Onboarding at SDX

Frequently Asked Questions

SDX

a SIX company

1.

Why would I want to become an SDX Member?

As a Member of the SDX financial market infrastructure you gain access to the regulated digital asset space and can offer services to your clients which include:

- Atomic settlement with no counterparty risk — Distributed Ledger Technology (DLT) allows simultaneous trading and settlement. The trading venue checks with the DLT-based Central Securities Depository (CSD) if the participants have enough assets/funds available for the transaction before confirming it.

- Connection to both the traditional and the digital asset space, based on the established link to SIX SIS.

- New investment opportunities — SDX offers access to digital assets — in a standardized, fully regulated manner. SDX Members can offer custody and asset servicing for digital assets to their investor network.

- Innovation for corporate clients — acting as issuer agent on the SDX CSD allows Members to issue bonds and equity of corporate clients in tokenized and intermediated form — providing access for the company to a greater investor base and access to easier follow-up capital raises.

- Public regulated secondary market — arrange, advise, and act as listing agent for corporate clients which are ready for a public market and want to participate in the world's first public market with atomic trade and settlement.

Onboarding at SIX Digital Exchange. Frequently Asked Questions (FAQ)

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2.
What can a Member attain by onboarding onto SDX?

Joining SDX ecosystem opens a diversified portfolio of opportunities:

- Onboarding onto Digital Securities CSD enables a Member to store and transfer tokenized assets and/or tokenized money in a trusted secure environment, as well as to issue digital financial products (i.e., digital equities or digital fixed income).

- Onboarding onto Digital Securities Exchange enables a Member to list and trade tokenized assets on the SDX Exchange as well as listing and trading digital financial products (i.e., digital equities or digital fixed income).

3.
What are the prerequisites to become an SDX Member?

Regardless of the scope of the onboarding, pre-conditions to be onboarded onto SDX include:

- Commitment to onboard provided by the Member's Senior Executive(s).
- Contracts are signed (including a list of charges & other agreements acknowledged).
- Know Your Customer (KYC) approval granted.

As a next step, before moving to the execution phase of the onboarding, dedicated sponsor and project leads are assigned and working groups are established.

Details of participation conditions are described in the following documents and sections, depending on the scope of onboarding requested:

Scope	Document & Section
Digital Securities CSD	General Terms and Conditions, under "3. Conditions for Participation"
Digital Securities Exchange	Directive 1: Admission of Participants, under "2.1 Admission Requirements"

4.
How long does the onboarding process usually take?

Given that all prerequisites have been met; the onboarding has the following indicative time spans as seen below (depending on the scope selected):

Scope	Approximate Length of Onboarding
Digital Securities CSD	Average 2 months
Digital Securities Exchange	Average 3 months[1]

(1) Pre-condition for onboarding onto SDX Exchange is to be onboarded onto SDX CSD.

Please note, these are approximate values and depend on the availability of resources and the complexity of your environment.

5.
Does membership always entail Exchange onboarding for Digital Securities?

No. Membership can be confined to a Member on the CSD only. Onboarding to Exchange is required when a Member is also interested in listing a product and trading on the SDX Exchange.

6.
Do you offer a public API for queries and mutations for SDX CSD?

At this time, we do not offer an API solution. Currently, a Member can access our SDX CSD services through a dedicated portal. In addition, SDX supports SWIFT ISO messages for a subset of CSD instructions, which the Member can integrate into their core banking system.

7.

Which account types are provided to a Member on the SDX CSD?

Each account is classified with an account type, which can have one of the following three values:

• Proprietary

• Client Omnibus

• Client Segregated

These account types are provided to give a Member the option of segregating their internal positions from those of their clients. Within the client account type, it is also possible to hold positions in omnibus or segregated accounts.

8.

Are instructions settled with fiat money or with tokenized money?

SDX settlement can only take place in tokenized money running on Distributed Ledger Technology (DLT) using blockchain as a type of distributed ledger.

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9.

Can a legal entity have multiple nodes within your network?

Yes. Each legal entity participating in the SDX DLT network is considered a participant. Each participant has at least one Member. A Member is a subgroup of a participant such as a business unit or any other type of segregation that has its own node. It is the participant who decides to deploy additional nodes under the same legal entity.

10.

Can Members host their node themselves within their own infrastructure?

Under the current technical set-up and as per the SDX Hosting Agreement, the Member commissions SDX to provide technical provision of a participant node as an IT Service on the SDX platform. FINMA requires SDX to ensure that there is a stable operating environment and to provide operational excellence at all times, in order to reduce risk. SDX is obliged to ensure the security of the token overall within the SDX technical environment.

With the consent of SDX, the participant may in the future take over the technical operations of the Member node(s) or outsource it to third parties.

11.

Are there any obligations from the Members' side in terms of maintenance (backups, etc.)?

There is a set of activities that SDX currently strongly recommend in connection with the Hardware Security Module (HSM) infrastructure for the Digital Securities CSD, and those activities should be performed by the Member's Partition Security Officers (PSOs) recurrently. For SDX Exchange there are no recurring activities in terms of maintenance.

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12.
May tokenized assets and tokenized cash be held in the same account?

Yes. Each account can contain both tokenized assets and tokenized cash positions, however based on a Member's preferred set-up, holding cash and assets in two different accounts is also possible.

13.
Which financial instruments can an issuer agent currently issue on the SDX platform?

At this time, an issuer agent can issue digital securities (digital fixed income and digital equity securities).

14.
What tokenized currencies does SDX offer?

We currently support instructions against payment in tokenized CHF (tCHF) and in tokenized EUR (tEUR).

15.
What are recurring and non-recurring expenses?

The SDX fee schedules are designed based on three principles: transparency, equal treatment, and non-discrimination of participants. Expenses include initial one-off onboarding costs, annual participation fees and ad-hoc services.

For Digital Securities:

- Initial onboarding one-off cost: 1 node for technical onboarding, key management activities, coordination, introductions, training sessions and third-party costs

- SDX CSD participation cost: connectivity to the CSD, node hosting operations, infrastructure and HSM hosting and operations

- SDX Exchange participation recurring cost: participation to the Exchange, basic internet connectivity (i.e., access), usage of market information and registration to the Reporting Office

- Exchange connectivity recurring cost: technical connectivity

- Ad-hoc services SDX CSD: SIX Digital Exchange AG List of Charges

- Ad-hoc services SDX Exchange: SDX Trading AG List of Charges under the Listing and Trading Rules and SDX Trading AG List of Charges under the Reporting Office Rules
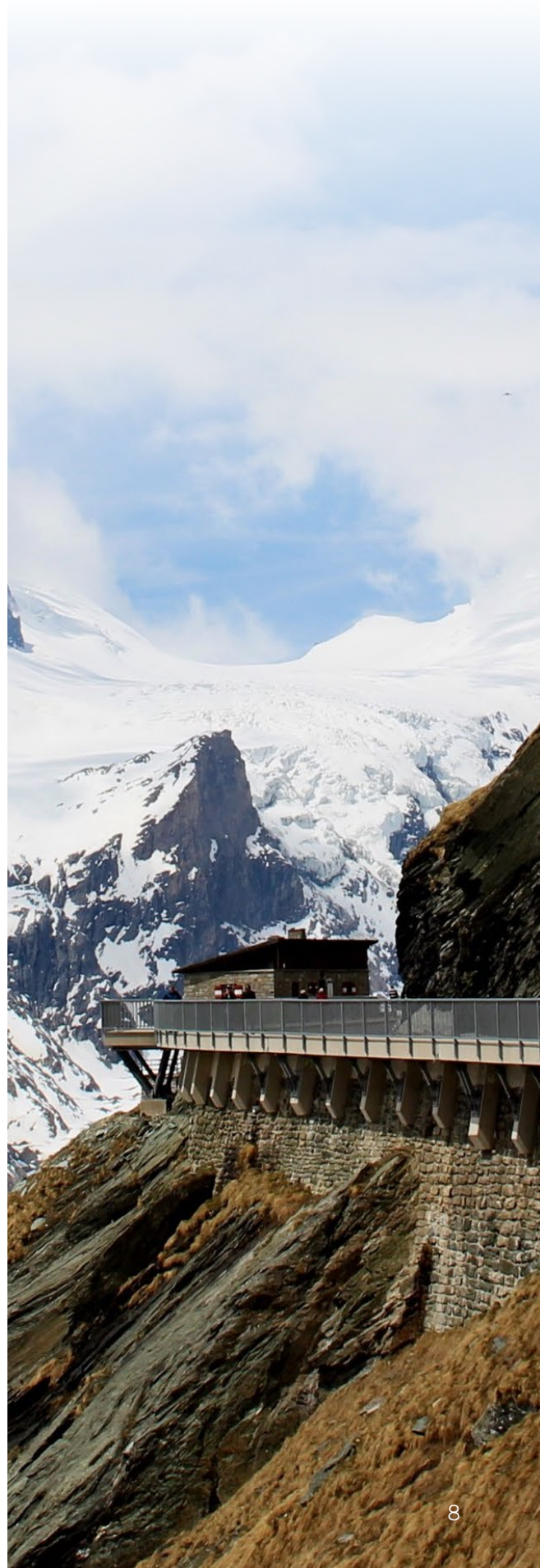
16.
Who needs to be involved for the onboarding?

The governance for the onboarding requires a dedicated sponsor, project lead, and key subject matter experts (SMEs) along the dimensions of the onboarding: contractual framework, Know Your Customer (KYC), technical, and business operations.

17.
Who needs to be involved in operating the business?

Depending on the scope of onboarding, different operational activities need to be performed by various teams within the Member's organization either to run or to maintain the operating business. Below is a non-exhaustive list of key actors for each service offered by SDX.

Scope	Key actors
Digital Securities CSD	• Operations specialists • Traders • Report Agents (if applicable – trade and transaction reporting) • Partition Security Officers*
Digital Securities Exchange	• Traders • Reporting Agents, if applicable • Operations specialists

* not involved in the day-to-day business. Further details during the onboarding process.

18.

If already a SIX Swiss Exchange Member, what is additionally required to extend the membership to SDX Exchange?

Being already an SIX Swiss Exchange (SSX) participant overall shortens the onboarding process for SDX Exchange. However, SDX CSD membership remains today a precondition along with additional forms and list of charges. Furthermore, a grandfathering applies for the trading license received from SSX or other equivalent stock exchange, resulting in a lighter version of the SDX addon exam. In certain circumstances, Members can reuse existing SCAP connectivity from SSX or add an additional SCAP line to connect to the SDX Exchange; on a case-by-case basis this can be clarified in the initial onboarding discussion or through your existing SSX technical support center contact.

19.

If already a SIX SIS Member what is additionally required to extend the membership to SDX CSD?

Due to the different nature of SIX SIS infrastructure and SIX Digital Exchange AG infrastructure, which utilizes a DLT platform for atomic settlement, SDX can only leverage previously provided data in limited circumstances. One such area where reusing data is possible is for the KYC questionnaire and documentation requirements (i.e., since SDX applies the same KYC questionnaire and documentation requirements as SIX SIS, an existing SIS Member does not need to fill in and provide everything again but can leverage existing documentation provided).

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