



Securities Services

# Annual Report 2012

SIX SIS Ltd  
Baslerstrasse 100  
CH-4600 Olten



## Table of contents

Annual report	3
Balance sheet	4
Income statement	5
Annex to the financial statements	6
Report of the auditors	18
Corporate bodies and addresses	20

## Annual Report SIX SIS Ltd

### Strong growth in foreign business

**SIX SIS Ltd continued to expand its position: The number of foreign settlement transactions increased, while domestic transactions declined. Due to declining stock market trading volumes, persistently low interest rates and continued strong margin pressure, operating income fell 3.2% to CHF 154.7 million.**

During 2012, SIX SIS Ltd addressed the consequences of various regulatory initiatives and regulations on its post-trade business. The first area of focus was TARGET2-Securities (T2S). The course was set for the European Central Bank's (ECB) initiative that will centralize cross-border securities settlement across the Eurozone from 2015 onwards. By signing the T2S Framework Agreement, SIX SIS Ltd committed to be part of the first wave of implementation. As the first central securities depository from a non-EU country, SIX SIS Ltd will make it possible for its clients to access the European settlement platform. Furthermore, in the area of the implementation of the final withholding tax, together with the United Kingdom and Austria, SIX has also developed a platform for the efficient exchange of tax-relevant information.

### Internationalization in settlement and custody

The success of internationalization is also apparent in settlement, where the number of cross-border transactions rose to 8.6 million (2011: 7.3 million). In Switzerland, on the other hand, the number of transactions declined to 15.1 million (19.8 million) due to increased internal netting of bank transactions. In custody, rising prices in the financial markets caused the Swiss deposit volumes to rise 5.8% to CHF 2,011.0 billion (CHF 1,901.8 billion) and foreign deposit volumes to increase 3.6% to CHF 676.0 billion (653.1 billion).

### Low financing requirements due to low interest rates

Persistently low interest rates meant that the need for financing at banks was at a low level. Towards the end of the year, Securities Services successfully launched a new product for collateralization of credit transactions and won a major new client.

Global Fund Services, the platform for services related to the trading, settlement and safekeeping of funds, was realigned. The percentage of international fund assets under management rose 8% from the prior year (-2%) while the number of transactions increased by 35% (-2%). The area grew by a total of 38% (62%).

### Outlook: setting the course in post-trading

General conditions in the post-trade arena have changed drastically within a short time. First, the increase in regulatory requirements has resulted in higher standards in areas such as governance, risk management and capitalization. Second, volumes on the financial markets have declined and the market is in the process of consolidation. As a consequence of these factors, as well as a substantial drop in revenues in summer 2012, the business area Securities Services will be reorganized in 2013 to enable the organization to address the current challenges. At the same time, SIX SIS Ltd will continue to pursue its internationalization strategy and establish the connection to T2S.

**Balance sheet of SIX SIS Ltd**

(CHF 1,000)	Annex	31.12.2012	31.12.2011
<b>Assets</b>			
Liquid funds		3,304,022	1,823,086
Due from banks		1,921,725	1,329,543
Due from clients		1,348	1,287
Participations	3.1	3,581	4,295
Fixed assets	3.1	39,622	43,140
Accrued income and prepaid expenses		1,430	3,871
Other assets	3.2	12,884	8,899
<b>Total assets</b>		<b>5,284,613</b>	<b>3,214,120</b>
Due from qualified participants (direct)		4	4
Due from qualified participants (indirect)		42,602	22,782
Due from affiliated companies (banks)		25,600	4,968
Due from affiliated companies (clients)		1,318	1,256
<b>Liabilities</b>			
Due to banks		4,638,178	2,872,685
Due to clients		329,321	27,586
Accrued income and deferred income		11,234	9,786
Other liabilities	3.2	92,032	98,016
Valuation adjustments and provisions	3.5	84,480	80,590
Share capital	3.7	26,000	26,000
General legal reserves	3.7	18,300	18,300
Reserves from capital contributions	3.7	5,000	5,000
Free reserves	3.7	63,100	63,200
Retained earnings	3.7	58	350
Annual profit	3.7	16,910	12,608
<b>Total liabilities and equity</b>		<b>5,284,613</b>	<b>3,214,120</b>
Due to qualified participants (direct)		–	–
Due to qualified participants (indirect)		1,261,737	426,513
Due to affiliated companies (banks)		500,736	156,453
Due to affiliated companies (clients)		17,793	19,538
<b>Off-balance sheet transactions</b>			
Irrevocable commitments		22	24



**Income statement of SIX SIS Ltd**

(CHF 1,000)

	Annex	2012	2011
<b>Operating income</b>			
<b>Interest income</b>			
Interest and discount income		6,097	8,818
Interest expenses		– 166	– 177
<b>Net interest income</b>		<b>5,931</b>	<b>8,641</b>
<b>Commission and other services business income</b>			
Commission income		197,821	197,032
Commission expenses		– 60,472	– 57,846
Commission income from other services business		12,940	11,494
Commission expenses from other services business		– 9,358	– 8,878
<b>Net commission and other services business income</b>		<b>140,931</b>	<b>141,802</b>
<b>Net trading income</b>	<b>4.1</b>	<b>257</b>	<b>144</b>
<b>Other income</b>			
Other ordinary income <sup>1</sup>		7,587	9,479
Other ordinary expenses		–	– 255
<b>Net other income</b>		<b>7,587</b>	<b>9,224</b>
<b>Total operating income</b>		<b>154,707</b>	<b>159,810</b>
<b>Operating expenses</b>			
Personnel expenses		– 39,389	– 41,753
Other operating expenses <sup>2</sup>		– 85,249	– 90,096
<b>Total operating expenses</b>		<b>– 124,638</b>	<b>– 131,848</b>
<b>Gross income</b>		<b>30,069</b>	<b>27,962</b>
Depreciation on fixed assets	3.1	– 4,231	– 4,261
Valuation adjustments, provisions and losses	3.5	– 5,305	– 8,359
<b>Operating profit (sub-total)</b>		<b>20,533</b>	<b>15,341</b>
Extraordinary income	3.5	632	919
Taxes		– 4,255	– 3,652
<b>Annual profit</b>		<b>16,910</b>	<b>12,608</b>
<b>Appropriation of disposable profit</b>			
Profit carried forward from the previous year		58	350
<b>Profit at the General Meeting's disposal</b>		<b>16,967</b>	<b>12,958</b>
Allocation to general legal reserves		–	–
Withdrawals from free reserves		–	100
Dividend		–	– 13,000
<b>Profit carried forward</b>		<b>16,967</b>	<b>58</b>
1 Thereof Group-internal services		1,566	1,023
2 Thereof Group-internal services		– 69,170	– 73,919

## **Annex to the financial statements 2012**

### **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 Ltd. 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 302 people as at year-end 2012 (year-end 2011: 322). 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.

The risk management for all of SIX Securities Services, which itself is a division of SIX, is performed by SIX Securities Services. The operative settlement of the management of limits in SECOM is carried out by SIX x-clear Ltd.

SIX SIS Ltd has outsourced 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.

#### **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.

### **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 the 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 profiles.

#### **1.3.3.2 Reputational risk**

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. A well established emergency organization system ensures that in the event of a crisis, reputational risks are 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 Ltd are required to meet strict regulatory standards. Market participants who are not subject to adequate financial institution regulation and supervision as well as money laundering monitoring are not accepted. 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. 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 Ltd 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 detailed procedures for managing limits.

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. Furthermore, 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 that rules and directives are amended in line with changing regulations and are observed.

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 back-up center. Appropriate steps on the part of SIX SIS Ltd's outsourcing partners are subject to contractual agreements. Furthermore, SIX SIS Ltd is also supervised by the Swiss National Bank in this respect pursuant to the National Bank Act.

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

### 1.3.4 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 SIS Ltd meets the requirements for partial disclosure.

Capital as at 31 December 2012 and 31 December 2011, respectively:

(CHF 1,000)	31.12.2012	31.12.2011
<b>Eligible capital (after appropriation of disposable profit):</b>	<b>181,977</b>	<b>162,710</b>
<b>Total required capital:</b>	<b>64,890</b>	<b>52,331</b>
thereof for credit risks:	34,822	21,974
thereof for non-counterparty-related risks:	8,002	8,771
thereof for market risks:	268	242
thereof for operational risks:	21,797	21,344

## 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 (CO), 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 trade 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 31.12.2012	0.92	1.21	1.48	1.06	11.81	0.92
as at year-end 2011	0.94	1.22	1.45	1.21	12.11	0.92

### 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

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 Annex. 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	Lifetime in years maximum	Depreciation rate, linear, based on acquisition value
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 2012 amount to TCHF 0 (in 2011: 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	31.12.2012	31.12.2011
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

(CHF 1,000)	Cost price	Accumulated depreciation	Book value 31.12.2011	Investments	Disposals	Depreciation	Book value 31.12.2012
<b>Participations</b>							
Majority stakeholders	100	–	100	–	–	–	100
Minority stakeholders	6,282	– 2,087	4,195	–	–	– 713	3,481
<b>Total participations</b>	<b>6,382</b>	<b>– 2,087</b>	<b>4,295</b>	<b>–</b>	<b>–</b>	<b>– 713</b>	<b>3,581</b>
<b>Fixed assets</b>							
Installations and furnishings	2,875	– 2,398	477	–	–	– 219	258
Hardware	216	– 216	–	–	–	–	–
Real estate and buildings <sup>1</sup>	112,313	– 69,650	42,663	–	–	– 3,299	39,364
Software	1,111	– 1,111	–	–	–	–	–
<b>Total fixed assets</b>	<b>116,514</b>	<b>– 73,374</b>	<b>43,140</b>	<b>–</b>	<b>–</b>	<b>– 4,231</b>	<b>39,622</b>
Fire insurance value of buildings			91,284				91,336
Fire insurance value of sundry fixed assets			52,885				18,797

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

#### 3.2 Other assets and other liabilities

(CHF 1,000)	Other assets		Other liabilities	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
SECOM settlement accounts	12,171	8,115	66,684	77,027
Indirect taxes	689	779	23,447	18,949
Sundry assets and sundry liabilities	24	5	1,901	2,040
<b>Total other assets and other liabilities</b>	<b>12,884</b>	<b>8,899</b>	<b>92,032</b>	<b>98,016</b>

#### 3.3 Assets pledged or assigned as cover for liabilities

(CHF 1,000)	31.12.2012		31.12.2011	
	Amount of the claim or book value	Liabilities/claimed liabilities	Amount of the claim or book value	Liabilities/claimed liabilities
Real estate and buildings	–	–	–	–
<b>Total pledged assets</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

### 3.4 Lending and repurchase transactions in securities

(CHF 1,000)	31.12.2012	31.12.2011
Book value of receivables deriving from cash deposits due to reverse repo transactions	551,414	282,106
Book value of the liabilities from repurchase transactions	362,238	–
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	834,031	329,512
thereof: resold or repledged securities	676,663	47,404

Collateral for loaned securities 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 2011	Designated uses	New amounts charged to income statement	Reversals credited to income statement	Balance at year-end 2012
<b>Valuation adjustments and provisions for:</b>					
Default risk	3,553	–	4,344	– 3,923	3,974
Other business risks	26,708	– 783	2,525	– 632	27,818
Pension fund liabilities	77	–	–	–	77
Other provisions	50,252	–	2,358	–	52,610
Valuation adjustment on assets from employer contribution reserves	19,143	–	–	–	19,143
<b>Total valuation adjustments and provisions</b>	<b>99,733</b>	<b>– 783</b>	<b>9,227</b>	<b>– 4,555</b>	<b>103,622</b>
Less: valuation adjustments directly offset against assets	19,143	–	–	–	19,143
<b>Total valuation adjustments and provisions as per balance sheet</b>	<b>80,590</b>	<b>– 783</b>	<b>9,227</b>	<b>– 4,555</b>	<b>84,480</b>

As regards valuation 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 Annex. 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

	31.12.2012			31.12.2011		
	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
<b>Company capital</b>	<b>26</b>	<b>260,000</b>	<b>26</b>	<b>26</b>	<b>260,000</b>	<b>26</b>
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

(CHF 1,000)	Share capital	General statutory reserves	Reserves from capital contributions	Free reserves	Retained earnings	Total
<b>1 January 2012</b>	<b>26,000</b>	<b>18,300</b>	<b>5,000</b>	<b>63,200</b>	<b>12,958</b>	<b>125,458</b>
Dividend payment	–	–	–	–	– 13,000	– 13,000
Allocation to reserves	–	–	–	– 100	100	–
<b>Annual profit 2012</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>16,910</b>	<b>16,910</b>
<b>31 December 2012</b>	<b>26,000</b>	<b>18,300</b>	<b>5,000</b>	<b>63,100</b>	<b>16,967</b>	<b>129,367</b>
<b>1 January 2011</b>	<b>26,000</b>	<b>23,300</b>	<b>–</b>	<b>64,200</b>	<b>24,350</b>	<b>137,850</b>
Dividend payment	–	–	–	–	– 25,000	– 25,000
Allocation to reserves	–	– 5,000	5,000	– 1,000	1,000	–
<b>Annual profit 2011</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>12,608</b>	<b>12,608</b>
<b>31 December 2011</b>	<b>26,000</b>	<b>18,300</b>	<b>5,000</b>	<b>63,200</b>	<b>12,958</b>	<b>125,458</b>

### 3.8 Transactions with associated persons

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





#### 4 Information on the income statement

##### 4.1 Trading income

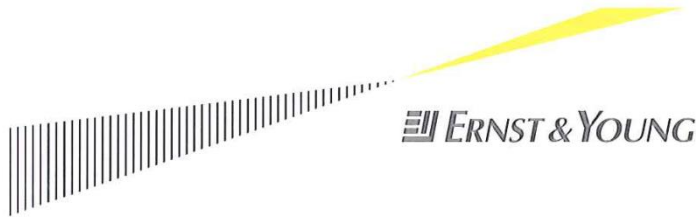
(CHF 1,000)	2012	2011
Income from forex transactions	257	144
<b>Total</b>	<b>257</b>	<b>144</b>

#### 5 Additional information

##### 5.1 Contingent liabilities

(CHF 1,000)	31.12.2012	31.12.2011
Joint liability from consolidated value-added tax filing status	p.m.	p.m.

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



Ernst & Young Ltd  
Maagplatz 1  
P.O. Box  
CH-8010 Zurich

Phone +41 58 286 31 11  
Fax +41 58 286 30 04  
[www.ey.com/ch](http://www.ey.com/ch)

To the General Meeting of  
SIX SIS Ltd, Olten

Zurich, 14 March 2013

### 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 17), for the year ended 31 December 2012.

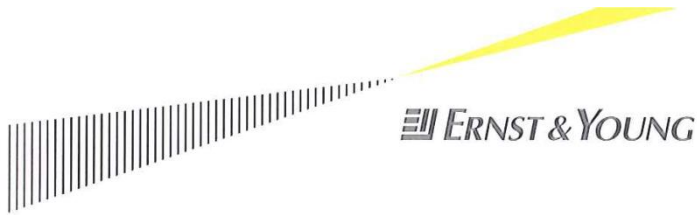
#### *Board of Directors' responsibility*

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 2012 comply with Swiss law and the company's articles of incorporation.


**Report on Other Legal Requirements**

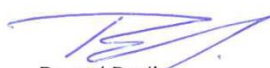
We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

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 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	Chairman of the Board of Directors
Dr. Stefan Mäder	Member of the Board of Directors
Dr. Urs Rügsegger	Member of the Board of Directors
Thomas Zeeb	Member of the Board of Directors

### Addresses

#### SIX SIS Ltd

Baslerstrasse 100  
P.O. Box  
CH-4601 Olten  
T +41 58 399 3111  
F +41 58 499 3111

#### Zurich office:

Brandschenkestrasse 47  
P.O. Box 1758  
CH-8021 Zurich  
T +41 58 399 3111  
F +41 58 499 3111

[www.six-securities-services.com](http://www.six-securities-services.com)  
[office@sisclear.com](mailto:office@sisclear.com)

This report also appears in German.  
The German version is prevailing.