

SWX Europe Limited

Directive 1: Admission and Membership  
Procedures

03.03.08

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## 1. How to apply

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An application for membership must be made in accordance with this Directive.

An applicant must:

- a) complete and sign a member application form as prescribed from time to time by SWX Europe. There may from time to time be Agreements specific to the US or other particular jurisdictions and
- b) satisfy the eligibility criteria set out in this Directive and
- c) provide any other information that SWX Europe may require, to the extent permitted by law, and
- d) pay such fees or deposits as SWX Europe may determine.

As it deems necessary, SWX Europe may:

- a) require an applicant to provide additional information, to the extent permitted by law, and/or
- b) institute inquiries into the information supplied and/or
- c) meet with the applicant to verify information submitted.

## 2. Eligibility criteria

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An applicant must be one of the following:

- a) an authorised person under the Act or
- b) a European institution or other person authorised by the home member state authority required for its authorisation and supervision or
- c) a Swiss institution authorised by the Swiss Federal Banking Commission or
- d) a US institution authorised by the US authority required for its authorisation and supervision or
- e) any other person not unlawfully carrying on investment business in the United Kingdom, US, EEA or elsewhere provided that SWX Europe is satisfied that the applicant is suitably regulated in respect of capital adequacy and fitness and probity.

An applicant must:

- a) satisfy SWX Europe of its competence to carry out business on SWX Europe and
- b) confirm that it has (or will have by such time as the application for membership is approved) sufficient tested systems, procedures and controls for its business on SWX Europe and
- c) confirm that it has (or will have by such time as the application for membership is approved) sufficient trained staff for its business on SWX Europe and
- d) ensure that any person to be registered as its trader<sup>1</sup>, designated officer or both has adequate and relevant experience.

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<sup>1</sup> Directive 2 - Registration of Traders

Clearing members of LCH and x-clear wishing to clear trades on behalf of SWX Europe Non Clearing Members must themselves be members of SWX Europe, regardless of whether they have any trading capacity. Clearing members have a special class of SWX Europe membership.

A clearing member may be a member of both LCH and x-clear and may select which to use for clearing each jurisdiction of security.

The following provisions apply additionally to US applicants:

- a) the applicant must arrange direct or indirect clearing arrangements with a clearing member and
- b) the applicant and its control persons must have a legal and regulatory history that is acceptable to SWX Europe and
- c) any person to be registered by a US applicant as its trader or designated officer must have adequate and relevant experience and an acceptable legal and regulatory history and
- d) the applicant or an associated person must not have or be likely to engage in acts or practices inconsistent with just and equitable principles of trade and
- e) SWX Europe reserves the right to impose additional financial requirements and
- f) SWX Europe will collect legal and regulatory history for each US applicant comparable to that required by the SEC and the NASD on Forms BD, ADV, or U-4 and
- g) SWX Europe will not reject any applicant based on its trading strategy (e.g., buy-side or sell-side) or whether it is an entity that regularly posts bids and offers or accepts bids and offers posted by others and
- h) SWX Europe will provide the SEC with information as to the identity of all US applicants, and as to whether such applicants are denied access rights to SWX Europe.

### **3. Determination of applicants**

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SWX Europe will determine whether an applicant is eligible for membership.

Where SWX Europe approves an application, it will notify the applicant in writing and publish the decision to other members, stating the date on which the membership will become effective.

Where SWX Europe decides to refuse an application for membership, it will notify the applicant in writing of the decision and will inform the applicant of the reasons for its decision, provided that SWX Europe is not precluded from giving such information by any regulatory or legal constraint. The refusal of an application for participation is subject to a right of appeal.

Membership applications will not be considered where the motivation is solely to gain access to SWX Europe's Delivery Report Service.

## **4. Enabling access to the trading system**

Where a member will have access to use the trading system, SWX Europe will enable the member and its authorised personnel to access and use the trading system, directly or via a third party provider, when each of the following conditions has been satisfied:

- a) the application has been approved by SWX Europe and
- b) any conditions associated with the approval have been satisfied.

## **5. Rights and duties for membership**

On approval of its application for membership, a member is entitled to enter into transactions on SWX Europe, subject to compliance with the Rules and Directives, the declaration in the member application form and any conditions imposed by SWX Europe.

Admission to membership of SWX Europe does not confer any right to attend or vote at meetings of, or right to any share in, SWX Europe. A member is not liable for any debts of SWX Europe.

## **6. Registration of personnel**

The procedures pertaining to the registration of personnel are contained in Directive 2.

## **7. Termination of application**

An application will be terminated:

- a) on written request to SWX Europe by the applicant or
- b) at SWX Europe's discretion, and having given reasonable notice, if the applicant has not materially taken forward the application over a period of 3 months.

## **8. Suspension of a member**

A member whose rights are suspended for any period by SWX Europe will remain liable to pay any fees, charges or levies payable but shall not be entitled to exercise any rights of participation during the period of suspension.

In the event of its membership being terminated for any reason whatsoever, a member shall not be entitled to any rebate or refund of any fees, charges or levies paid.

## **9. Regulatory co-operation**

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SWX Europe may enter into any arrangements with Her Majesty's Treasury, the Secretary of State, the FSA, the Bank of England, the Panel on Takeovers and Mergers or any other body, authority or person (including, without limitation, any exchange or any relevant clearing or settlement organisation) which is empowered to exercise a regulatory or supervisory function under the Act or under any other relevant UK or foreign law, where such arrangements are conducive to SWX Europe's interests or are in accordance with legal obligations, and to the extent permitted by law. Under these arrangements, SWX Europe may disclose any information in its possession including any information concerning a member, its officers, authorised personnel or other employees, to the extent permitted by law.