



28 Jun 2019

## Eurex Exchange Readiness Newsflash | Potential expiration of stock market equivalence granted by the European Commission to Switzerland

Dear Eurex Participant,

In the light of recent developments, it is expected that the temporary stock market equivalence granted by the European Commission to Switzerland will expire on **Sunday, 30 June 2019**. Considering this expiry, the Swiss government has decided on countermeasures that will prohibit cash market trading venues in the European Union to trade stocks of Swiss issuers.

Our perception is, that in case the equivalence will expire, trading in derivatives will not be affected. Eurex Exchange does not intend to halt trading in any products with Swiss underlying or to amend the product specifications of these products in any way.

It is the joint understanding of Eurex Exchange and Eurex Clearing that the settlement of a Swiss stock, upon exercise of a Swiss single stock option, is not affected by a potential prohibition to offer such stock for trading. Consequently, we intend to continue to physically settle all Swiss single stock options, independent of a potential change of Switzerland's equivalence status and the Swiss countermeasures.

Eurex Exchange is of the opinion, that a potential expiry of Switzerland's stock market equivalence could result in a (temporary) decrease of available liquidity in specific Swiss stocks. Such potential shortage of liquidity could constitute difficulties for Eurex members to deliver respective Swiss stocks when due as part of an option exercise. To protect the stability and integrity of financial markets, Eurex Exchange and Eurex Clearing will support members during such possible time of limited market liquidity.

**Action required**

If the stock market equivalence granted by the European Commission to Switzerland expires on 30 June 2019 and in light of the Swiss countermeasures, members failing to deliver Swiss stock as part of an option exercise resulting from the lack of stock market equivalence during the month of July 2019 are asked to contact [client.services@eurexchange.com](mailto:client.services@eurexchange.com) and explain in the e-mail the circumstances that lead to such delivery failure.

Taking into account all information provided by the respective member, the Management of Eurex Exchange and Eurex Clearing in their sole discretion will decide whether buy-in processes relating to Swiss stock deliveries can be postponed and whether applicable buy-in fees can be reduced or waived on a case-by-case basis. Eurex Clearing's right to cash-settle outstanding stock delivery claims in extraordinary circumstance remains untouched.

Further information on this subject please find below the following publications:

- [Ordinance on the Recognition of Foreign Trading Venues for the Trading of Equity Securities of Companies with Registered Office in Switzerland of 30 November 2018](#)
- [FDZ activates protective measure to protect stock exchange infrastructure](#)
- [Trading in Swiss shares: adaptation of the list of recognised foreign trading venues](#)

Kind regards,

Your Client Services Team

Recipients: All Trading Participants of Eurex Deutschland and Vendors

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