

Regulatory Spaghetti



Regulator Ready

Navigate to regulatory compliance with consistent, ready-to-consume data.

RISK

INVESTOR PROTECTION

REGULATORY REPORTING

TAX & COMPLIANCE

THIRD EDITION

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SOME OF OUR AWARDS IN 2020



Welcome to SIX

In an increasingly complex financial system, data is at the heart of investor protection, tax, risk management and compliance. Analytics tools used to automate risk, pricing and reporting require consistent, accurate and timely data. However, new and increasingly diverse rules are adding a significant cost burden to regulatory reporting, particularly when it comes to pre-trade decision making. On top of this, new regulations and new business models are creating fresh data requirements.



➔ **MARION LESLIE,**
Head of Financial Information

The reactive rush to compliance, doing whatever it takes regardless of the expense, is no longer viable. We are in this for the long haul and compliance is not exempt from the automation and digitization agenda. Increasing complexity, exacerbated by the localization of regulation and the relentless pace of change, means that data must be regulation-ready in order to respond and achieve sustainable long-term compliance.

Regulations require overlapping sets of data. Firms need to address the siloed information scattered across the business and consolidate their approach. A standardized, scalable data service enabling firms to extract the reference and pricing information needed for each regulation is the way forward.

Our Regulatory Navigator provides a clear roadmap of today's compliance landscape. With our consistent and granular regulatory data sets and services, SIX understands and supports the various complex challenges market participants face in their quest for compliance, effective risk management, automation and, ultimately, business advantage.



QUALITY

SIX is a registered and certified national numbering agency.

TRUSTED PARTNER

We have been supporting the financial industry for 90 years.



REFERENCE

Covering over 70 regulatory initiatives and over 32 million instruments.



Compliance That Drives Business

The arrival of MiFID II and PRIIPs, followed by Swiss FinSA, has coincided with the financial industry’s next great leap into the digital age. Banks need to respond to the challenge of fragmentation and design solutions that enhance their ability to meet regulatory demands flexibly and understand their impact quickly. We anticipate the need for manual controls to drop as business processes become less vulnerable to human intervention. Compliance is evolving, with automation and intelligent technologies transforming static processes into dynamic, flexible and proactive activities that drive business value. Regulatory data and documents are the key – the way that information is sourced, utilized and exchanged will define whether the next wave of investor protection mandates burden or benefit your business.

Having a strategic approach

Historically, compliance has been rigid, deadline-driven and costly. Firms have typically addressed regulations through “minimal viable compliance” (MVC), in other words: devote a specialized team, check off the boxes, move on and repeat. Today, the new regulatory ecosystem promotes flexibility, a proactive focus and, ultimately, enhanced customer value. Everyone in this ecosystem must collaborate to devise an efficient and expedient flow of information. For example, the interconnected nature of investor protection regulations calls for a different approach. It’s all about a more scalable, cost-effective strategy – instead of adding new data over and over again, firms can look to optimize their data processes to address multiple products’ governance, costs reporting and transparency requirements.

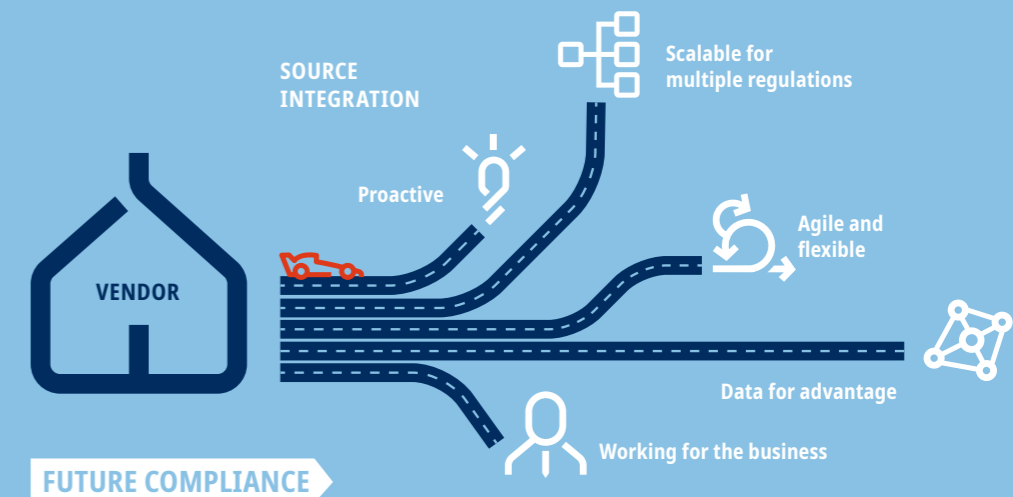
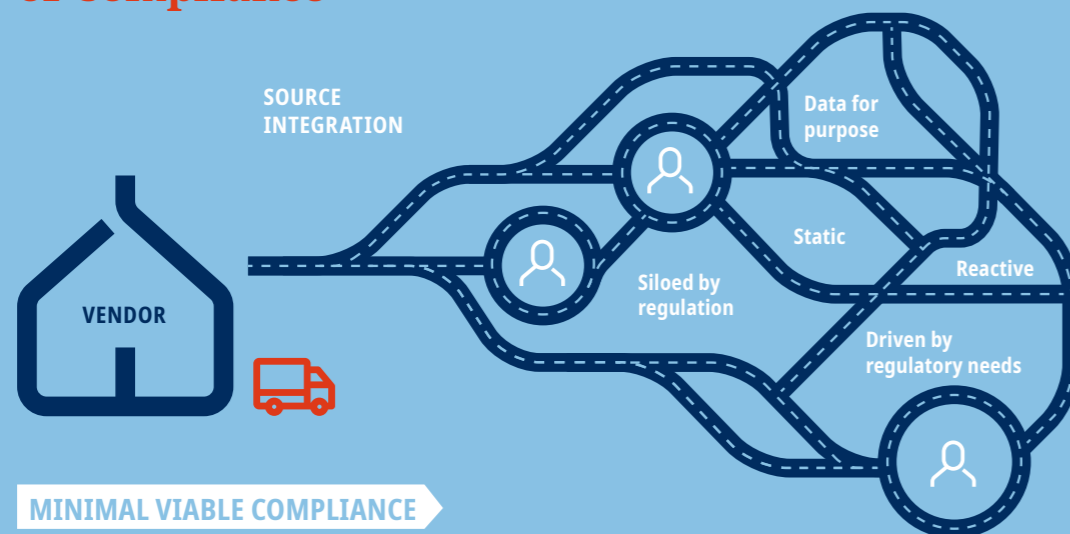


→ Strategic investment

“Besides knowing the client, Investor Protection requires a deep knowledge of each financial instrument. To stay compliant in this increasingly complex environment and – even more important – to strengthen client-focused activities, investing into the automation of regulatory workflows is key to drive profitability. Both data and documents need to fulfill the highest quality standards and need to be sourced consistently across various sources to uncover even hidden profitability and to efficiently integrate regulatory requirements across various regulations and jurisdictions.”

Ralf Rühling,
Senior Product Manager

The Evolution of Compliance



Consistent, Ready-to-Consume Information for Every Regulation

Regulatory data is only as powerful as the context that is added to it. With investor protection mandates, a single transaction can trigger a swathe of obligations. To stay compliant, firms must consider the ramifications and link instrument-level data with various documentation and reporting needs. Efficiently providing the required regulatory documents on time is one of the last stages in the process.

SIX offers tailored data packages that deliver data that is ready to consume for specific use cases. For this purpose, not only do we extract all relevant instrument information, including prices and conditions, and automatically link it across multiple regulatory obligations, we also define rule sets to generate indicators. For example, PRIIPs Scope Indicators, which calculate risk indicators to support the investment process across asset classes. As well as providing regulatory documents, SIX offers you the means to handle the processes within the scope of investor protection in a compliant manner. This runs from the starting point, such as the suitability assessment, to the successful conclusion of the client interaction, such as providing the KID to the client.



→ Tackling measures against data overload

“Today, financial firms need to make sure they’re getting higher quality, greater reliability and better insights, not simply greater volumes. With these increasingly high volumes of data to manage, successful financial services firms will be those with the capability to extract only what’s needed. A credible, transparent and widely accepted risk score covering multiple asset classes is just one example of what SIX is proposing to support the industry.”

Janine Hofer-Wittwer,
Senior Product Manager

Global Coverage, One Trusted Partner

Whether you are dealing with an international or local regulation, SIX provides you with complete support to scale your compliance program efficiently.

MIFID INVESTOR PROTECTION

Under the MiFID II regime, the scope of financial instruments has been extended to cover most asset classes for non-equity instruments. This has a massive impact on how investment instruments are provided to investors together with the appropriateness and suitability testing required as part of the advisory process.

SIX provides all the information required to carry out this testing: target market, costs and charges, PRIIP scope indicator and leverage instrument indicator (including “complex”/“non-complex”).

AIFMD

Under this EU directive, any alternative investment fund manager operating within the market must secure a passport for itself and each of its relevant funds. To meet the requirements, managers must regularly report on the liquidity, risk profiles and concentration of their portfolios. SIX provides you with the information you need to secure initial approval under the directive and helps you calculate asset and risk values for reporting.

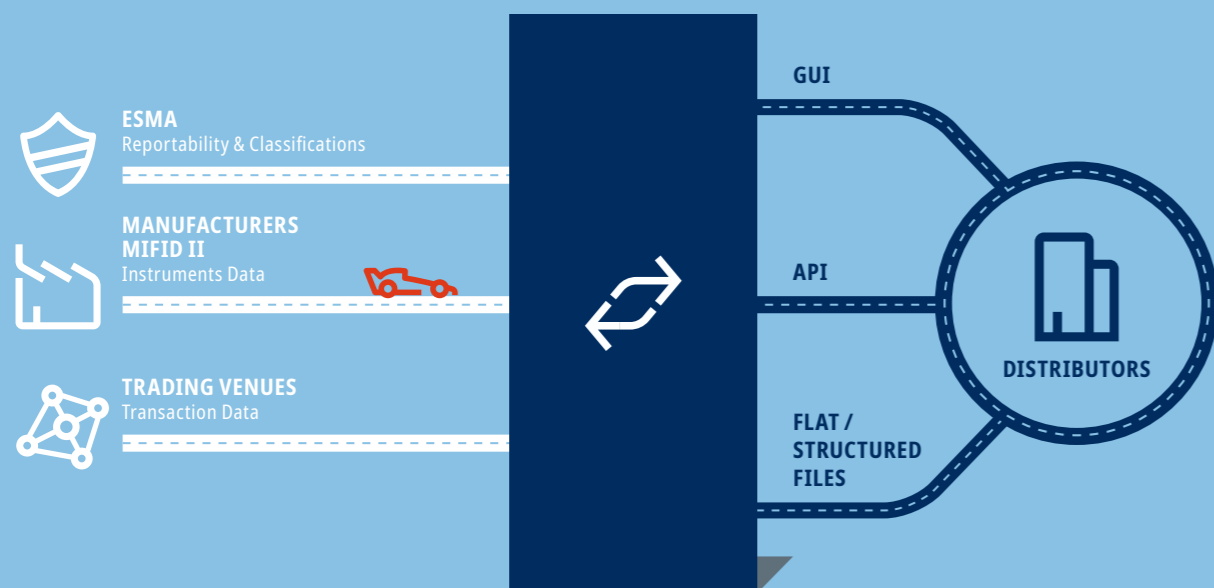
FINSA

The Swiss FinSA regulation defines a set of investor protection, transparency and Key Investor Document requirements. These are similar to those mandated by other EU regulations. SIX is continuously monitoring potential future developments and collaborates with other industry participants to ensure compliance throughout its scalable dedicated solution.

RISK INDICATORS

Among many aspects, matching the risk of an asset with the client’s ability and appetite to take it is key to investor protection regulations. While an issuer-calculated Summary Risk Indicator (SRI) is now mandatory for structured products and derivatives (and soon replacing UCITS’ SRRI), other asset classes don’t benefit from such assessment tools.

SIX has decided to develop a Product Risk Indicator (PRI) for equities, bonds, futures and options as an additional product offering. The PRI is derived from the SRI methodology and adapted for non-PRIIPs asset classes. Combined with the SRI, the PRI allows for monitoring of instrument risks in a consistent manner across investment portfolios.



Risk, Finance and Regulatory Reporting

When consistency, granularity and automation are key for your compliance, but not only that.

Following the 2008 financial crisis, regulators implemented multiple regulations to protect both the financial markets and the investors, aiming towards better transparency and reduction of market failures. In this regard, MiFID II aims to strengthen investor protection and improve the functioning of financial markets, making them more resilient and transparent. CSDR's core goal is to increase the safety and efficiency of securities settlement and settlement infrastructures (CSDs) in the EU. Ultimately, all these multiple global regulatory efforts come at a price, to build a common and integrated view.

Most of these regulations require consistent and granular data sets, including large volumes of reference data, identifiers and classification. When processed manually or partially manually and in isolation, these data sets are prone to errors. Ultimately, this leads to higher operating costs or even to being non-compliant.

With its regulatory reporting data sets, SIX supports the market participants in their quest for data quality and automation, and transforms regulatory reporting compliance into a real business advantage.



→ WITH AN EYE TOWARDS THE FUTURE

"Compliance has seldom looked beyond the next regulatory deadline. Yet in a digital age where financial institutions are looking to derive value at every touchpoint, regulatory compliance will evolve into a strategic exercise that taps into the power of data. And as the regulatory ecosystem becomes even more intertwined, firms will need to ensure proper quality, consistency and completeness for this model to live up to its potential."

Heiko Stuber,
Senior Product Manager



→ REDUCE COST AND COMPLEXITY

"Financial institutions need to lower the total cost of ownership and make regulatory and compliance processes easy. Not only do automation and the successful use of analytics help to find meaningful patterns in data, but also to ease the regulatory complexity and burden. SIX has a huge repository of raw data and enhanced with additional attributes, this resolves a large variety of data needs, providing compliance with regulatory requirements."

Alexander Dorfmann,
Senior Product Manager

The Right Data, Whatever the Reporting Requirements

SIX provides specific data sets to support reporting regulations.

SFTR

The EU's SFTR is intended to increase the transparency of securities financing markets, avoid a business shift to less regulated areas, and monitor and enhance transparency in the area of collateral reuse.

SIX supports the market with the required complete and high-quality data (LEI, security type classifications, official classification, instrument quality...) to ease the reporting workflow.

CSDR

CSDR aims to harmonize certain aspects of the settlement cycle and discipline, providing a set of common requirements for CSDs operating securities settlement systems across the EU.

SIX provides CSDR data points on around 1.5 million financial instruments. On top of the key areas of CSDR-SDR (cash penalties calculation and settlement fails reporting), SIX also supports the Internalized Settlement Reporting with a marker for instruments in scope and issuer CSD information (name, LEI).

HQLA

Risk and Financial Reporting (Basel Rules)

This regulatory liquidity standard seeks to ensure that banks have an adequate stock of unencumbered HQLA (high-quality liquid assets: cash or assets that can be converted into cash at little or no loss of value in private markets, to meet its liquidity needs for a 30-calendar-day liquidity stress scenario).

SIX provides the classification (level) of securities in accordance with the respective and various national Basel rules, but also delivers:

- The value of the highest haircut (percentage price drop) for the last 84 calendar days (30 calendar days' observation period)
- The indication, if the security is a constituent of a major or nationally recognized equity index

The Regulatory Reporting Challenge



Too much time spent preparing the report



Manually verify data and manually make report adjustment



Extra costs leading to higher price for the clients or decreasing services

Data sets are **already configured** to meet the regulatory requirements (coverage, granularity) and automation needs

When used in several sets, the data field always comes from a single source and is **consistency-proofed**

Data sets proposed by SIX are extensive but the same data is **only charged once**



EASY TO INTEGRATE



TRANSPARENT CONTENT



YOU ARE IN CONTROL

Staying a Step Ahead of Sanctions

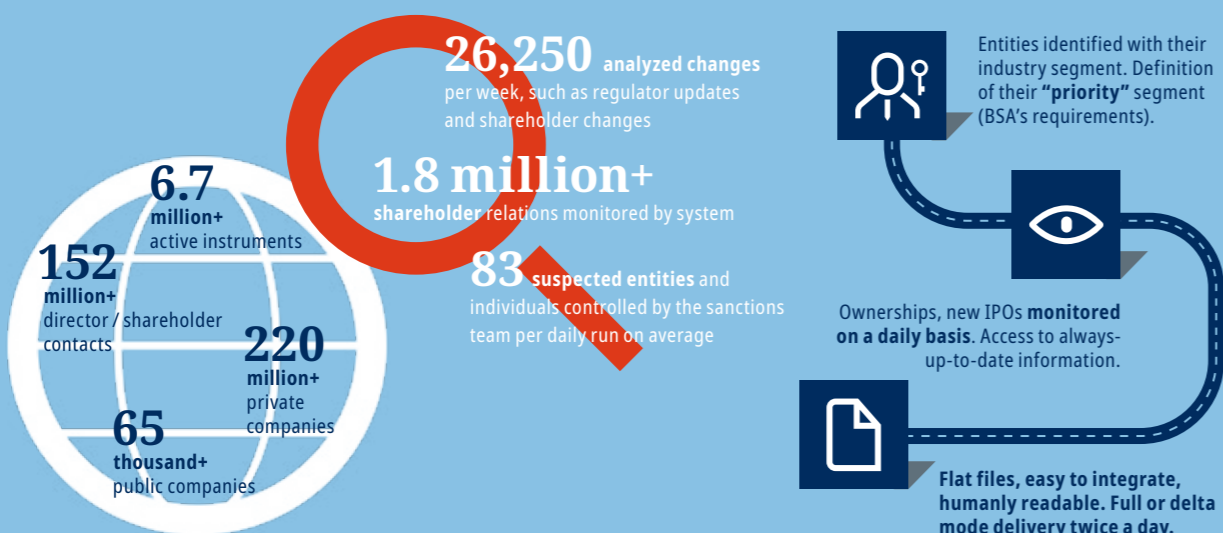
Political instability has accelerated the pace of new and revised sanctions. The ramifications are complex – compliance teams must quickly deduce how changes apply selectively to instruments, entities and individuals and ensure that corresponding data captures this to maintain the integrity of compliance processes. This aims to avoid the substantial financial and reputational penalties of making mistakes.

Managing this yourself is no simple task. SIX makes it easy. Our data and services turn a reactive, often painstaking process into a proactive, more strategic activity.

Going further than official Sanctions Lists: MRB securities

Avoiding sanctioned securities is mandatory in regard to AML laws all over the globe. The situation can become tricky when a rule has several levels of enforcement, as is the case with Marijuana-Related Businesses (MRB): legal in some countries and US states, decriminalized in some others, but still 100% illegal in the rest of the world. On top of that, a new structural tendency has started to change the industry: ethical, sustainable investment is becoming more and more popular.

That's why SIX started also identifying securities related to MRB, and have already identified and listed over 100,000 linked securities. While the legal landscape is getting more varied and complex, changing at a rapid pace, SIX enables better and sustainable business decisions and supports the business model agility needed to respond successfully to these regulatory challenges.



Keeping You One Step Ahead

The Sanctioned Securities Monitoring Service by SIX is a complete solution for monitoring, identifying and addressing the global impact of sanctions in terms of their specific impact on listed financial instruments. When something changes, the SIX team moves swiftly to help you stay compliant.

RAPID IDENTIFICATION

SIX automatically matches and validates sanctions lists against vast volumes of domicile, entity and beneficial ownership data to identify and flag the relevant financial instruments.

DAILY UPDATES

Providing comprehensive daily lists of issuers and securities linked to domiciles, companies and individuals sanctioned by various global bodies, including the United Nations, European Union, US Treasury Department, OFAC, HM Treasury (UK), Australia, Netherlands and the Hong Kong Sanctions Regime.

PROACTIVE MONITORING

Pre-emptive identification of securities linked to entities or persons placed on watchlists, such as financial instruments linked to Marijuana-Related Businesses. This helps firms be aware and take responsive investment decisions.

CONTINUOUS MONITORING

SIX captures and incorporates corporate actions with the potential to change the status of an instrument.

EASY INTEGRATION

Machine-readable data that plugs readily into downstream systems, ready for pre- and post-trade screening and other compliance-related activities.



LOOKING AHEAD, STAYING ALERT

"The fast pace of sanctions activity heightens the HM Treasury (UK) and the Hong Kong Sanctions risk of non-compliance for any firm that isn't nimble. These days, preparation is essential. Having a strong understanding of those entities and individuals at risk of sanctions or other punitive activity – and not just those that have already been sanctioned – will enable firms to move briskly and effectively when the time for action comes."

Oliver Bodmer,
Senior Product Manager

BENEFITS

- Lower cost and complexity of keeping data current
- Reduced financial and reputational risk
- Extensive coverage of national / international sanctions and watchlists
- Easy identification and access to "at-risk" securities and issuers
- Enables more efficient deployment of compliance resources

Don't Get Tangled Up in Tax

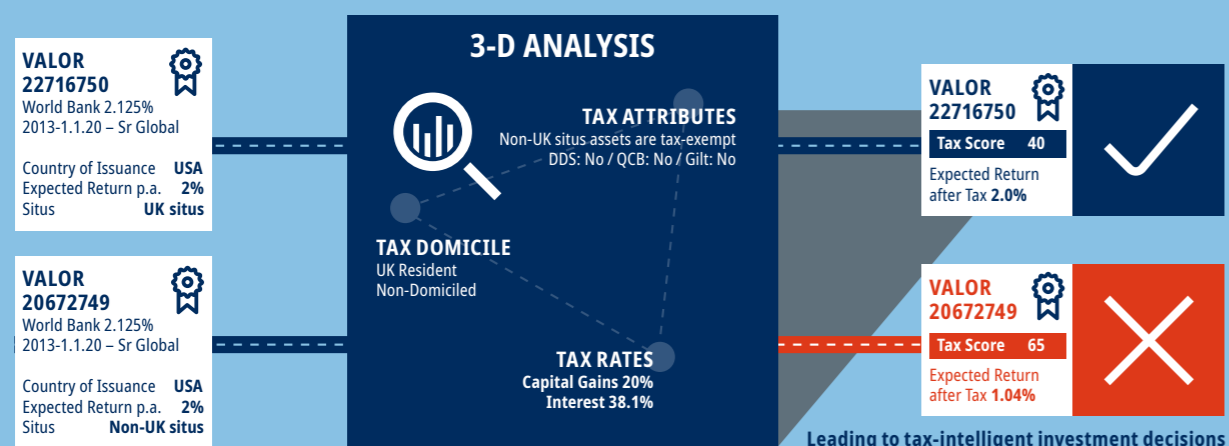
When it comes to investor tax jurisdictions, financial products and tax exposure, wealth managers have more complexity to manage than ever. SIX liberates you from these challenges. We deliver timely, complete and granular data that encapsulates actual and potential tax implications, supporting compliance and giving you the information you need to best advise your clients.

The tax data challenge

Private investors are becoming more demanding and are increasingly asking for information on the tax implications of their investments. Client advisors need enhanced and enriched tax data at an instrument level that takes their clients' profile into account, as well as their investment portfolio structure, in order to make tax-intelligent investment decisions and optimize their portfolios. These requirements can become difficult to meet with current tax rules mostly available in the form of heavy tax manuals provided by consulting tax experts.

SIX Tax Score® helps client advisors by analyzing the tax consequences of financial products and providing them with a tax efficiency score on an individual security level, while anticipating tax-related costs of an investment in that security.

Use Case – Comparison of Bond Instruments



Complete Information to Simplify Your Tax Compliance

With SIX data, capturing and updating information on fast-moving global tax responsibilities is effortless. We untangle the complexities of identifying domestic and cross-border taxation requirements for instruments, issuers or individuals to drive your monitoring, withholding and reporting processes forward.

REGULATION-SPECIFIC SERVICES

SIX provides specialized data services for various global tax regulations, including 871(m), FATCA, Stamp Duty and Financial Transaction Tax regimes. SIX also supports country-specific domestic tax data requirements for reporting.

CLEAR CLASSIFICATION

Coupling the strength of its data capabilities with its regulatory expertise, SIX identifies every instrument that falls under a specific mandate, helping you easily grasp the universe of applicable securities and liabilities.

AGGREGATION AND CALCULATION

SIX gathers and aggregates data to get a true picture of an instrument's construction and determine whether it applies to regulatory initiatives, based on rules and calculations.

CONTINUOUS UPDATING

From dividend payments to corporate actions, SIX captures all events that may impose a change on an instrument's tax liability. We continuously update our lists of flagged securities, providing firms with the most up-to-date information.

PRIMED FOR PROCESSING

SIX data is structured and formatted to plug seamlessly into your compliance and advisory processes. In addition, flexible data delivery interfaces ensure your teams get data how and when they need it.



TURNING COMPLEXITY INTO ADVANTAGE

"The intertwined nature of international and domestic tax regulations makes it difficult to have a transparent view on the tax suitability of a financial product. Those firms that take a more unified approach to managing tax requirements will gather a more complete picture of how holding taxes and other tax-related cost factors can affect the tax efficiency of an investment. Wealth managers will have the means to identify instruments that are much more cost-effective to investors, elevating their quality of service."

Jürg Stalder,
Senior Product Manager

BENEFITS

- Complete data to support ongoing compliance
- Extensive support for international / regional / national tax requirements
- Reduced cost and complexity, especially with identification
- Ability to identify and utilize tax efficiencies

SIX Provides Documents and Data for the New Regulatory Ecosystem

Through our Regulatory Hub, SIX has built the foundation for investor protection compliance that delivers value for your business. We give you all the documents and data you need, ready to consume, connected to the wider regulatory community and scalable for the future.

SIX: Powering the Future of Investor Protection Compliance



MANUFACTURERS

- DOCUMENT GENERATION
- STREAMLINED DISTRIBUTION
- ARCHIVING & AUDIT TRAILS

Our value for manufacturers

- Easily scalable for future regulations and business needs
- Reduced cost, greater accuracy
- High-quality regulatory data, tailored for your use
- Direct access to a global community of distributors
- Transparent records for all document creation and distribution





SIX REGULATORY HUB

Facilitating the seamless exchange of data and documents across the regulatory community

- SUITABILITY AND GOVERNANCE
- TRANSACTION & REFERENCE DATA REPORTING
- EASY ACCESS

Our value for distributors

- Identify cost efficiencies and improve investment recommendations
- Enhanced client service and support
- Supports faster client onboarding
- Easy identification of product reporting requirements
- Access to complete, up-to-date regulatory information sets
- Easy access to the full range of regulatory documents



DISTRIBUTORS

SIX Flex: Data Discovery Made Easy

Question

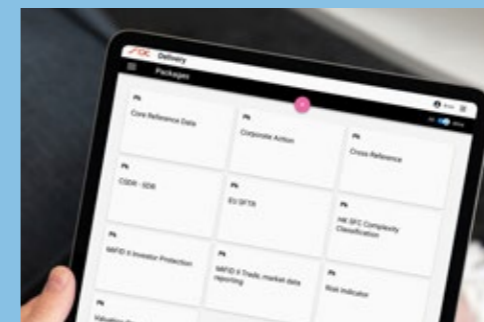
Would you use a fire hose to fill a glass of water?

Financial business relies on high-quality data and consistent data from front to back. As part of our reference data feed alone we report on roughly 4,600 reference data markers for millions of securities; with market data, you have about 6.7 billion data points that are reported on a daily basis: a genuine fire hose of data.

SIX Flex is your tap for delivering the financial data you need. The application satisfies your thirst without drowning your business teams, while improving connectivity, reducing interfaces and applying common data standards.

BENEFITS

- **ONLY THE DATA YOU NEED**
Data packages are tailored for specific business use cases, from individual regulations to corporate actions. Our packages are equipped with every data field, making it easy for you to process transactions.
- **READY TO USE**
Gain immediate access to your content and reduce your integration costs. Data packages are easy to integrate through CSV flat files.
- **GIVING YOU CONTROL**
Dictate when and how your data is delivered. Monitor how data is being consumed and utilized with ease.



SIX iD: intelligent Display

Question

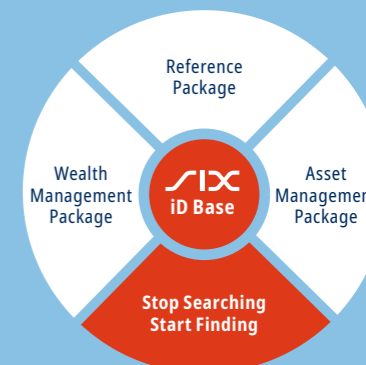
How quickly can you make a critical business decision?

Regulatory data provides a wealth of business opportunities. But when time has to be spent sifting through data, the window for opportunity slams shut.

SIX iD brings the intelligence straight to your screen. Our intuitive display shows you the data, helping you see the opportunity and act fast.

BENEFITS

- **SUITED TO YOU**
Arrange information so you can access what you need. Tailor your workspace with easily customizable, independent windows.
- **GET MORE FROM SEARCHES**
Take action swiftly and confidently. Load quotes, charts, summaries and more directly from your searches. Drag and drop identifiers between windows.
- **PRIORITIZE FOR OPPORTUNITY**
Put your critical data first. Set up workspaces to remain visible when you switch workstations. Prioritize windows to sit above other applications.



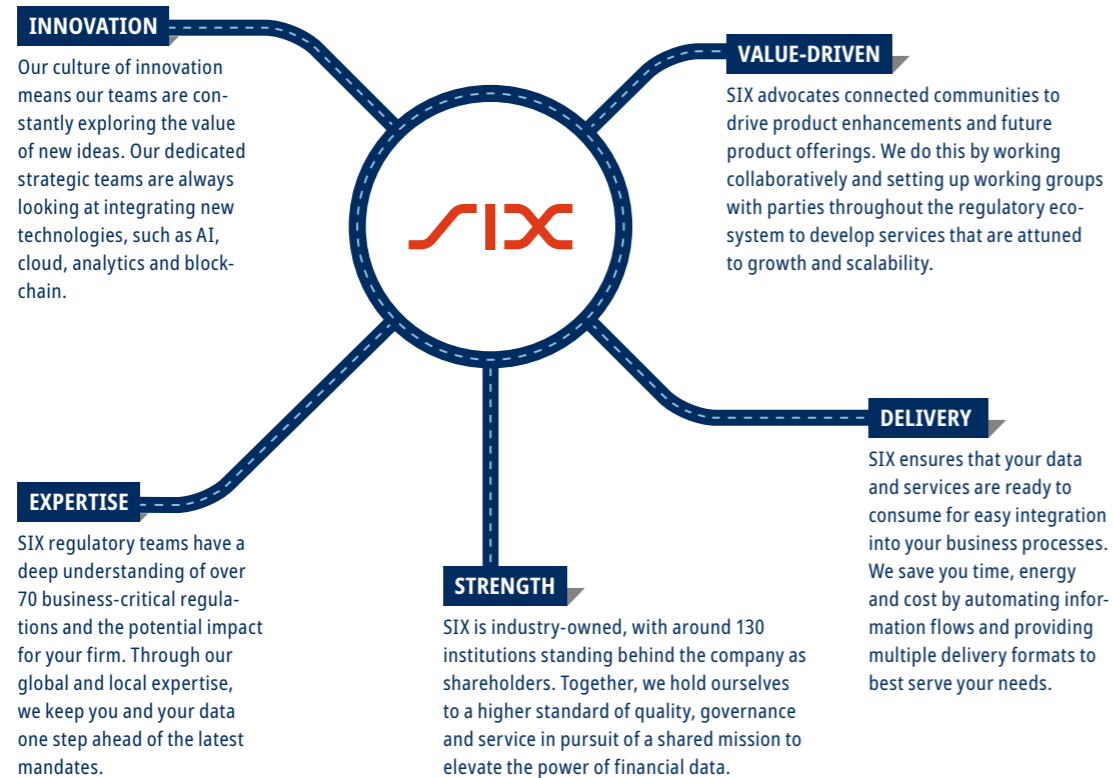
About SIX

SIX operates and develops infrastructure services in the areas of securities, payment transactions and financial information with the aim of raising efficiency, quality and innovative capacity across the entire value chain of the Swiss financial center.

Financial Information at SIX

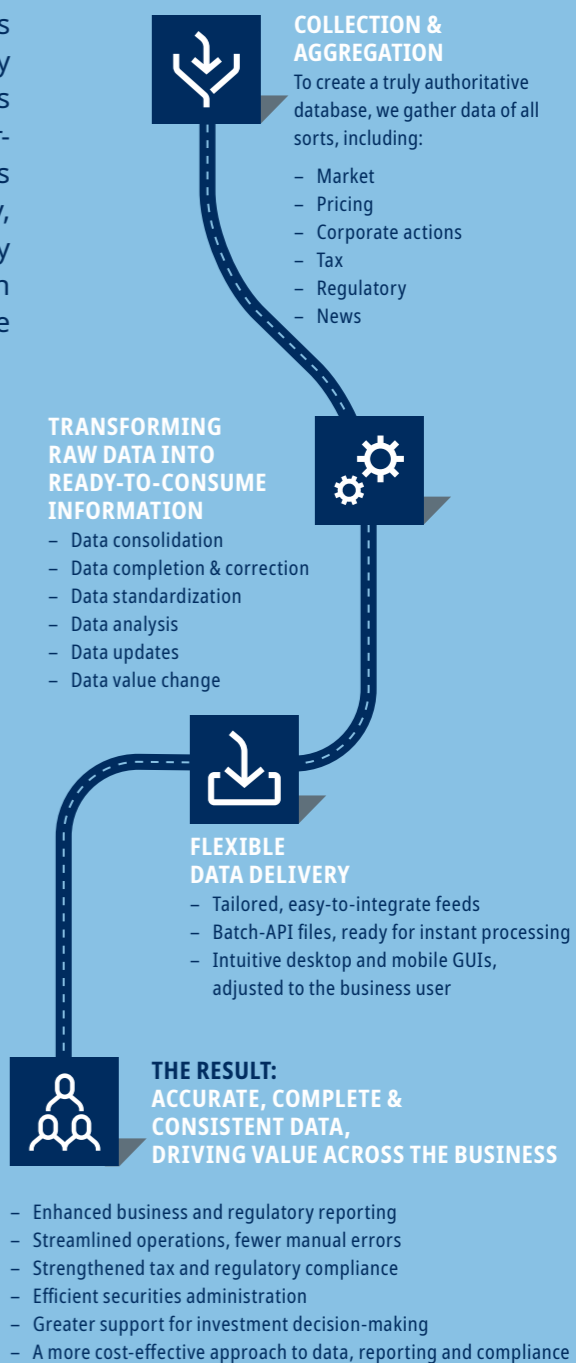
Data you trust

A long-standing leader in financial information, SIX has continually invested in developing data and services that help institutions transact and engage with confidence and make more informed decisions. We are driven to help institutions navigate the intricacies of today's markets and regulation while building a viable path for future growth.








Rigor, Detail and Flexibility That Create Value

Reference, pricing and corporate actions data of the highest caliber doesn't simply arrive that way. SIX cleans, structures and enhances data, turning it into powerful, trusted information that generates maximum impact. More than just quality, we measure the completeness, accuracy and timeliness of our data. The strength of our information underpins every one of our services.













Over 70 Regulations Covered with Our Services

Global

-  Sustainable Finance
-  BCBS 239
-  Basel III/IV
-  AML / KYC (e.g. PEP-check)
-  Sanctions Monitoring (SSMS)











US

-  SEC Rule 22c-2
-  FATCA
-  QI
-  871(m)
-  Municipal Bonds Taxation
-  TEFRA C / D
-  SEC Rule 13f
-  Reg S
-  144 A
-  Dodd-Frank

Canada

-  RRSP
-  TFSA

UK

-  Stamp Duty
-  PTM Levy
-  Authorized / Reporting Funds
-  Tax Credit
-  CGT
-  Qualifying Corporate Bond
-  Venture Capital Trust
-  Building Society Shares
-  Bond Funds
-  DDS
-  UK Situs

South Africa




-  Securities Transfer Tax

-  INVESTOR PROTECTION
-  TAX
-  REGULATORY REPORTING
-  RISK MANAGEMENT
-  AML / SANCTIONS




EU

-  MiFID Investor Protection
-  AIFMD
-  PIB, PRIIPs
-  UCITS
-  SFDR / Taxonomy
-  EU Interest Income
-  EU FTT
-  MiFID Transparency & Transaction Reporting
-  SFTR
-  CSDR
-  CRR
-  Solvency II
-  EU Securitization

Austria

-  Capital Gains Tax
-  Investment Fund Qualification
-  Final Withholding Tax AT / LI





Belgium

-  Belgian Savings Tax
-  TOB
-  Wealth Tax


Finland

-  FTT


France

-  FTT
-  CGT
-  PEA, PEA-SME, PERi
-  Redemption Premium Tax Exemption





Germany

-  Transparent Funds







Italy

-  FTT
-  Withholding Tax



Spain

-  Nationality Declaration
-  Withholding Tax
-  FTT
-  Traspaso Funds


Switzerland

-  FinSA (FIDLEG)
-  Taxable Security
-  IUP Bonds / Structured Products
-  SNB Reporting
-  FMIA (FinfraG)
-  BVV2




Liechtenstein

-  Taxable Security
-  Final Withholding Tax AT / LI

China

-  Stamp Duty

Hong Kong

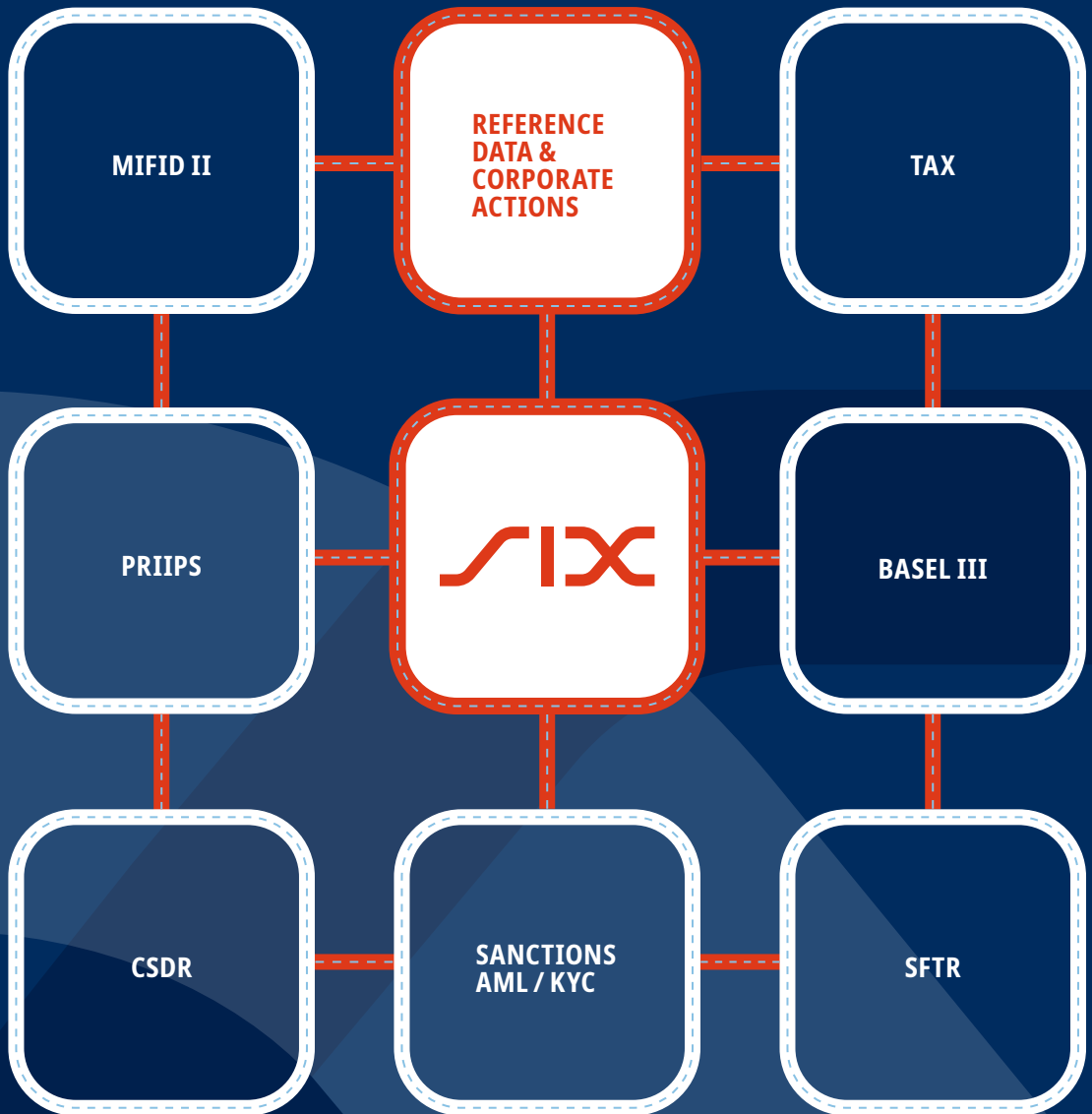
-  SFC Authorized Fund
-  SFC Non-complex and complex products
-  Stamp Duty

Malaysia

-  FTT

Singapore

-  Stamp Duty



Consistent Regulatory Data