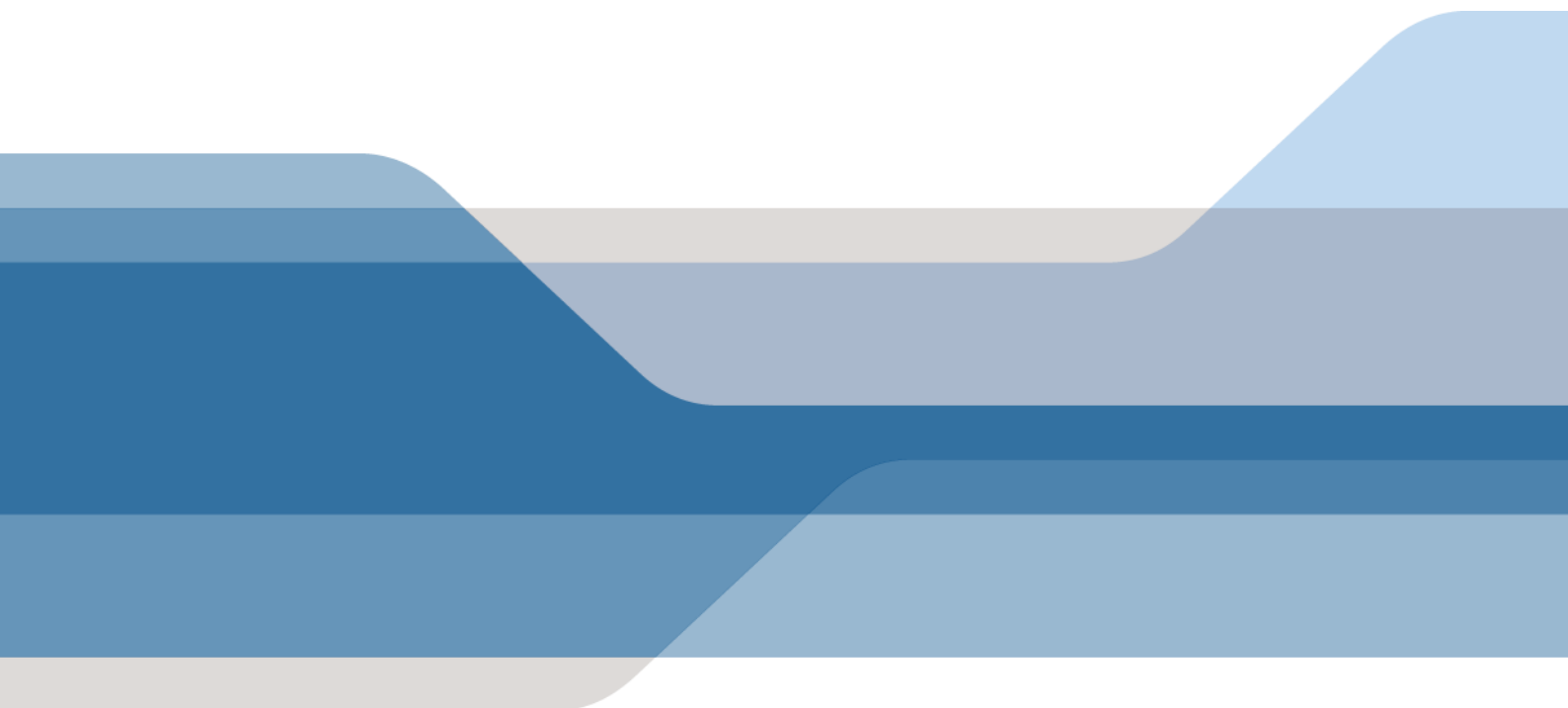


## Annual Report 2010

SIX Securities Group Ltd  
Brandschenkestrasse 47  
CH-8002 Zurich



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## **Preface**

SIX Securities Group is a part of SIX Group.

SIX Group operates Switzerland's financial market infrastructure and offers on a global scale comprehensive services in the areas of securities trading, securities services, as well as financial information and payment transactions. As a globally operating infrastructure provider, the company is an important pillar of the Swiss financial center.

SIX Securities Group is an internationally operating, leading full-service provider of clearing, settlement, risk management, securities custody and share register services. It provides the Swiss financial center and international markets with an efficient and largely-automated infrastructure.

With its subsidiaries SIX SIS Ltd, SIX x-clear Ltd, SIX SAG Ltd, SIX Systems Ltd, SIX SIS Nominee U.K. Ltd. and SIX SIS International Ltd, SIX Securities Group forms the Securities Services division covering the securities services business field.

## Annual Report of SIX Securities Group

### Key figures of SIX Securities Group

	2010	2009
Operating income (in CHF 1,000)	175,681	170,429
Workforce as at 31.12. (full-time equivalents) <sup>1</sup>	459.9	411.6
Operating income per employee <sup>1</sup>	403	422
Number of settlement transactions (in 1,000)	23,397	28,842
Deposit volume (in CHF m)	2,846,559	2,859,554
Increase in customer holdings (in CHF m)	64,613	55,728
Number of clearing transactions (in 1,000)	41,680	33,371

<sup>1</sup> Staff number = Average number of full-time equivalents

### Increase in volume in the international securities business

**In the Securities Services business field, the year under review saw a slight increase in operating income on the previous year from CHF 170.4 million to CHF 175.7 million. The growth in cross-border settlement transactions, increase in clearing trades, and new customer funds offset the low interest rates and rise in client netting activities in the domestic market. Following the introduction of the SIX Securities Services brand, all of SIX Group's securities services are now presented under the umbrella of a single corporate identity.**

Numerous regulatory initiatives in Europe are creating a number of challenges with respect to the future framework and general conditions in the Securities Services business field. In the settlement business, the European Central Bank's (ECB) initiative "TARGET2-Securities" to set up a central infrastructure for settlement in Europe by 2014 represents an important step. SIX Securities Services is working closely with the ECB, the Swiss National Bank (SNB) and its clients to develop potential options for participation in the initiative.

In many countries, regulatory interventions are delaying the introduction of interoperability between clearing organizations and thus the opening of markets; this is hampering SIX Securities Services in meeting its target of rapidly increasing the volume of clearing transactions. Based on the number of affiliated stock exchange platforms, the company is a leading provider in the clearing business and is thus in an excellent position to expand internationally. SIX Securities Services succeeded in attracting numerous exchanges and clients to its clearing business in 2010.

### Success despite low prices and interest rates

SIX Securities Services increased its operating income to CHF 175.7 million in 2010 from CHF 170.4 million in 2009. The growth in clearing transactions continued, with an increase of 24.9% from CHF 33.4 million in 2009 to CHF 41.7 million in the year under review. Although the number of cross-border settlement transactions increased by 16.7% to CHF 5.8 million, the total quantity of settlement transactions decreased from 28.8 million to 23.4 million. The main reason for this was the rise in client netting activities, where several small transactions are bundled into a single large transaction. The influx of new customer funds amounted to CHF 64.6 billion, 15.9% more than in 2009. The volumes held in client custody accounts fell slightly due to declining euro and dollar rates and the flat stock market performance of Swiss securities from CHF 2,859,554 million in 2009 to CHF 2,846,559 million in the year under review. Interest income remained at a low level due to the continually low interest rates. By the end of 2010, repo services were being provided to 174 clients, 16 more than the previous year. While the

number of Swiss companies for whom the division managed share registers fell by nine to 182, SIX Securities Services was able to increase the quality of its mandates, meaning that overall it was managing more shareholders than previously.

### **Market proximity and innovative infrastructure**

The launch of SIX Securities Services marked the beginning of a new branding strategy, under which the entire Securities Services value chain has been presented under one united and integrated banner since the new branding was unveiled at the Sibos industry exhibition in October. Marketing activities were stepped up. In order to enhance client proximity and align strategic initiatives with users, SIX Securities Services established a Senior Advisory Board of high-ranking bank representatives, which met for the first time in December in London, and a new sales office was opened in London. SIX Securities Group provides services for 61 markets across the globe, six more than in the previous year.

### **Positive outlook**

SIX Group will continue to implement further price reductions in the clearing business in 2011. These cost reductions, which will be generated by the economies of scale achieved through the expansion of cross-border activities, will be passed on to its clients.

SIX Securities Services will lobby the respective international authorities for swift progress in liberalizing the clearing and settlement businesses together with a suitable level of regulation. Given the increase in netting rates, SIX Group expects to see a further decline in settlement transactions in 2011, although cross-border settlement transactions and clearing volumes are likely to pick up again. Overall, the company forecasts a slight increase in revenue.

## Consolidated balance sheet as at 31 December 2010

(CHF 1,000)	Annex	31.12.2010	31.12.2009
<b>Assets</b>			
Liquid funds		528,208	841,204
Due from banks		2,383,674	2,650,747
Due from clients	3.1	66,369	97,331
Securities trading portfolio	3.2	–	3,350
Financial investments	3.2	1,071	1,071
Non-consolidated participations	3.3, 3.4	10,819	6,253
Fixed assets	3.4	48,347	50,281
Accrued income and prepaid expenses		17,107	1,185
Other assets	3.5	13,096	104,174
<b>Total assets</b>		<b>3,068,690</b>	<b>3,755,596</b>
Total due from qualified participants		103,721	102,104
<b>Liabilities</b>			
Due to banks		2,474,338	2,782,429
Due to clients		107,507	4,998
Accrued expenses and deferred income		15,467	22,508
Other liabilities	3.5	70,699	547,613
Valuation adjustments and provisions	3.8	49,810	50,181
Share capital	3.9, 3.10	26,000	26,000
General legal reserves	3.10	34,910	34,910
Free reserves	3.10	141,721	136,721
Retained earnings	3.10	125,236	125,284
Group net income	3.10	23,002	24,952
<b>Total liabilities and equity</b>		<b>3,068,690</b>	<b>3,755,596</b>
Total due to qualified participants		514,983	83,073
<b>Off-balance sheet transactions</b>			
Irrevocable commitments	3.1, 4.5	8	12
<b>Equity derivatives</b>			
Contract volumes	4.3	4,582,729	4,293,586
Positive replacement values	4.3	34,431	25,285
Negative replacement values	4.3	34,032	25,124
Fiduciary transactions	4.4	722	639

## Consolidated income statement 2010

(CHF 1,000)	Annex	2010	2009
<b>Operating income</b>			
<b>Interest income</b>			
Interest and discount income		6,529	8,804
Interest and dividend income from securities trading portfolio		54	130
Interest expenses		– 616	– 635
<b>Net interest income</b>		<b>5,967</b>	<b>8,299</b>
<b>Commission and other services business income</b>			
Commission income		204,865	186,502
Commission expenses		– 63,599	– 52,097
Commission income from other services business		24,815	25,604
Commission expenses from other services business		– 10,616	– 8,089
<b>Net commission and other services business income</b>		<b>155,465</b>	<b>151,919</b>
<b>Net trading income</b>	5.1	<b>– 44</b>	<b>1,224</b>
<b>Other income</b>			
Income from participations		4,759	– 562
Other ordinary income		9,744	9,932
Other ordinary expenses		– 210	– 382
<b>Net other income</b>		<b>14,293</b>	<b>8,987</b>
<b>Total operating income</b>		<b>175,681</b>	<b>170,429</b>
<b>Operating expenses</b>			
Personnel expenses	5.2	– 63,291	– 64,119
Other operating expenses	5.3	– 75,510	– 68,378
<b>Total operating expenses</b>		<b>– 138,801</b>	<b>– 132,497</b>
<b>Gross income</b>		<b>36,880</b>	<b>37,933</b>
Depreciation on fixed assets	3.4	– 10,411	– 12,283
Valuation adjustments, provisions and losses		– 3,983	–
<b>Operating profit (sub-total)</b>		<b>22,487</b>	<b>25,649</b>
Extraordinary income	5.4	3,840	6,692
Extraordinary expenses	5.4	–	– 270
Taxes	5.5	– 3,325	– 7,119
<b>Group net income</b>		<b>23,002</b>	<b>24,952</b>

## Consolidated cash flow statement 2010

(CHF 1,000)	Annex	2010	2009
<b>Cash flow from operations</b>			
Group net income		23,002	24,952
Depreciation on fixed assets	3.4	10,411	12,283
Valuation adjustments and provisions	3.8	399	- 3,586
Deferred taxes	3.8	- 771	- 911
Income from holdings in non-consolidated interests		- 4,759	562
Due from clients		30,962	- 86,009
Due to clients		102,508	- 8,873
Accrued income and prepaid expenses		- 15,922	4,379
Accrued expenses and deferred income		- 7,040	- 15,672
<b>Cash flow from operations (self-financing)</b>		<b>138,790</b>	<b>- 72,874</b>
<b>Cash flow from equity transactions</b>			
Dividend payments	3.10	- 20,000	- 25,000
<b>Cash flow from equity transactions</b>		<b>- 20,000</b>	<b>- 25,000</b>
<b>Cash flow from fixed assets</b>			
Fixed assets	3.4	- 8,477	- 8,038
Dividends received		193	- 105
<b>Cash flow from fixed assets</b>		<b>- 8,284</b>	<b>- 8,143</b>
<b>Cash flow from banking activities</b>			
Due from banks		267,073	- 776,327
Due to banks		- 308,091	882,543
Securities trading portfolio		3,350	2,105
Other assets		91,078	- 85,863
Other liabilities		- 476,913	485,006
<b>Cash flow from banking activities</b>		<b>- 423,503</b>	<b>507,465</b>
<b>Change in liquid funds</b>		<b>- 312,996</b>	<b>401,447</b>
Liquid funds 1.1.		841,204	439,756
Liquid funds 31.12.		528,208	841,204

## **Annex to the financial statements**

### **1. Notes on business activities and workforce**

SIX Securities Group is the parent company of five operating units: SIX SIS Ltd, SIX SIS International Ltd, SIX x-clear Ltd, SIX SAG Ltd and SIX Systems Ltd. As a wholly-owned subsidiary of SIX Group, it comprises the Securities Services business field.

SIX SIS Ltd's core business is the settlement of securities transactions as well as the safekeeping and administration of securities both in Switzerland and abroad. As the national central securities depository (CSD), SIX SIS is a key element of the Swiss Value Chain. It also offers global custody services. As a licensed bank under Swiss law, SIX SIS is supervised by the Swiss Financial Market Supervisory Authority (FINMA). Financial system supervision is performed by the Swiss National Bank.

As central counterparty (CCP), SIX x-clear Ltd provides clearing services for SIX Swiss Exchange, the London Stock Exchange, and a number of multilateral trading facilities (MTFs). SIX x-clear is responsible for risk management within SIX Securities Group. As a licensed bank under Swiss law, SIX x-clear is supervised by FINMA. Financial system supervision is performed by the Swiss National Bank. Furthermore, the company has Recognised Overseas Clearing House (ROCH) status in the United Kingdom.

SIX SAG Ltd's core business comprises the management of share registers for third companies. Furthermore, it prepares, organizes and holds general meetings on a mandate basis and offers services in connection with special share registers. It also supports companies planning a change of corporate structure or an initial public offering.

SIX Systems Ltd provides IT and logistics services to all SIX Securities Group companies. The company maintains a wide-ranging network of partners, uses state-of-the-art technologies and systematically exploits outsourcing opportunities.

### **Workforce**

At year-end 2010, SIX Securities Group employed 460 staff members on a full-time equivalent basis (year-end 2009: 411). Since the financial year 2010, temporary staff have been counted in this headcount figure if the duration of their contract is greater than six months.

### **Outsourcing**

SIX Securities Group outsources the operation and maintenance of the computer center to SIX Group Services Ltd. This outsourcing arrangement is governed by Service Level Agreements in compliance with FINMA regulations. Staff members of SIX Group Services Ltd are obligated to maintain banking secrecy.

## 2. Principles of accounting and valuation

All amounts shown in the financial statements have been rounded. Therefore, the totals may deviate from the sum of the individual values.

### General principles

The accounting, reporting and valuation for the individual companies comply with the provisions of the Swiss Code of Obligations (CO), the accounting guidelines of the Swiss banking legislation (BAG SFBC) and the accounting guidelines of the Swiss Financial Market Supervisory Authority (FINMA). As the entire Group is supervised by FINMA, the financial statements of the Group have also been consolidated in line with the accounting guidelines of the Swiss banking legislation. SIX Securities Group applies the true and fair view principle in the consolidated financial statements. In principle, settlement date accounting was applied to transactions, i.e. the transactions are shown in the balance sheet as at the relevant settlement/value date. An exception to this are the non-fulfilled transactions from the clearing business, which were accounted for using the trade date accounting principle.

Detail positions reported under a specific balance sheet item are valued individually.

### Scope and method of consolidation

The consolidated financial statements comprise all transactions of SIX Securities Group Ltd and its directly and indirectly held subsidiaries (more than 50% share of voting capital); these are included in the financial statement on a fully consolidated basis. Consolidation is carried out in accordance with the purchase method. In principle, participations of between 20% and 50% are recognized in line with the equity method. Participations under 20% are held at the lower of cost or market value.

The effects of intragroup transactions and profits are eliminated when preparing the consolidated financial statements.

### Conversion of foreign currencies

Transactions in foreign currency are posted at the current exchange rates. Balance sheet items in foreign currencies are translated into Swiss francs at the exchange rates applicable on the balance sheet date. Exchange rate gains or losses are credited or debited to the income statement.

Currency	USD	EUR	GBP	JPY	HKD	CAD
Unit	1	1	1	100	100	1
Exchange rates as at 31.12.2010	0.93	1.25	1.45	1.15	12.02	0.94
as at year-end 2009	1.03	1.49	1.66	1.12	13.29	0.98

### Liquid funds, money market papers

These items are shown in the balance sheet at their nominal value.

### **Receivables from and liabilities towards banks and clients**

Receivables and liabilities in CHF are shown at their nominal values. Risks arising in respect of customer claims are taken into account in the balance sheet item "Valuation adjustments and provisions." Predictable risks of loss are accounted for through individual valuation adjustments and latent risks through flat-rate valuation adjustments calculated on the basis of clearly defined rates. Claims and liabilities towards banks arise mainly from clearing and settlement activities between SIX SIS Ltd and SIX x-clear Ltd with financial organizations in Switzerland and abroad.

### **Securities trading portfolio**

The securities trading portfolio is reported at market value.

### **Financial investments in securities**

Financial investments are stated at the lower of cost or market value.

### **Lending and repurchase transactions in securities**

In accordance with the accounting guidelines, the substance over form principle applies for lending and repurchase activities with securities. Thus, non-monetary values are shown in the balance sheet of the party delivering these values.

#### **- Securities lending and borrowing transactions**

SIX Securities Group lends and borrows non-monetary instruments such as money market papers or securities for its own account and risk (principal status). Basically, it only engages in trading-book transactions, whereby receivables and liabilities arising from the lending or borrowing of non-monetary instruments are valued at market price. Lending transactions in securities or money market papers are treated like repo transactions, provided they are covered by cash collateral and are subject to daily margining. Lending transactions in securities or money market papers that are not covered by cash collateral are not included in the balance sheet, but shown in the Annex. Fees paid and received are shown under commission income rather than interest income.

#### **- Repurchase and reverse repurchase transactions (repo)**

Repo transactions are shown in the balance sheet as cash deposits against the pledge of SIX Securities Group's own securities. Reverse repo transactions are treated as loans covered by securities collateral. This emphasizes the nature of such transactions as financing instruments. The transfer of securities is treated as if the securities had been pledged as collateral to cover the loan. Fees paid and received are shown under commission income rather than interest income.

## Participations

Companies in which SIX Securities Group has a majority holding and management responsibilities are fully consolidated. All assets, liabilities, income and expenditures are included at 100%.

As an inactive non-bank participation, AccuMatch AG is recognized according to the equity method.

## Fixed assets

Fixed assets are shown in the balance sheet at the cost price less necessary depreciation. Depreciation is calculated using the straight-line method. All tangible assets are regularly assessed with respect to a possible impairment of their value.

The estimated useful life of the individual assets is defined as follows:

– Installations	max. 7 years
– Furnishings	max. 5 years
– Internally developed software incl. SECOM	immediate depreciation
– Purchased software	3 to max. 5 years
– Hardware	3 to max. 5 years
– Vehicles	max. 5 years
– Buildings and building installations <sup>1</sup>	max. 35 years

<sup>1</sup> Real estate is not depreciated.

SIX Securities Group does not report any intangible assets. Purchased software is held on the balance sheet under fixed assets.

## Valuation adjustments and provisions

Appropriate individual value adjustments are made on impaired assets. Furthermore, flat-rate provisions are created to cover latent defaults in the area of short-term financing used to guarantee settlement of securities transactions. Provisions depend on the balances as at balance sheet date: depending on the account type, provisions of 0.2-1.0% of the respective balances are made per account. If the amount needed has increased year-on-year, it is charged to the income statement. If the amount is lower, the value of the previous year is used.

Operational risks are covered by flat-rate provisions. Such provisions are created by setting aside 1.5-3.0% of the business income. Actual losses are debited to the existing provisions.

The tax implications resulting from time differences between the balance sheet items recorded in the consolidated financial statements and their taxable values in the individual financial statements are recorded as deferred tax assets/liabilities.

### **Pension fund liabilities**

Pension fund liabilities are treated according to Swiss GAAP FER 16. SIX Securities Group offers defined contribution plans. On balance sheet date, SIX Securities Group has no liabilities in excess of the regulatory contributions.

### **Other assets and other liabilities**

Other assets and other liabilities include SECOM settlement accounts as well as receivables and liabilities related to indirect taxes and towards social insurance institutions. This position further includes positive and negative replacement values.

### **Information on off-balance sheet transactions**

Off-balance sheet transactions requiring disclosure concern derivative financial instruments as well as fiduciary bank accounts. There were no contingent liabilities as at the balance sheet date.

SIX Securities Group engages in transactions involving derivative financial instruments for its own account only to a very limited extent and for the sole purpose of hedging. The positive and negative replacement values as well as the respective contract volumes are spot transactions resulting from SIX x-clear Ltd's clearing business that were outstanding at year-end.

The fiduciary accounts are bank accounts held with third-party banks. SIX SAG Ltd administers these accounts in connection with the management of special share registers. Off-balance sheet transactions are reported in the tables under item 4.

### **Taxes**

Current taxes for the year under review are reported on an accrual basis.

### 3. Balance sheet information

#### 3.1 Summary of collateral for receivables and off-balance sheet transactions

##### Amounts due from clients

(CHF 1,000)	31.12.2010	31.12.2009
Due from clients	66,369	97,331
thereof without collateral	66,369	97,331
thereof impaired	–	–
Individual value adjustments	–	–

##### Off-balance sheet transactions

(CHF 1,000)	31.12.2010	31.12.2009
Irrevocable commitments	8	12
thereof without collateral	–	–

#### 3.2 Segregation of securities trading portfolio, financial investments and participations

##### 3.2.1 Securities trading portfolio

(CHF 1,000)	Book Value		Market value	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
<b>Securities trading portfolio</b>				
Debt instruments	–	3,350	–	3,350
thereof listed on a stock exchange	–	3,350	–	3,350
Equities	–	–	–	–
<b>Total securities trading portfolio</b>	<b>–</b>	<b>3,350</b>	<b>–</b>	<b>3,350</b>
thereof securities eligible for repo transactions according to liquidity regulations	–	3,350	–	3,350

##### 3.2.2 Financial investments

(CHF 1,000)	Book Value		Market value	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
<b>Financial investments in securities</b>				
Equities	1,071	1,071	1,071	1,071
<b>Total financial investments in securities</b>	<b>1,071</b>	<b>1,071</b>	<b>1,071</b>	<b>1,071</b>
thereof securities eligible for repo transactions according to liquidity regulations	–	–	–	–

### 3.3 Information on substantial participations

(CHF 1,000)	Business activity	Capital 31.12.2010	Participation 31.12.2010	Participation 31.12.2009
<b>Fully consolidated participations</b>				
SIX Securities Group Ltd, Zurich	Holding	26,000	Holding	Holding
SIX SIS Ltd, Olten	Settlement/ Custody	26,000	100 %	100 %
SIX x-clear Ltd, Zurich	Clearing	30,000	100 %	100 %
SIX SAG Ltd, Olten	Share register	100	100 %	100 %
SIX Systems Ltd, Olten	Service Provider	2,500	100 %	100 %
SIX SIS Nominee U.K. Ltd., Olten	Nominee	100	100 %	100 %
SIX SIS International Ltd, Zurich	Inactive	100	100 %	100 %

Items included in the participations and consolidation according to the equity method	Business activity	Capital 31.12.2010	Participation 31.12.2010	Participation 31.12.2009
AccuMatch AG, Zürich <sup>1</sup>	Inactive	301	70 %	70 %

<sup>1</sup> Book value: CHF 8,309 m (in 2009: CHF 3,074 m).

Link up, Madrid <sup>2</sup>	Settlement	EUR 11,915	12 %	17 %
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<sup>2</sup> Book value: CHF 0.805 m (in 2009: CHF 1.475 m).

### 3.4. Fixed assets and investments

	Cost price	Accumulated depreciation	Book value 31.12.2009	Investments	Disposals	Depreciation	Book value 31.12.2010
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(CHF 1,000)

#### Participations

- participations valued using equity method			4,549	-	-	4,566	9,115
- Other participations			1,704	-	-	-	1,704
<b>Total participations</b>			<b>6,253</b>	<b>-</b>	<b>-</b>	<b>4,566</b>	<b>10,819</b>

#### Fixed assets

Installations and furnishings	5,416	- 4,490	926	49	-	- 259	716
Hardware	216	- 196	19	-	-	- 19	-
Real estate and buildings <sup>1</sup>	110,750	- 61,415	49,335	-	-	- 3,313	46,022
Software	71,391	- 71,391	-	8,428	-	- 6,820	1,608
<b>Total fixed assets</b>	<b>187,772</b>	<b>- 137,492</b>	<b>50,281</b>	<b>8,477</b>	<b>-</b>	<b>- 10,411</b>	<b>48,347</b>

Fire insurance value of buildings			87,486				91,282
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Fire insurance value of other fixed assets			53,548				53,399
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<sup>1</sup> Real estate is not depreciated.

### 3.5 Other assets and other liabilities

(CHF 1,000)	Other assets		Other liabilities	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
SECOM settlement accounts	3,729	98,099	43,288	522,336
Indirect taxes	129	372	16,599	16,308
Replacement values	8,559	5,685	8,160	5,685
Compensation account	–	–	399	–
Sundry assets and sundry liabilities	680	18	2,254	3,284
<b>Total other assets and other liabilities</b>	<b>13,096</b>	<b>104,174</b>	<b>70,699</b>	<b>547,613</b>

### 3.6 Lending and repurchase transactions in securities

(CHF 1,000)	31.12.2010	31.12.2009
Book value of receivables deriving from cash deposits due to reverse repo transactions	1,540,970	1,334,771
Market value of securities received due to securities lending and reverse repo transactions for which the right to sell or pledge was granted without restriction	1,617,459	1,515,349
thereof: resold or repledged securities	76,489	180,579

Collateral for loaned securities was primarily provided in the form of other securities rather than cash.

### 3.7 Liabilities towards own pension funds

(CHF 1,000)	31.12.2010	31.12.2009
Total liabilities towards own pension funds	–	503

#### 3.7.1 Economic benefit from surplus cover

According to the latest audited financial statements (according to Swiss GAAP FER 26) of SIX Securities Group's pension funds, the covering ratio is as follows:

(in percent)	31.12.2010	31.12.2009
Occupational Benefits Foundation of SIX Group, Zurich	111,8	102,1
<i>Based on the audited financial statements of the pension funds as at:</i>	<i>31.12.2009</i>	<i>31.12.2008</i>

According to a current pension fund estimate (unaudited), the covering ratio as at 31 December 2010 is around 110%.

SIX Securities Group is connected to the pension fund of SIX Group. SIX Securities Group does not gain any economic benefits in the event of a surplus cover.

### 3.7.2 Employer contribution reserves

(CHF 1,000)	2010	2009
as at 1 January	22,023	22,175
– Liquidation costs of the SIX Securities Group pension fund	–	– 152
– Withdrawals	– 31	–
– Change in profit on securities holdings	–	–
+ interest	–	–
as at 31 December	21,992	22,023

The pension fund of SIX Securities Group was purely a patronal foundation and was liquidated in the course of the 2009 business year. The entire liquidation surplus was transferred to the Occupational Benefits Foundation of SIX Group as an employer contribution reserve. The employer contribution reserves are shown on the assets side of the SIX Securities Group balance sheet and fully offset since they are subject to designated uses (refer to table 3.8).

### 3.7.3 Pension fund expenses and the main influencing factors

(CHF 1,000)	31.12.2010	31.12.2009
Pension fund expenses according to the subsidiaries' financial statements	5,182	3,942
Additions/Withdrawals employer contribution reserves (without interest)	–	–
Subtotal: Deferred employer contributions on an accrual basis	5,182	3,942
Change in economic benefits/liabilities from surplus/shortage of cover	–	–
Pension fund expenses according to the consolidated income statement (contributions to staff pension funds)	5,182	3,942

### 3.8 Valuation adjustments and provisions

	Balance at year- end 2010	Designated uses	New amounts charged to income statement	Reversals credited to income statement	Balance at year- end 2010
(CHF 1,000)					
<b>Valuation adjustments and provisions for:</b>					
Default risk	3,949	–	108	– 237	3,820
Other business risks	34,473	– 190	3,844	– 3,126	35,002
Deferred taxes <sup>1</sup>	11,649	–	408	– 1,180	10,878
Pension fund liabilities	110	–	–	–	110
Value adjustment of assets deriving from employer contribution reserves	22,023	– 31	–	–	21,992
<b>Total valuation adjustments and provisions</b>	<b>72,204</b>	<b>– 221</b>	<b>4,361</b>	<b>– 4,542</b>	<b>71,801</b>
less: value adjustments directly offset against assets	22,023	– 31	–	–	21,922
<b>Total value adjustments and provisions as per balance sheet</b>	<b>50,181</b>	<b>– 190</b>	<b>4,361</b>	<b>– 4,542</b>	<b>49,810</b>

<sup>1</sup> The change in provisions for deferred taxes is shown in the consolidated income statement under tax expenses (in compliance with BAG-FINMA).

### 3.9 Company capital and shareholders holding more than 5% of all voting rights

The share capital entitled to dividends of SIX Securities Group amounts to CHF 26 m. It consists of 260,000 registered shares with a nominal value of CHF 100 each.

	31.12.2010		31.12.2009	
	Nominal (CHF 1,000)	Share in %	Nominal (CHF 1,000)	Share in %
<b>Shareholders</b>				
SIX Group Ltd	26,000	100	26,000	100
<b>Total</b>	<b>26,000</b>	<b>100</b>	<b>26,000</b>	<b>100</b>

The following shareholders hold indirect participations in SIX Securities Group Ltd via SIX Group Ltd:

	31.12.2010		31.12.2009	
	Share in %		Share in %	
<b>Shareholders</b>				
UBS AG consolidated		17.3		17.3
Credit Suisse Group consolidated		12.8		12.8

### 3.10 Statement of equity as at 31.12.2010

	Share capital	General statutory reserves	Free reserves	Retained earnings	Total
(CHF 1,000)					
<b>1 January 2010</b>	<b>26,000</b>	<b>34,910</b>	<b>136,721</b>	<b>150,236</b>	<b>347,866</b>
Dividend payment	–	–	–	– 20,000	– 20,000
Allocation to reserves	–	–	5,000	– 5,000	–
<b>Consolidated profit 2010</b>	–	–	–	<b>23,002</b>	<b>23,002</b>
<b>31 December 2010</b>	<b>26,000</b>	<b>34,910</b>	<b>141,721</b>	<b>148,238</b>	<b>350,869</b>
<b>1 January 2009</b>	<b>26,000</b>	<b>34,550</b>	<b>131,521</b>	<b>159,608</b>	<b>351,679</b>
Dividend payment	–	–	–	– 25,000	– 25,000
Allocation to reserves	–	360	5,200	– 9,325	– 3,765
<b>Consolidated profit 2009</b>	–	–	–	<b>24,952</b>	<b>24,952</b>
<b>31 December 2009</b>	<b>26,000</b>	<b>34,910</b>	<b>136,721</b>	<b>150,236</b>	<b>347,866</b>

### 3.11 Maturity structure of current assets and borrowed funds as at 31.12.2010

	At sight	Cancel- lable	Maturing					Total for year under review
			within 3 months	after 3 months up to 12 months	after 12 months up to 5 years	after 5 years	Immobi- lized	
(CHF 1,000)								
<b>Current assets</b>								
Liquid funds	528,208	-	-	-	-	-	-	528,208
Due from banks	544,133	-	1,716,541	123,000	-	-	-	2,383,674
Due from clients	66,369	-	-	-	-	-	-	66,369
Securities trading portfolio	-	-	-	-	-	-	-	-
Financial investments	-	-	-	-	1,071	-	-	1,071
<b>Total current assets</b>	<b>1,138,710</b>	<b>-</b>	<b>1,716,541</b>	<b>123,000</b>	<b>1,071</b>	<b>-</b>	<b>-</b>	<b>2,979,322</b>
Previous year	2,259,122	-	1,223,165	110,345	1,071	-	-	3,593,703
<b>Borrowed funds</b>								
Due to banks	2,474,338	-	-	-	-	-	-	2,474,338
Due to clients	107,507	-	-	-	-	-	-	107,507
<b>Total liabilities</b>	<b>2,581,845</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,581,845</b>
Previous year	2,787,428	-	-	-	-	-	-	2,787,428

### 3.12 Receivables from and liabilities towards affiliated companies and loans granted to governing bodies

(CHF 1,000)	31.12.2010	31.12.2009
Due from affiliated companies	63,480	561
Payables to affiliated companies	75,665	4,081
Loans granted to governing bodies	-	-

These transactions were executed on the same terms as those applicable to third parties.

### 3.13 Assets and liabilities by domestic and foreign origin

(CHF 1,000)	31.12.2010			31.12.2009		
	Domestic	Abroad	Total	Domestic	Abroad	Total
<b>Assets</b>						
Liquid funds	7,012	521,195	528,208	575	840,628	841,204
Due from banks	1,936,069	447,605	2,383,674	1,643,448	1,007,299	2,650,747
Due from clients	66,175	194	66,369	97,331	-	97,331
Securities trading portfolio	-	-	-	3,350	-	3,350
Financial investments	1,071	-	1,071	1,071	-	1,071
Non-consolidated participations	8,309	2,509	10,819	3,074	3,179	6,253
Fixed assets	48,347	-	48,347	50,281	-	50,281
Accrued income and prepaid expenses	17,107	-	17,107	1,185	-	1,185
Other assets	13,096	-	13,096	104,174	-	104,174
<b>Total assets</b>	<b>2,097,187</b>	<b>971,503</b>	<b>3,068,690</b>	<b>1,904,489</b>	<b>1,851,106</b>	<b>3,755,596</b>
<b>Liabilities</b>						
Due to banks	1,734,568	739,770	2,474,338	1,927,438	854,992	2,782,429
Due to clients	107,506	1	107,507	4,998	-	4,998
Accrued expenses and deferred income	15,467	-	15,467	22,508	-	22,508
Other liabilities	54,101	16,599	70,699	534,741	12,872	547,613
Valuation adjustments and provisions	49,810	-	49,810	50,181	-	50,181
Share capital	26,000	-	26,000	26,000	-	26,000
General legal reserves	34,910	-	34,910	34,910	-	34,910
Free reserves	141,721	-	141,721	136,721	-	136,721
Retained earnings	125,236	-	125,236	125,284	-	125,284
Group net income	23,002	-	23,002	24,952	-	24,952
<b>Total liabilities and equity</b>	<b>2,312,320</b>	<b>756,370</b>	<b>3,068,690</b>	<b>2,887,732</b>	<b>867,864</b>	<b>3,755,596</b>

### 3.14 Total assets by country/region

	31.12.2010		31.12.2009	
	(CHF 1,000)	Share in %	(CHF 1,000)	Share in %
<b>Europe</b>	<b>2,899,357</b>	<b>94.48</b>	<b>3,597,056</b>	<b>95.78</b>
Switzerland	2,097,187	68.34	1,907,493	50.79
Latvia	1	0.00	-	0.00
Liechtenstein	4,714	0.15	4,096	0.11
Czech Republic	773	0.03	200	0.01
Denmark	3,366	0.11	466,634	12.43
Eurozone	722,525	23.55	1,062,694	28.30
UK	46,208	1.51	109,600	2.92
Iceland	-	0.00	8	0.00
Norway	7,557	0.25	23,535	0.63
Poland	958	0.03	1,042	0.03
Sweden	12,085	0.39	17,824	0.47
Turkey	3,596	0.12	2,746	0.07
Hungary	389	0.01	1,183	0.03
<b>North America/Central America</b>	<b>46,668</b>	<b>1.52</b>	<b>51,723</b>	<b>1.38</b>
Cayman Islands	2	0.00	-	0.00
Canada	46,168	1.50	51,034	1.36
Mexico	19	0.00	646	0.02
USA	479	0.02	43	0.00
<b>South America</b>	<b>512</b>	<b>0.02</b>	<b>289</b>	<b>0.01</b>
Argentina	245	0.01	289	0.01
Brazil	266	0.01	-	0.00
<b>Africa</b>	<b>12,560</b>	<b>0.41</b>	<b>3,407</b>	<b>0.09</b>
South Africa	12,560	0.41	3,407	0.09
<b>Asia</b>	<b>72,540</b>	<b>2.36</b>	<b>79,072</b>	<b>2.11</b>
Hong Kong	10,393	0.34	8,260	0.22
Indonesia	365	0.01	224	0.01
Israel	24	0.00	-	0.00
Japan	43,595	1.42	61,708	1.64
South Korea	426	0.01	14	0.00
Malaysia	4	0.00	547	0.01
Philippines	138	0.00	151	0.00
Singapore	15,477	0.50	6,097	0.16
Thailand	2,118	0.07	2,066	0.06
Taiwan	-	0.00	6	0.00
<b>Australia/Oceania</b>	<b>37,053</b>	<b>1.21</b>	<b>24,049</b>	<b>0.64</b>
Australia	27,770	0.90	16,725	0.45
New Zealand	9,284	0.30	7,324	0.20
<b>Total assets</b>	<b>3,068,690</b>	<b>100.00</b>	<b>3,755,596</b>	<b>100.00</b>

### 3.15 Balance sheet by currency as at 31.12.2010

(CHF 1,000)	CHF	EUR	USD	GBP	Other	Total
<b>Assets</b>						
Liquid funds	7,012	521,195	-	-	-	<b>528,208</b>
Due from banks	1,484,293	30,671	471,455	102,450	294,805	<b>2,383,674</b>
Due from clients	66,369	-	-	-	-	<b>66,369</b>
Financial investments	1,071	-	-	-	-	<b>1,071</b>
Non-consolidated participations	9,115	1,704	-	-	-	<b>10,819</b>
Fixed assets	48,347	-	-	-	-	<b>48,347</b>
Accrued income and prepaid expenses	17,107	-	-	-	-	<b>17,107</b>
Other assets	9,585	807	1,871	317	516	<b>13,096</b>
<b>Total assets reflected in the balance sheet</b>	<b>1,642,899</b>	<b>554,377</b>	<b>473,326</b>	<b>102,766</b>	<b>295,321</b>	<b>3,068,690</b>
<b>Delivery claims from spot-exchange, forward-exchange and currency option transactions</b>	-	-	-	-	-	-
<b>Total assets</b>	<b>1,642,899</b>	<b>554,377</b>	<b>473,326</b>	<b>102,766</b>	<b>295,321</b>	<b>3,068,690</b>
<b>Liabilities</b>						
Due to banks	1,138,335	515,596	444,692	82,320	293,396	<b>2,474,338</b>
Due to clients	77,927	14,006	1	14,468	1,105	<b>107,507</b>
Accrued expenses and deferred income	15,467	-	-	-	-	<b>15,467</b>
Other liabilities	11,755	22,808	29,348	5,371	1,417	<b>70,699</b>
Valuation adjustments and provisions	49,810	-	-	-	-	<b>49,810</b>
Share capital	26,000	-	-	-	-	<b>26,000</b>
General legal reserves	34,910	-	-	-	-	<b>34,910</b>
Free reserves	141,721	-	-	-	-	<b>141,721</b>
Retained earnings	125,236	-	-	-	-	<b>125,236</b>
Group net income	23,002	-	-	-	-	<b>23,002</b>
<b>Total liabilities reflected in the balance sheet</b>	<b>1,644,163</b>	<b>552,410</b>	<b>474,041</b>	<b>102,159</b>	<b>295,917</b>	<b>3,068,690</b>
<b>Delivery claims from spot-exchange, forward-exchange and currency option transactions</b>	-	-	-	-	-	-
<b>Total liabilities and equity</b>	<b>1,644,163</b>	<b>552,410</b>	<b>474,041</b>	<b>102,159</b>	<b>295,917</b>	<b>3,068,690</b>
<b>Net position per currency as at 31.12.2010</b>	<b>- 1,264</b>	<b>1,968</b>	<b>- 715</b>	<b>607</b>	<b>- 596</b>	<b>-</b>
Net position per currency as at 31.12.2009	- 2,167	1,794	672	- 387	89	-

#### 4. Information on off-balance sheet transactions

##### 4.1 Contingent liabilities

	31.12.2010	31.12.2009
Joint liability from consolidated value-added tax filing status	p.m.	p.m.

##### 4.2 Commitment credits

There were no commitment credits as at the balance sheet date.

##### 4.3 Open derivative financial instruments

(in CHF 1,000)	31.12.2010	31.12.2009
Equity derivatives		
Contract volumes	4,582,729	4,293,586
Positive replacement values	34,431	25,285
Negative replacement values	34,032	25,124
(in CHF 1,000)	31.12.2010	31.12.2009
Total after consideration of netting contracts		
Positive replacement values	8,559	5,685
Negative replacement values	8,160	5,685

##### 4.4 Fiduciary transactions

(in CHF 1,000)	31.12.2010	31.12.2009
Fiduciary transactions	722	639
<b>Total fiduciary transactions</b>	<b>722</b>	<b>639</b>

##### 4.5 Irrevocable commitments

(in CHF 1,000)	31.12.2010	31.12.2009
Deposit protection	8	12
<b>Total irrevocable commitments</b>	<b>8</b>	<b>12</b>

## 5. Information on the income statement

### 5.1 Income from trading activities

(CHF 1,000)	2010	2009
<b>Trading income</b>		
Income from forex transactions	- 44	718
Income from securities	-	506
<b>Net trading income</b>	<b>- 44</b>	<b>1 224</b>

### 5.2 Personnel expenses including pension fund expenses

(CHF 1,000)	2010	2009
<b>Personnel expenses</b>		
Wages and salaries (incl. bonuses)	- 50,339	- 51,063
Social benefits	- 9,003	- 8,793
Sundry personnel expenses	- 3,948	- 4,262
<b>Total personnel expenses</b>	<b>- 63,291</b>	<b>- 64,119</b>

### 5.3 Other operating expenses

(CHF 1,000)	2010	2009*
<b>Other operating expenses</b>		
SECOM expenses, costs of equipment	- 38,516	- 38,151
Consultancy, fees and other services	- 17,977	- 16,660
Cost of premises	- 9,056	- 7,878
Advertising and marketing expenses	- 3,005	- 1,381
Indirect taxes and other fees	- 1,697	- 2,008
Other operating expenses	- 5,258	- 2,300
<b>Total other operating expenses</b>	<b>- 75,510</b>	<b>- 68,378</b>

\* Restated: Several prior year figures have been adjusted due to improved allocation of income and expenses.

#### 5.4. Extraordinary expenses and income

(CHF 1,000)	2010	2009
<b>Extraordinary income</b>		
Release of redundant provisions	3,363	6,692
Profit on sale of tangible assets	477	-
<b>Total extraordinary income</b>	<b>3,840</b>	<b>6,692</b>
<b>Extraordinary expenses</b>		
Retroactive adjustments of assets	-	- 270
<b>Total extraordinary expenditure</b>	<b>-</b>	<b>- 270</b>

#### 5.5 Taxes

Current taxes for the year under review are reported on an accrual basis. The consolidated financial statements include deferred taxes for untaxed profit reserves.

(CHF 1,000)	2010	2009
<b>Tax expenses</b>		
Expenses for taxes in previous years	169	-
Expenses for current taxes	- 4,265	- 8,030
Provisions for deferred taxes	771	911
<b>Total tax expenses</b>	<b>- 3,325</b>	<b>- 7,119</b>

## **6. Risk management**

### **6.1 General**

As a part of SIX Group, SIX Securities Group is an important pillar of the Swiss financial center, laying great emphasis on reliability and security, and thus creating the trust that is essential for the financial center's smooth functioning. The Board of Directors of SIX Group is responsible for risk. Internal control over the risk situation is in the hands of the Risk Committee of the Board of Directors of SIX Group. The Board of Directors of SIX Group approves the risk policy and delegates risk management tasks.

Overall responsibility for risk management lies with the members of the Group Executive Board of SIX Group, which is supported at Group level by the specialized units Corporate Development (for strategic risks), Corporate Security Officer (for security risks) and Compliance Officer as well as the Finance & Risk division. SIX Group's risk control measures are executed by the Chief Risk Officer of SIX Group, who is independent of the line management structure. Risk management and controlling are monitored by the internal auditors.

The management of specific risks of SIX Securities Group is assumed by senior executives of SIX Securities Group. Risk controlling tasks specific to SIX Securities Group are assigned to the Risk Controlling unit of SIX Securities Group. For this purpose, the risk management instruments are continually enhanced and adjusted.

### **6.2 Risk policy**

The scope of SIX Securities Group's risk policy is determined by the risk policy of SIX Group, in which the principles and philosophy applied to various risks are set out. The risk policy precisely defines organization, structures, competencies, and responsibilities and provides the basis for dealing with different kinds of risk as well as outlining the readiness to assume risk. Thus, the risk policy constitutes the central framework for regulations and directives of the individual companies and for the risk categories.

### **6.3 Risk groups**

#### **6.3.1 Strategic risk and project risk**

Strategic risks and project risks arise both from the implementation of SIX Group's strategy and from the implementation of the strategies of the individual subsidiaries. They are the responsibility of SIX Group's Executive Board as well as of the Executive Boards of the subsidiaries.

Strategic risks and project risks are not directly quantified; the risk profiles of the individual SIX Group companies are, however, checked semi-annually.

#### **6.3.2 Reputation risk**

Reputational risk involves the risk of SIX Group's or one of its subsidiaries' reputation being tarnished. As reputational risk is inherent in business activities, reputational risk management mainly consists of ensuring competency, integrity, responsibility as well as compliance in business activities at a Group level. Reputational risk management includes all operational and strategic management instruments of SIX Group, in particular financial reporting, monitoring of performance key figures as well as studies on customer and staff satisfaction. Reputational risks are not directly quantified.

### **6.3.3 Counterparty risk (default risk, credit risk)**

Credit risk, counterparty risk or default risk is defined as the danger of a loss caused by a counterparty not fulfilling its contractual obligations, i.e. a counterparty or a country becoming insolvent. This includes settlement risk or the risk of the counterparty becoming insolvent at the time when the transaction is settled.

SIX Securities Group applies a conservative risk and credit policy. New participants of SIX SIS and new members of SIX x-clear Ltd have to meet strict standards. Market participants that are not subject to adequate financial institution and/or money laundering regulation are not accepted. All limits are revised at least annually, taking into account the development of the participant's business, its market standing and its relationship with SIX SIS. An external credit committee consisting of specialists from reputable and internationally active Swiss banks is involved in the assessment of all applications. The limit granted mainly depends on the participant's rating, or on the collateral it provides. Limits are monitored on a daily basis.

As the central counterparty, SIX x-clear Ltd applies the following multi-level risk management techniques in order to minimize cases of default: regular evaluations of positions at the latest quotation, rules for the prevention and coverage of possible losses, application of initial and variation margin requirements as well as a default fund contributed by the participants. Furthermore, the default fund is mutualized and participants are under the duty to make additional contributions (margin calls).

SIX Securities Group is linked online and in real time with SIX Swiss Exchange, the London Stock Exchange and a number of multilateral trading facilities (MTFs) as well as with the SIC/euroSIC systems. The system of real-time settlement of irreversible transactions on the basis of simultaneous delivery versus payment, which has been in operation for several years, offers the best guarantee of eliminating settlement risk. This system does not function for cross-border securities transactions. The resulting receivables and liabilities towards banks are subject to counterparty risk and – to a limited extent, i.e. in the case of counterparty default – also market risk. These risks, which are of extremely short duration, are strictly monitored through procedures for checking and adjusting limits.

SIX Securities Group operates a system for the internal monitoring of cluster risks.

As at the previous year-end, no position was above the reporting limit of 25% of eligible capital as defined by the cluster risk provisions as at 31 December 2010.

SIX Securities Group applies the Swiss standard approach to calculate capital adequacy requirements for credit risks.

### **6.3.4 Non-counterparty-related risk**

Non-counterparty-related risk is defined as the danger of a loss due to value changes or liquidation of assets that are not related to a specific counterparty. This category includes positions that concern the actual infrastructure for the business activities. In particular, it includes office buildings, sundry tangible assets, software as well as other assets subject to depreciation.

Non-counterparty-related risks are accounted for through adequate depreciation as well as insurance; in particular software is written off in full in the year of production/purchase.

### **6.3.5 Market risk**

Market risk is the risk of a loss due to value fluctuations of a position triggered by a change of the underlying factors (e.g. equity or commodity prices, exchange rates and interest rates as well as their respective volatilities).

#### **6.3.5.1 Risk of interest rate fluctuations**

SIX Securities Group does not engage in credit transactions or in major mid-term or long-term fixed interest transactions. Consequently, SIX Securities Group is not exposed to any significant risk of interest rate fluctuations.

#### **6.3.5.2 Foreign currency risk**

In principle, SIX Securities Group does not hold any foreign currency for its own account outside of OECD member states. Moreover, all receivables from and liabilities towards participants and custodians are matched by currency. Currency risks are generally limited to the net amounts from interest received and paid, commissions and fees.

### **6.3.6 Operational risks**

According to Basel II, operational risk is defined as "the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events". The definition also covers all legal risks, including fines from supervisory bodies and settlements. Strategic risks and reputational risks, however, are excluded.

Operational risk management is a task assumed at all management levels. Operational risks are mainly limited by means of internal regulations and directives on organization and control. Additionally, it is mandatory to identify, assess and manage them continually. For this purpose, business process risks are systematically assessed by the internal Group audit department and adequate measures are implemented. Furthermore, SIX Securities Group maintains a loss and risk database reflecting the risk categories defined by Basel II to systematically identify any risks in processes and to collect data to minimize losses in all business areas.

Together with the legal department, the compliance function ensures that the business activities of SIX Securities Group comply with the current rules and regulations as well as the financial intermediaries' general obligation to exercise due diligence. These entities are responsible for implementing the requirements and developments defined by supervisory bodies, the legislator, the jurisdiction and other relevant institutions.

The risk inherent in relying on information technology is addressed by SIX Securities Group's business continuity planning, which is in line with customary industry practice and measures aimed at reducing the probability of such failures occurring, such as by maintaining an IT backup center. Corresponding measures on the part of SIX Securities Group's outsourcing partners are subject to contractual agreements. SIX Securities Group is also supervised by the Swiss National Bank in this respect pursuant to specific legal provisions.

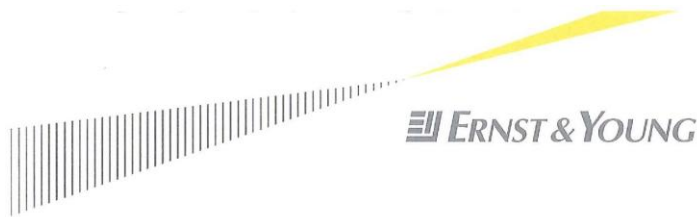
Operational risks are backed with capital according to the basic indicator approach under Basel II.

#### 6.4 Disclosure in accordance with FINMA circular no. 08/22 on capital adequacy disclosure

In accordance with margin notes 7 – 11 of FINMA circular 08/22, SIX Securities Group meets the requirements for partial disclosure.

Capital as at 31.12.2010 and 31.12.2009, respectively:

(CHF 1,000)	31.12.2010	31.12.2009
<b>Eligible capital:</b>	<b>310,869</b>	<b>325,366</b>
<b>Total required capital:</b>	<b>64,570</b>	<b>76,041</b>
thereof for credit risks	27,955	36,147
thereof for non-counterparty-related risks	10,367	10,554
thereof for market risks	289	269
thereof for operational risks	25,959	29,071



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To the General Meeting of  
**SIX Securities Group Ltd, Zurich**

Zurich, 4 March 2011

### **Report of the statutory auditor on the consolidated financial statements**

As statutory auditor, we have audited the consolidated financial statements of SIX Securities Group Ltd, which comprise the balance sheet, income statement, cash flow statement and notes (pages 6 until 30), for the year ended 31 December 2010.

#### *Board of Directors' responsibility*

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with Swiss banking law and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



*Opinion*

In our opinion, the consolidated financial statements for the year ended 31 December 2010 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss banking law and comply with Swiss law.

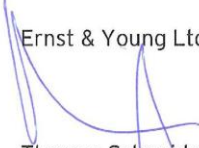
**Report on Other Legal Requirements**

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

  
Thomas Schneider  
Licensed audit expert  
(Auditor in charge)

  
Pascal Berli  
Licensed audit expert

## Balance sheet of SIX Securities Group as at 31 December 2010

(CHF 1,000)	31.12.2010	31.12.2009
<b>Assets</b>		
<b>Current assets</b>		
Due from banks	55,075	50,042
Due from clients	43,919	63,680
Securities trading portfolio	–	3,350
Accrued income and prepaid expenses	21	113
Other assets	137	165
<b>Total current assets</b>	<b>99,152</b>	<b>117,351</b>
<b>Investment capital</b>		
Financial investments	1,071	1,071
Participations	69,224	69,224
<b>Total investment capital</b>	<b>70,295</b>	<b>70,295</b>
<b>Total assets</b>	<b>169,447</b>	<b>187,646</b>
Due from qualified participants (direct)	41,516	63,497
Due from Group companies	2,441	206
<b>Liabilities</b>		
<b>Borrowed funds</b>		
Due to banks	134	133
Due to clients	730	83
Accrued expenses and deferred income	766	1,757
<b>Total borrowed funds</b>	<b>1,629</b>	<b>1,973</b>
<b>Equity</b>		
Share capital	26,000	26,000
General legal reserves	10,000	10,000
Reserves for general business risks	35,000	35,000
Other reserves	54,271	54,271
Profit carried forward from previous year	40,402	123
Annual profit	2,145	60,280
<b>Total equity</b>	<b>167,818</b>	<b>185,673</b>
<b>Total liabilities and equity</b>	<b>169,447</b>	<b>187,646</b>
Due to Group companies	850	216

## Income statement 2010 of SIX Securities Group Ltd

(CHF 1,000)	2010	2009
<b>Operating income</b>		
<b>Interest income</b>		
Interest and discount income	41	88
Interest and dividend income from securities trading portfolio	54	130
Interest expenses	- 3	- 52
<b>Net interest income</b>	<b>92</b>	<b>167</b>
<b>Net trading income</b>	<b>- 50</b>	<b>- 105</b>
<b>Other income</b>		
Income from participations	2,693	42,721
Other ordinary income	480	1
Other ordinary expenses	- 22	-
<b>Net other income</b>	<b>3,151</b>	<b>42,722</b>
<b>Total operating income</b>	<b>3,192</b>	<b>42,784</b>
<b>Operating expenses</b>		
Personnel expenses	- 1	-
Other operating expenses	- 1,526	- 1,004
<b>Total operating expenses</b>	<b>- 1,527</b>	<b>- 1,004</b>
<b>Gross income</b>	<b>1,665</b>	<b>41,780</b>
Extraordinary income	-	20,231
Taxes	480	- 1,731
<b>Annual profit</b>	<b>2,145</b>	<b>60,280</b>
<b>Appropriation of disposable profit</b>		
Profit carried forward from the previous year	40,402	123
<b>Profit at the General Meeting's disposal</b>	<b>42,547</b>	<b>60,402</b>
Allocation to general legal reserves	-	-
Allocation to other reserves	-	-
Dividend	- 40,000	- 20,000
<b>Profit carried forward</b>	<b>2,547</b>	<b>40,402</b>

## Annex to the financial statements of SIX Securities Group Ltd

### 1. Pension fund liabilities

SIX Securities Group has not made any provisions for pension liabilities.

### 2. Participations

Participations comprised the following companies on 31 December 2010:

(CHF 1,000)	Business activity	Capital 31.12.2010	Participation 31.12.2010	Participation 31.12.2009
SIX SIS Ltd, Olten	Settlement/Custody	26,000	100 %	100 %
SIX x-clear Ltd, Zurich	Clearing	30,000	100 %	100 %
SIX SAG Ltd, Olten	Share register	100	100 %	100 %
SIX Systems Ltd, Olten	Service Provider	2,500	100 %	100 %
SIX SIS International Ltd, Zurich	Inactive	100	100 %	100 %
AccuMatch AG, Zurich	Inactive	301	70 %	70 %

### 3. Company capital and shareholders

The share capital entitled to dividends of SIX Securities Group Ltd amounts to CHF 26 m. It consists of 260,000 registered shares with a nominal value of CHF 100 each.

The shareholders are the following:

	31.12.2010		31.12.2009	
	Nominal (CHF m)	Share in %	Nominal (CHF m)	Share in %
<b>Shareholders</b>				
SIX Group Ltd	26.00	100.0	26.00	100.0
Total	26.00	100.0	26.00	100.0

The following shareholders hold indirect participations in SIX Securities Group Ltd via SIX Group Ltd:

	31.12.2010	31.12.2009
	Share in %	Share in %
<b>Shareholders</b>		
UBS AG consolidated	17.3	17.3
Credit Suisse Group consolidated	12.8	12.8

#### 4. Statement of equity as at 31.12.2010

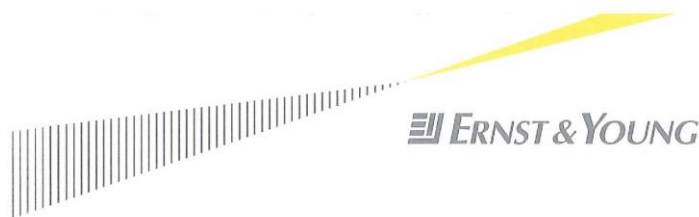
	Share capital	General statutory reserves	Free reserves	Retained earnings	Total
(CHF 1,000)					
<b>1 January 2010</b>	<b>26,000</b>	<b>10,000</b>	<b>89,271</b>	<b>60,402</b>	<b>185,673</b>
Dividend payment	-	-	-	- 20,000	- 20,000
Other withdrawals from the reserves	-	-	-	-	-
<b>Annual profit 2010</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,145</b>	<b>2,145</b>
<b>31 December 2010</b>	<b>26,000</b>	<b>10,000</b>	<b>89,271</b>	<b>42,547</b>	<b>167,818</b>
<b>1 January 2009</b>	<b>26,000</b>	<b>10,000</b>	<b>91,071</b>	<b>23,323</b>	<b>150,394</b>
Dividend payment	-	-	-	- 25,000	- 25,000
Other withdrawals from the reserves	-	-	- 1,800	1,800	-
<b>Annual profit 2009</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60,280</b>	<b>60,280</b>
<b>31 December 2009</b>	<b>26,000</b>	<b>10,000</b>	<b>89,271</b>	<b>60,402</b>	<b>185,673</b>

#### 5. Risk assessment

SIX Securities Group Ltd is a part of SIX Group Ltd. Risk assessment is carried out within the scope of Group-wide risk management processes. A separate risk assessment by the Board of Directors was therefore deemed unnecessary.

#### 6. Contingent liabilities

	31.12.2010	31.12.2009
Joint liability from consolidated value-added tax filing status	p.m.	p.m.



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To the General Meeting of  
SIX Securities Group Ltd, Zurich

Zurich, 4 March 2011

### Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of SIX Securities Group Ltd, which comprise the balance sheet, income statement and notes (pages 33 until 36), for the year ended 31 December 2010.

#### *Board of Directors' responsibility*

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



*Opinion*

In our opinion, the financial statements for the year ended 31 December 2010 comply with Swiss law and the company's articles of incorporation.

**Report on Other Legal Requirements**

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Thomas Schneider  
Licensed audit expert  
(Auditor in charge)

Pascal Berli  
Licensed audit expert

## Corporate bodies

### SIX Securities Group Ltd

#### Board of Directors

Prof. Dr. Peter Gomez  
Dr. Urs Rügsegger  
Dr. Stefan Mäder

Chairman of the Board of Directors  
Member of the Board of Directors  
Member of the Board of Directors

## Addresses

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## Wertpapierwelt

### Foundation collection of historical securities

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