



Securities Services

Annual Report 2011

SIX SIS Ltd
Baslerstrasse 100
CH-4600 Olten



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Annual report of SIX SIS Ltd

A year of expansion and innovation

In 2011, SIX SIS Ltd pushed ahead with its internationalization strategy, opening up 5 new markets in the custody services sector. Operating income rose by 8.1% to CHF 159.8 million.

One of the main issues that SIX SIS Ltd has been addressing for a number of years now is the European Central Bank's (ECB) TARGET2-Securities initiative (T2S). The aim of T2S is to create a single infrastructure platform in the eurozone that can be used to settle all European cross-border securities transactions.

During 2011, both the Swiss National Bank (SNB) and the Bank of England announced that they will not participate in T2S with their respective currencies, while the ECB postponed the introduction of the initiative until June 2015. Since then SIX SIS Ltd has been working closely with its clients and a number of industry experts, examining the various options for participating in T2S, which include the creation of its own central securities depository in the eurozone.

Solid results in settlement and custody

The high market volumes following the disaster at Fukushima and the euro crisis also led to a significant increase in settlement transactions, which rose by 12.4% to 19.8 million in the domestic business and 27.7% to 7.4 million in terms of cross-border transactions. Another 5 markets were activated for settlement services during the year, bringing the total to 66.

Following a decline in the summer, Swiss deposit volumes stabilized and by the end of the year were down 10.7% to CHF 1,901.8 billion. Foreign deposit volumes fell by 9% to CHF 653.1 billion as a result of the strong franc.

New currencies and innovations

In the settlement area, SIX SIS Ltd put in place a facility that enables delivery versus payment transactions to be settled with gold (XAU) as a trading currency.

SIX SIS Ltd also expanded its repo business to offer transactions in Canadian dollars and Japanese yen, meaning repo transactions can now be settled in 6 currencies. The number of clients using this service rose to 179.

Outlook: Volume growth and new products

In 2012, SIX SIS Ltd will continue to focus on expanding its international activities so that it can benefit from economies of scale and keep its unit costs down.

In the securities finance and collateral management areas, it will also launch a number of new products in the market.

Balance sheet of SIX SIS Ltd

(CHF 1,000)	Notes	31.12.2011	31.12.2010
Assets			
Liquid funds		1,823,086	528,158
Due from banks		1,329,543	2,325,902
Due from clients		1,287	1,799
Participations	3.1	4,295	2,605
Fixed assets	3.1	43,140	46,718
Accrued income and prepaid expenses		3,871	12,292
Other assets	3.2	8,899	3,015
Total assets		3,214,120	2,920,489
Due from qualified participants (direct)		4	–
Due from qualified participants (indirect)		22,782	14,027
Due from affiliated companies (banks)		4,968	1,493
Due from affiliated companies (clients)		1,256	1,996
Liabilities			
Due to banks		2,872,685	2,529,180
Due to clients		27,586	107,929
Accrued expenses and deferred income		9,786	10,715
Other liabilities	3.2	98,016	61,457
Valuation adjustments and provisions	3.5	80,590	73,359
Share capital	3.7	26,000	26,000
General legal reserves	3.7	18,300	23,300
Reserves from capital contributions	3.7	5,000	–
Free reserves	3.7	63,200	64,200
Retained earnings	3.7	350	13,272
Annual profit	3.7	12,608	11,077
Total liabilities and equity		3,214,120	2,920,489
Due to qualified participants (direct)		–	37
Due to qualified participants (indirect)		426,513	498,607
Due to affiliated companies (banks)		156,453	102,805
Due to affiliated companies (clients)		19,538	76,262
Off-balance sheet transactions			
Irrevocable commitments		24	6

Income statement of SIX SIS Ltd

(CHF 1,000)	Notes	2011	2010
Operating income			
Interest income			
Interest and discount income		8,818	6,528
Interest expenses		– 177	– 357
Net interest income		8,641	6,171
Commission and other services business income			
Commission income		197,032	193,083
Commission expenses		– 57,846	– 63,372
Commission income from other services business		11,494	11,149
Commission expenses from other services business		– 8,878	– 8,845
Net commission and other services business income		141,802	132,015
Net trading income	4.1	144	53
Other income			
Other ordinary income ¹		9,479	9,802
Other ordinary expenses		– 255	– 248
Net other income		9,224	9,553
Total operating income		159,810	147,793
Operating expenses			
Personnel expenses		– 41,753	– 39,070
Other operating expenses ²		– 90,096	– 87,384
Total operating expenses		– 131,848	– 126,454
Gross income		27,962	21,339
Depreciation on fixed assets	3.1	– 4,261	– 4,217
Valuation adjustments, provisions and losses	3.5	– 8,359	– 5,726
Operating profit (sub-total)		15,341	11,395
Extraordinary income	3.5	919	2,906
Taxes		– 3,652	– 3,224
Annual profit		12,608	11,077
Appropriation of disposable profit			
Profit carried forward from previous year		350	13,272
Profit at the General Meeting's disposal		12,958	24,350
Allocation to general legal reserves		–	–
Withdrawals from free reserves		100	1,000
Dividend		– 13,000	– 25,000
Profit carried forward		58	350
¹ Thereof Group-internal services		1,023	1,677
² Thereof Group-internal services		– 73,919	– 71,914

Notes to the financial statements 2011

1 Notes on business activities and workforce

1.1 General

SIX SIS Ltd's core business is the settlement of securities transactions as well as the safe custody and administration of securities both in Switzerland and abroad. As the national central securities depository (CSD), the company is a key element of the Swiss Value Chain in its home market, Switzerland. It provides securities settlement on a simultaneous, final and irrevocable delivery versus payment basis. In its role as an international central securities depository (ICSD), SIX SIS Ltd offers a wide range of tailor-made global custody services for clients in 66 markets.

To facilitate the settlement of securities transactions, particularly in cross-border business, national and international participants as well as foreign custodians hold accounts with SIX SIS. Interim financing as a means of guaranteeing the settlement of securities transactions is short-term in nature and provided on the basis of current accounts, without exception. The company does not engage in commercial financing.

The number of staff on a full-time equivalent basis was 322 people as at year-end 2011 (year-end 2010: 321). 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.

SIX SIS Ltd is licensed as a bank under Swiss law and supervised by the Swiss Financial Market Supervisory Authority (FINMA).

1.2 Outsourcing

Wherever possible, SIX SIS Ltd uses the services of other affiliated companies of SIX.

Risk management for all of SIX Securities Services, which itself is a division of SIX, was performed by the affiliate company SIX x-clear Ltd. SIX x-clear Ltd is also a regulated bank and supervised by FINMA.

SIX SIS Ltd outsourced the operation and maintenance of its 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.

1.3 Risk management

1.3.1 General

As a part of SIX, SIX SIS Ltd 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 is responsible for risk. The Risk Committee of the Board of Directors of SIX is responsible for internal controls with respect to risk. The Board of Directors of SIX 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, 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 & Services division. SIX's risk control measures are executed by the Chief Risk Officer, who is independent of the line management structure. Risk management and controlling are monitored by the internal auditors. The management of specific risks faced by SIX SIS Ltd is assumed by senior executives of SIX Securities Services Ltd. Risk controlling tasks specific to SIX SIS Ltd are assigned to the Risk Controlling unit of SIX x-clear Ltd. These duties have been migrated from Risk Controlling to SIX as of February 2012.

1.3.2 Risk policy

The scope of SIX SIS Ltd's risk policy is determined by the risk policy of SIX, 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.

1.3.3 Risk groups

1.3.3.1 Strategic risk and project risk

Strategic risks and project risks arise both from the implementation of SIX Securities Services Ltd's strategy and from the implementation of the strategies of the individual subsidiaries. They are the responsibility of the Group Executive Board as well as of the Executive Boards of the subsidiaries. Strategic risks and project risks are checked semi-annually based on their risk profile.

1.3.3.2 Reputational risks

Reputational risk involves the risk of SIX's or one of its subsidiaries' reputation being tarnished. As reputational risk is largely 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 and SIX Securities Services Ltd, in particular financial reporting, monitoring of performance key figures as well as studies on customer and staff satisfaction. Reputational risks are not directly quantified. An integrated emergency structure ensures that in the event of a crisis, reputational damage will be kept to a minimum.

1.3.3.3 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 SIS Ltd pursues a conservative risk and credit policy. New participants of SIX SIS are required to meet strict regulatory standards. Inadequately regulated and supervised market participants, or institutions not subject to money laundering monitoring, are not admitted. Management is effected via limits granted to the participant by the relevant bodies within SIX pursuant to the competency rules. 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 Ltd. 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.

SIX SIS Ltd is linked online and in real time with SIX Swiss Exchange 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 from 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 SIS Ltd operates a system for the internal monitoring of cluster risks. As at 31 December 2011, no positions exceeded the 10% reporting threshold for accumulated liabilities. The reporting threshold was not exceeded on a single occasion with regard to accumulated assets.

To calculate the capital adequacy requirements for credit risks in accordance with Basel II, SIX SIS Ltd uses the Swiss standard approach.

1.3.3.4 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 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.

1.3.3.5 Market risk

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

1.3.3.5.1 Interest rate risks

SIX SIS Ltd does not engage in credit transactions or in major mid-term or long-term fixed interest transactions. However, interest rate fluctuations resulting from short-term investments may influence the treasury result.

1.3.3.5.2 Foreign currency risk

In principle, SIX SIS Ltd 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.

1.3.3.6 Operational risk

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 audit department of SIX and adequate measures are elaborated. What is more, SIX Securities Services Ltd 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, SIX's compliance function ensures that the business activities of SIX SIS Ltd 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. Furthermore, they ensure the adjustment of internal rules and directives are observed and amended in line with changing legal provisions.

The risk inherent in relying on information technology is addressed by SIX SIS Ltd'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. Appropriate steps on the part of SIX SIS Ltd's outsourcing partners are subject to contractual agreements. SIX SIS Ltd 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.

1.3.4 Disclosure in accordance with circular no. 08/22 of the FINMA on capital adequacy disclosure

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

Capital as at 31 December 2011 and 31 December 2010, respectively:

(CHF 1,000)	31.12.2011	31.12.2010
Eligible capital (after appropriation of disposable profit):	162,710	160,439
Total required capital:	52,331	48,861
thereof for credit risks:	21,974	16,971
thereof for non-counterparty-related risks:	8,771	9,745
thereof for market risks:	242	213
thereof for operational risks:	21,344	21,932

2 Principles of accounting and valuation

2.1 General principles

The accounting, reporting and valuation for the individual companies comply with the provisions of the Swiss Code of Obligations, the accounting guidelines of the Swiss banking legislation (BAG SFBC) and the accounting guidelines of the Swiss Financial Market Supervisory Authority (FINMA).

The financial statement reporting date is 31 December.

Transactions are entered according to the principle of settlement date accounting. Detail positions reported under a specific balance sheet item are valued individually.

2.2 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, with the exception of items that were previously valued using historic rates (e.g. participations). Exchange rate gains or losses are credited or debited to the income statement.

Exchange rates

Currency	USD	EUR	GBP	JPY	HKD	CAD
Unit	1	1	1	100	100	1
Exchange rates as at 31.12.2011	0.94	1.22	1.45	1.21	12.11	0.92
as at year-end 2010	0.93	1.25	1.45	1.15	12.02	0.94

2.3 Liquid funds, borrowed funds

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

2.4 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.

Receivables from and liabilities towards banks arise mainly from SIX SIS Ltd's clearing and settlement activities with banks and financial organizations in Switzerland and abroad.

2.5 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.

2.6 Securities lending and borrowing transactions

SIX SIS Ltd 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 Notes. Fees paid and received are shown under commission income rather than interest income.

2.7 Repurchase and reverse repurchase transactions (repo)

Repo transactions are shown in the balance sheet as cash deposits against pledge of 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.

2.8 Financial investments in securities

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

2.9 Fixed assets

The following depreciation rates are applicable:

Asset class	Useful life in years maximum	Depreciation rate, linear
Installations	7	14.3 %
Building installations	10	10 %
Fixtures logistics	12	8.3 %
Furnishings and equipment	5	20 %
Vehicles	5	20 %
EDP hardware	5	20 %
Computer hardware	3	33.3 %
Computer software	immediate depreciation	100 %
Ordinary office buildings	35	3 %
Buildings for special uses	20	5 %
Real estate	not depreciated	0 %

Real estate and buildings are to be reported separately. Real estate is not depreciated. Fixed assets are reported on a net basis, i.e. after deduction of accumulated depreciation. Costs for proprietary software development are recognized in the balance sheet and fully written off within the same year.

2.10 Liabilities towards the pension fund

Liabilities towards SIX SIS Ltd's own pension fund as at 31 December 2011 amount to TCHF 0 (in 2010: TCHF 0). SIX SIS Ltd offers defined contribution plans.

2.11 Information on off-balance sheet transactions

Off-balance sheet transactions requiring disclosure concern derivative financial instruments. There are no contingent liabilities. SIX SIS Ltd engages in transactions involving derivative financial instruments for its own account only to a very limited extent and for the sole purpose of hedging.

2.12 Valuation adjustments and provisions

2.12.1 Valuation adjustments and provisions for default risks (counterparty, customer and country risk)

Allowance is made for predictable risks of loss on the balance sheet date by means of individual valuation adjustments and provisions based on the accounting principle of prudence. Individual valuation adjustments are deducted directly from the corresponding asset item. 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:

Account type	31.12.2011	31.12.2010
Nostro accounts	0.30 %	0.30 %
Placements (investments/receivables from third-party banks)	0.20 %	0.20 %
Short-term interim financing granted to participants on a blank basis	1.00 %	1.00 %
Short-term interim financing granted to participants on a covered basis	0.20 %	0.20 %

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.

2.12.2 Valuation adjustments and provisions for other business-related risks (in particular settlement risks)

Latent settlement risks in the securities business are accounted for by flat-rate provisions for operational risks. These provisions amount to 2% of the net commission and services business income.

Actual losses resulting from settlement are allocated to existing provisions. However, realized settlement proceeds need to be reported under other ordinary income.

2.12.3 Provisions in respect of safekeeping

The maximum provision is 0.0025% of the deposit value and the current provision is 3% of the net income from custody business. These provisions are dependent on the business result. If the maximum amount is reached or exceeded due to a decline in deposit value or share prices, no further provisions are made. However, the provision will remain unchanged in the balance sheet, even if one portion might have to be taken into account for tax purposes.

2.13 Amended principles of accounting and valuation

None.

3 Balance sheet information

3.1 Statement of assets

	Accumulated cost	Accumulated depreciation	Book value 31.12.2010	Investments	Disposals	Depreciation	Book value 31.12.2011
(CHF 1,000)							
Participations							
Majority stakeholders	100	–	100	–	–	–	100
Minority stakeholders	3,910	– 1,405	2,505	2,372	–	– 682	4,195
Total participations	4,010	– 1,405	2,605	2,372	–	– 682	4,295
Fixed assets							
Installations and furnishings	2,875	– 2,179	696	–	–	– 219	477
Hardware	216	– 216	–	–	–	–	–
Real estate and buildings ¹	112,313	– 66,291	46,022	–	–	– 3,360	42,663
Software	1,117	– 1,117	–	–	–	–	–
Total fixed assets	116,520	– 69,802	46,718	–	–	– 3,579	43,140
Fire insurance value of buildings			91,282				91,284
Fire insurance value of sundry fixed assets			52,940				52,885
¹ Real estate is not depreciated.							

3.2 Other assets and other liabilities

	Other assets		Other liabilities	
(CHF 1,000)	31.12.2011	31.12.2010	31.12.2011	31.12.2010
SECOM settlement accounts	8,115	2,797	77,027	43,120
Indirect taxes	779	–	18,949	16,540
Sundry assets and sundry liabilities	5	218	2,040	1,797
Total other assets and other liabilities	8,899	3,015	98,016	61,457

3.3 Assets pledged or assigned as cover for liabilities

	31.12.2011		31.12.2010	
(CHF 1,000)	Amount of the claim or book value	Liabilities/ claimed liabilities	Amount of the claim or book value	Liabilities/ claimed liabilities
Real estate and buildings	–	–	–	–
Total pledged assets	–	–	–	–

3.4 Lending and repurchase transactions in securities

(CHF 1,000)	31.12.2011	31.12.2010
Book value of receivables deriving from cash deposits due to reverse repo transactions	282,106	1,540,970
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	329,512	1,617,459
thereof: resold or repledged securities	47,404	76,489

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

3.5 Valuation adjustments and provisions

(CHF 1,000)	Balance at year- end 2010	Usage conforming with purpose	New amounts charged to income statement	Reversals credited to income statement	Balance at year- end 2011
Valuation adjustments and provisions for:					
Default risk	3,553	–	–	–	3,553
Other business risks	22,138	– 210	5,698	– 919	26,708
Pension fund liabilities	77	–	–	–	77
Other provisions	47,590	–	2,662	–	50,252
Valuation adjustment on assets from employer contribution reserves	21,992	– 2,850	–	–	19,143
Total valuation adjustments and provisions	95,352	– 3,060	8,359	– 919	99,733
less: valuation adjustments directly offset against assets	21,992	– 2,850	–	–	19,143
Total value adjustments and provisions as per balance sheet	73,359	– 210	8,359	– 919	80,590

As regards value adjustments and provisions for default risks as well as other business risks, please refer to item 2.12.1 and 2.12.2 of this Notes. Other provisions contain the provision for securities safekeeping in the Swiss financial market mentioned under item 2.12.3.

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

	31.12.2011			31.12.2010		
	Total nominal value (CHF m)	Quantity	Capital entitled to dividends (CHF m)	Total nominal value (CHF m)	Quantity	Capital entitled to dividends (CHF m)
Share capital	26	260,000	26	26	260,000	26
Company capital	26	260,000	26	26	260,000	26
Authorized capital	–	–	–	–	–	–
Conditional capital	–	–	–	–	–	–

All registered shares, and thus all voting rights (1 share = 1 vote), are held by the parent company SIX Securities Services Ltd.

3.7 Statement of equity

	Share capital	General legal reserves	Reserves from capital contributions	Free reserves	Retained earnings	Total
(CHF 1,000)						
1 January 2011	26,000	23,300	–	64,200	24,350	137,850
Dividend payment	–	–	–	–	– 25,000	– 25,000
Allocation to reserves	–	– 5,000	5,000	– 1,000	1,000	–
Annual profit 2011	–	–	–	–	12,608	12,608
31 December 2011	26,000	18,300	5,000	63,200	12,958	125,458
1 January 2010	26,000	23,300	–	64,200	13,272	126,772
Dividend payment	–	–	–	–	–	–
Allocation to reserves	–	–	–	–	–	–
Annual profit 2010	–	–	–	–	11,077	11,077
31 December 2010	26,000	23,300	–	64,200	24,350	137,850

3.8 Transactions with associated persons

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



4 Information on the income statement

4.1 Trading income

(CHF 1,000)	2011	2010
Income from forex transactions	144	53
Total	144	53

5 Additional information

5.1 Contingent liabilities

(CHF 1,000)	31.12.2011	31.12.2010
Joint liability from consolidated value-added tax filing status	p.m.	p.m.

The Notes to the consolidated financial statements of SIX Securities Services Ltd, which are based on the true and fair view principle, contains additional information.



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To the General Meeting of
SIX SIS Ltd, Olten

Zurich, 8 March 2012

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of SIX SIS Ltd, which comprise the balance sheet, income statement and notes (pages 4 until 16), for the year ended 31 December 2011.

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 2011 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 SIS Ltd

Board of Directors

Prof. Dr. Peter Gomez
Dr. Urs Rügsegger
Thomas Zeeb

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

Addresses

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