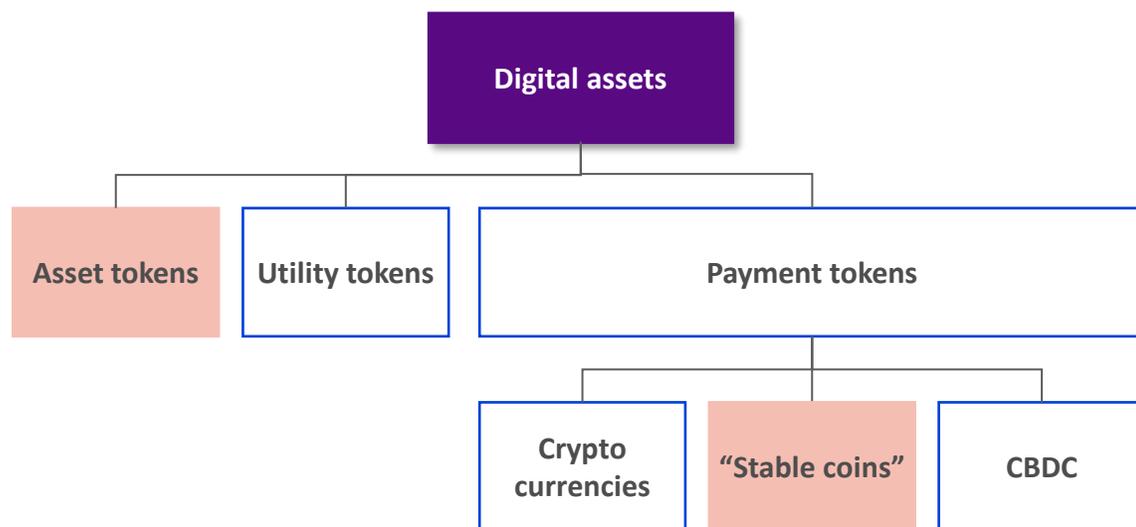


# SDX as known and trusted partner to build a Digital Asset Ecosystem and explore new opportunities



# SDX's initial offering focuses on securities tokens settled and custodied on a private, decentralized infrastructure

## SDX initial offering includes digital bonds and equities



Examples:

Digital Bonds/Equities



TaelPay



Bitcoin



SDX TCHF<sup>1</sup>



Project Helvetia



## SDX go-live scope

- Initially **Digital Bonds and Equities** can be traded on the exchange and settle in the central securities depository run on DLT
- Supporting both **Public** and **Private placements**
- **Governing law** of the issued security is **Switzerland**
- The **settlement** happens in **tokenized CHF**, which reflect FIAT currency that is stored in an SDX account at SIC
- Banks and securities dealers as **participants of exchange and CSD** being the **link to issuers and investors**
- Based on **uncertificated securities** becoming **intermediated securities** (973c Swiss code of obligation)

1) Tokenized commercial bank money

# 4. A peek around the corner

Dr Peter T. Golder, Global Head of Commercial

# 5. Q&A

# Disclaimer

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Thank you