Building the next generation financial ecosystem

Introduction to SIX Digital Exchange

Tim Grant
tim.grant@sdx.com
29th March 2021
Introduction to SDX
SDX will offer a full end-to-end and fully integrated digital asset trading, settlement and custody service.

This is the beginning of a new era for capital markets infrastructures.
Jes Hjoerth, CEO SIX

The service will be mainly based on Distributed Ledger Technology (DLT). The implementation approach will provide a bridge for clients from the traditional to the new world, in a timeframe which allows clients to choose for themselves how and when to avail themselves of the new opportunities the new ecosystem provides.

SDX is in a unique position in that it runs the entire securities and payments value chains for Switzerland already, and is ideally positioned to create the digital ecosystem for the future, allowing existing and new market participants to develop their business models for the opportunities available in this new environment.

SIX to launch full end-to-end and fully integrated digital asset trading, settlement and custody service
06.07.2018

As the stock exchange infrastructure for Switzerland, we know what it takes to build and run mission-critical and scalable, systemically important services.
Thomas Zsch, Head Securities & Exchanges, SIX
SIX Group – Breaking ground in institutional digital asset markets
The holy grail for institutional regulated digital assets

Global Liquidity
Our approach

Grand ambition
Big impact
Small steps
SDX Vision

A trusted global integrated institutional liquidity network and ecosystem

for the issuance, trading & settlement, transfer, custody of digital assets

in both public and private markets as well as regulated digital securities and crypto assets

underpinned by a data collection and distribution layer and advanced analytics capabilities.
SDX ecosystem outlook

SDX Core: Regulated Markets (CSD and Exchange)

Network as a Service: Private networks

3rd party service offerings

Other DLTs/Blockchains

SDX Gateway

SDX Core

SDX Next-Gen

SDX Tech

Bank A

Bank B

Bank C

SDX

Non-bankable asset authenticity and identification

Non-bankable assets

Trading venue linked to SDX CSD
Trading venue linked to private custodian
Pre-launch provider
Data analytics provider
Strategic considerations
We are seeing the creation of blurred lines between regulated and unregulated infrastructure and new dimensions of growth.

Strategic considerations

1. New processing paradigm
   - Instead of batch processing digital businesses leverage stream processing for continuous and real-time analytics to provide a different type of service

2. New assets
   - Making opaque assets accessible: e.g. private market assets
   - Enabling access to new asset classes: Cryptocurrencies, computing power, data, etc.

3. New markets
   - Tap into new geographical markets redeploying the tech stack

4. New products and services
   - Offering of new products and services based on global network and on unregulated infrastructure: e.g. technology plays

5. Operational leverage
   - Leverage first mover advantage which makes creation of global network easier to drive with lower costs
   - Set standards to which others need to adapt
2021 Update
We have shifted towards a continuous validation process adapting our strategic path where necessary

Small steps towards our grand ambition

A next generation global financial market ecosystem that empowers everyone to translate their ideas into impactful commercial realities.
We are building a fully integrated stock exchange and CSD - ready to compete in international key markets

Trading System same as SSX¹ is using today, integrated to DLT at matching point.

Centralized orderbook connected with distributed ledger technology to enable integrated trading.

New market model that supports integrated trading and atomic settlement based on well know price finding mechanism.

Market surveillance based on SMARTs, the system that SER and SSX¹ is using today.

Market Data publication fully integrated in existing SIX Exfeed.

The first regulated CSD to distribute holdings of assets based on DLT where the members hold the assets under their private key.

The first company in the world integrating tokenized CHF backed by deposits at SNB to enable DvP exchange of tokens.

Fully tokenized DvP settlement on the CSD layer.

Fully integrated in the connectivity layer of SIX to enable quick onboarding of existing clients.

First proof of automated asset servicing based on smart assets for bonds and IDOs.

¹ SIX Swiss Exchange
Digital Bonds: Leading Swiss financial institutions aim to expand into digital age in a risk-controlled way in 2021

- Swiss Banks
- Corporates
- Cantons
- Cities
- Agencies
- ... 

- Lead Manager / Syndicate
  - Swiss consortium:
    - Large banks
    - Large cantonal banks

- Custody Banks
  - Swiss consortium:
    - Large banks
    - Large cantonal banks
  - Others

- Buy-Side
  - Pension funds
  - Insurance
  - Funds
  - Qualified investors

**Commercial Value**
- Digital Bonds form the basis for further automation of corporate actions - increasing efficiency and therefore lowering operational risks and costs within banks
Continued collaboration on proof of concepts with SNB and Bank for International Settlements

Key Highlights

- Implementation of proof of concepts for wholesale CBDC\(^1\) delivered (project Helvetia\(^2\))
- Discussions on next steps to actively drive the roadmap of CBDC implementation and launch

---

1. Central Bank Digital Currency
2. https://www.bis.org/publ/othp35.htm
SDX OMNIPRESENCE – A gateway to the digital asset community
Thank you

Disclaimer: This presentation and the information contained herein is strictly confidential. It is intended to be a working document and not to represent a final assessment. Contents of the presentation are for educational purposes only and do not replace independent professional judgment. SDX does not assume responsibility for accuracy or completeness of the information presented.