SDX for SME

Our collective challenge is to harness new technologies and business forces to reshape our industry for the better. SDX, we believe, is key in this transformation. As are our clients, stakeholders, and partners.

David Newns,
Head SIX Digital Exchange

SIX Digital Exchange is the world’s first fully regulated digital exchange and central securities depository. And it’s live. Now. What this means is that you can issue, trade, and secure your bonds, equities, tokens on one, single, reliable, and trusted DLT-based offering. As a trader, broker-dealer, banker or corporate this is the perfect moment to look hard at the world of Digital Assets.

Our core pillars:

- **Fully regulated**
  SIX as the fully regulated source of trust.

- **Token**
  Digital assets - Tokenized cash
  The market where value is listed, exchanged and stored.

- **Full value chain**
  From issuance, via transfer and settlement to custody.

- **B2B model**
  Purely focused on business clients on a permissioned chain.

Join us now!

www.sdx.com

a SIX company
SDX aims to simplify the value chain, drive efficiency gains and reduce cost over time.

High level issuance/tokenization journey combining traditional and new processes:

1. Intends to issue bonds/equities
2. Selects lead manager/syndicate
3. Advises issuer and facilitate placement with investors
4. Inform Issuer Agent about final allocations
5. Creates/issues tokens (bonds, equities) and allocates to participating banks/investors
6. Listing

All processes and roles displayed for market actors here correspond to current best practices and remain largely unchanged.

SDX aims to simplify the value chain, drive efficiency gains and reduce cost over time.

Digital Market Infrastructure (DMI) covering the entire value chain (e2e)

Atomic Trading and Settlement capability

DLT-based technology

SDX Trading

SIX Digital Exchange

Listing Trading Settlement Custody Fiat Token

SIX Swiss Exchange SIX x-clear SIX SIS SIC
Digital model:

Integrated CSD and Exchange – efficiency gains and cost savings along the value chain

**Digital model**

- **Seller (SDX Member)** → **Sell-Order** → **Trading** → **Matching Engine** → **Buy-Order** → **Buyer (SDX member)**

- **Bank A**
  - Core banking
  - No CCP needed Instant settlement

- **Bank B**
  - Core banking
  - No CCP needed Instant settlement

- **New**
  - Atomic Settlement on DLT
  - Nodes

**Exchange**

- Listing of securities
- Multilateral trading
- Contract conclusion along non-discretionary rules
- Starting in Equities and Bonds

**CSD Operation**

- Central Securities Depository on DLT
- Settlement system
- Creation of intermediated securities according to the Swiss Federal Act on Intermediated Securities

**Atomic Trading & Settlement**
resulting in reduced settlement risk and cost savings
**Advantages for SMEs**

**Benefit from the public capital market**
SMEs benefit from the full potential of public capital markets, including a faster and more efficient capital raising, wider and more diverse shareholder base, stronger credibility for business partners and employees.

**Optimize trading and the liquidity of your shares**
Enhance your visibility towards investors thanks to an optimized trading model tailored to fit companies with lower market capitalization shares, leading to improved price formation and trade execution.

**Increase your brand awareness**
SMEs listed on SDX can take advantage of a continuous publicity from the day it goes public and as long as it remains listed.

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**Advantages for Investors**

**Access to new investment opportunities and potential attractive returns**
Invest in new shares listed on the SDX Trading and contribute to the growth value creation of young and fast-growing SMEs.

**Highest levels of investor protection**
Get access to a regulated stock exchange segment supervised to the highest standard and experience the benefits of transparency delivered at the highest level.

**Improved liquidity and state-of-the-art trading technologies**
A new trading model tailored specifically to fit SMEs’ needs, such as improved price formation and order execution. Along with the main segment (SDX equity), fully automated, transparent, fast and secure processes are granted.
## Differences SDX and Main Market

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<th>Requirements</th>
<th>SDX Main Market</th>
<th>SDX SME Equity</th>
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<tr>
<td>Regulatory Standard</td>
<td>International Reporting Standards</td>
<td>Standard SDX SME Equity</td>
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<td>Market Model</td>
<td>Central Limit Order Book (CLOB)</td>
<td>Central Limit Order Book (CLOB)</td>
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<td>Settlement Cycle</td>
<td>Atomic</td>
<td>Atomic</td>
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<tr>
<td>Clearing Eligibility</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Track record</td>
<td>&gt; 3 years  (exceptions possible)</td>
<td>&gt; 2 years (exceptions possible)</td>
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<tr>
<td>Equity capital requirement</td>
<td>&gt; CHF 25 m</td>
<td>&gt; CHF 12 m</td>
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<tr>
<td>Capital increase requirement</td>
<td>-</td>
<td>&gt; CHF 8 m (if equity capital &lt; CHF 25 m)</td>
</tr>
<tr>
<td>Max. market capitalization at time of listing</td>
<td>-</td>
<td>&lt; CHF 500 m</td>
</tr>
<tr>
<td>Max. market capitalization after listing</td>
<td>-</td>
<td>&lt; CHF 1.0 bn (transfer to SDX main market if average over last 12 months &gt; CHF 1.0 bn)</td>
</tr>
<tr>
<td>Freely tradable shares (of the outstanding shares)</td>
<td>&gt; 20%</td>
<td>&gt; 15%</td>
</tr>
<tr>
<td>Market capitalization of freely tradable shares</td>
<td>&gt; CHF 15 m</td>
<td>&gt; CHF 15 m</td>
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<td>Minimum number of investors</td>
<td>&gt; 50 investors</td>
<td></td>
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<td>Trading Hours</td>
<td>09:00 - 16:30 CET</td>
<td>14:00 - 16:30 CET</td>
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<td>Continuous Trading</td>
<td>09:00 - 16:25 CET</td>
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<td>Closing Auctions</td>
<td>16:25 - 16:30 CET</td>
<td>16:25 - 16:30 CET</td>
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<tr>
<td>Randomized Opening</td>
<td>2 minutes, 09:00 - 09:02 CET</td>
<td>2 minutes, 14:00 - 14:02 CET</td>
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<tr>
<td>Randomized Closing</td>
<td>2 minutes, 16:30 - 16:32 CET</td>
<td>2 minutes, 16:30 - 16:32 CET</td>
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</table>

- **Same listing prospectus requirements (incl. same content)**
- **Same regulatory oversight**
- **Same reporting requirements**: Annual (audited) and semi-annual (unaudited) financial reporting; corporate governance reporting (SDX SME issuers can use a special template to complete their Corporate Governance reporting); disclosure of share holdings, management transactions and events that could affect the share price (ad hoc publicity)

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### Benefits for SMEs and their investors:

- **Simplified access** for younger companies
- **SDX** offers issuance, trading and custody of digital assets based on innovative **distributed ledger technology (DLT)**
- **Higher quality** for peers for smaller companies
- **Greater visibility** for smaller companies
- **More effective pricing and order execution for shares** of companies with lower market capitalization
- **Fast and efficient access** to capital thanks to listing status and to high levels of investor protection, transparency, and supervision
- **Funding flexibility** via equity capital raises and access to debt capital markets

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**Get in touch**

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