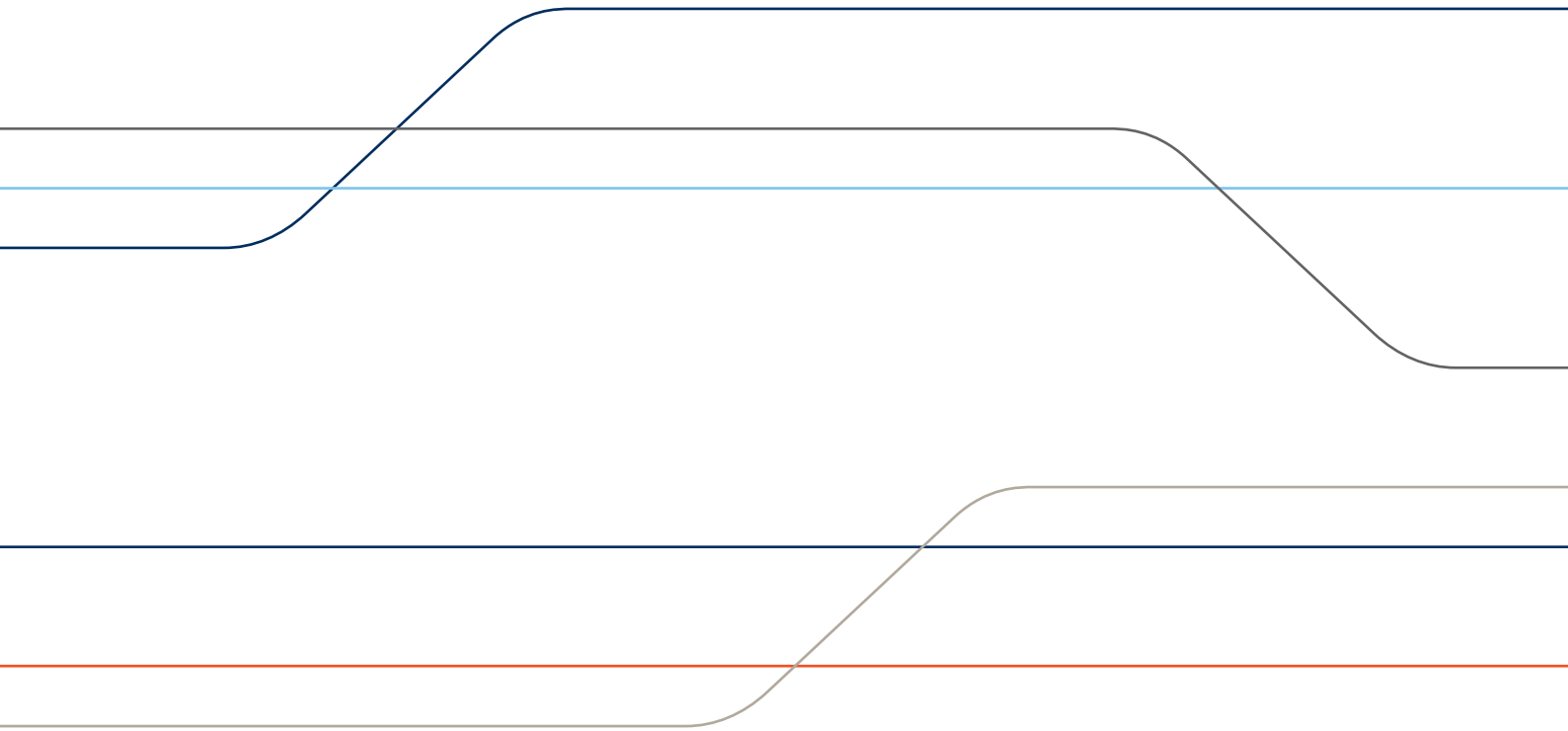




# Financial Statements 2015

SIX x-clear Ltd



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# Balance sheet

CHF 1,000	Note	31/12/2015	31/12/2014 <sup>1</sup>
<b>Assets</b>			
Amounts due from banks		719,697	572,811
Amounts due from securities financing transactions	1	237,192	200,000
Amounts due from customers	2	452	18
Positive replacement values of derivative financial instruments	3	63,613	22,497
Financial investments	4	133,338	254,353
Accrued income and prepaid expenses		34	2,651
Participations		40	22,402
Tangible assets		462	–
Other assets	5	767	1,752
<b>Total assets</b>		<b>1,155,594</b>	<b>1,076,486</b>
<b>Liabilities and equity</b>			
Amounts due to banks		997,089	776,117
Amounts due to customers		2,459	184,565
Negative replacement values of derivative financial instruments	3	64,310	22,240
Accrued expenses and deferred income		2,729	923
Other liabilities	5	4,400	326
Bank's capital	10	30,000	30,000
Legal reserves from retained earnings		6,360	6,360
Free reserves			
Other free reserves		78,200	78,200
Loss carried forward		–22,245	–4,525
Loss for the year		–7,708	–17,720
<b>Total liabilities and equity</b>		<b>1,155,594</b>	<b>1,076,486</b>
<b>Off-balance-sheet transactions</b>			
Irrevocable commitments	2	10	12

<sup>1</sup> Some prior-year items have been regrouped to match the required structure. See introduction to the accounting and valuation policies.

# Income statement

CHF 1,000	Note	2015	2014 <sup>1</sup>
Interest and discount income		-4,976	70
Interest and dividend income from financial investments		3,024	4,468
Interest expenses		3,028	-7,375
<b>Gross result from interest operations</b>		<b>1,076</b>	<b>-2,837</b>
Changes in value adjustments for default risks		-	-
<b>Result from interest operations</b>	19	<b>1,076</b>	<b>-2,837</b>
Commission income from clearing & settlement		20,393	17,916
Commission expenses from clearing & settlement		-5,703	-5,485
Commission income from other services		284	458
Commission expenses from other services		-	-14
<b>Result from commission business and services</b>		<b>14,974</b>	<b>12,875</b>
<b>Result from trading activities</b>	12	<b>-440</b>	<b>-100</b>
Other ordinary income		472	188
Other ordinary expenses		-	-
<b>Result from other ordinary activities</b>		<b>472</b>	<b>188</b>
Personnel expenses	13	-2,812	-2,382
General and administrative expenses	14	-16,957	-14,644
<b>Operating expenses</b>		<b>-19,769</b>	<b>-17,026</b>
Changes in value adjustments on participations and depreciation of tangible assets		-3,984	-10,200
Changes to provisions and other value adjustments, and losses	8	-	-437
<b>Operating result</b>		<b>-7,670</b>	<b>-17,538</b>
Taxes	16	-39	-182
<b>Loss for the year</b>		<b>-7,708</b>	<b>-17,720</b>
<b>Coverage of losses</b>			
Loss carried forward from previous years		-22,245	-4,525
Loss for the year		-7,708	-17,720
<b>Accumulated loss/loss carried forward</b>		<b>-29,953</b>	<b>-22,245</b>

<sup>1</sup> Some prior-year items have been regrouped to match the required structure. See introduction to the accounting and valuation policies.

## Statement of changes in equity

CHF 1,000	Bank's capital	Legal reserves from ret. earnings	Other free reserves	Loss carried forward	Loss for the year	Total <sup>1</sup>
<b>1 January 2015</b>	<b>30,000</b>	<b>6,360</b>	<b>78,200</b>	<b>-4,525</b>	<b>-17,720</b>	<b>92,315</b>
Coverage of losses				-17,720	17,720	-
Other contributions						-
Loss for the year					-7,708	-7,708
<b>31 December 2015</b>	<b>30,000</b>	<b>6,360</b>	<b>78,200</b>	<b>-22,245</b>	<b>-7,708</b>	<b>84,607</b>
<b>1 January 2014<sup>2</sup></b>	<b>30,000</b>	<b>6,360</b>	<b>45,500</b>	<b>-1,633</b>	<b>-2,892</b>	<b>77,335</b>
Coverage of losses				-2,892	2,892	-
Other contributions			32,700			32,700
Loss					-17,720	-17,720
<b>31 December 2014<sup>2</sup></b>	<b>30,000</b>	<b>6,360</b>	<b>78,200</b>	<b>-4,525</b>	<b>-17,720</b>	<b>92,315</b>

<sup>1</sup> 25% designated to cover losses from defaulting clearing members. See note 18 Margin requirements and default fund.

<sup>2</sup> Some prior-year items have been regrouped to match the required structure. See introduction to the accounting and valuation policies.

# Notes to the financial statements

## General information

SIX x-clear Ltd operates as an international central counterparty (CCP) in securities trading. As CCP, SIX x-clear Ltd provides clearing services for SIX Swiss Exchange Ltd, the London Stock Exchange and a number of multilateral trading facilities (MTFs). In the prior year, it acquired a 100% participation in Oslo Clearing ASA. In the reporting year, all operational assets and liabilities of Oslo Clearing ASA were fully transferred to SIX x-clear Ltd's Norwegian branch and the legal entity Oslo Clearing ASA was liquidated. The branch operates as a central counterparty for equity market instruments, standardized financial derivatives listed and traded on Oslo Børs, OTC derivatives traded at Oslo Connect, and securities lending products. SIX x-clear Ltd is licensed as a bank under Swiss law and supervised by the Swiss Financial Market Supervisory Authority (FINMA). Pursuant to the National Bank Act, it is also supervised by the Swiss National Bank (SNB) with respect to systemic risks. SIX x-clear Norwegian Branch is further regulated by the Financial Supervisory Authority of Norway (Finanstilsynet). The Bank of England has granted SIX x-clear Ltd the status of a Recognized Overseas Clearing House (ROCH).

The number of staff on a full-time equivalent basis was 22.4 people as at year-end 2015 (previous year: 9).

Wherever possible, SIX x-clear Ltd uses the services of other affiliated companies of SIX.

SIX x-clear Ltd has outsourced securities settlement within the group, i.e. it has assigned the settlement of CCP transactions to its affiliate SIX SIS Ltd. The outsourced tasks include the settlement and monitoring of trades and the relevant repositioning of securities. The service provider SIX SIS Ltd is also a regulated bank supervised by FINMA and the SNB. The risk management for SIX x-clear Ltd is performed by SIX Securities Services, with the operational management of limits in SECOM being carried out by SIX x-clear Ltd.

SIX x-clear Ltd has outsourced the operation and maintenance of the data 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 required to maintain banking secrecy.

### Board of Directors

Dr. Urs Rügsegger	Chairman
Dr. Stefan Mäder	Member
Robert Bornträger	Member
Josef Landolt	Member
Andreas Wolf	Member

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[office@sisclear.com](mailto:office@sisclear.com)

## Risk management

### General

As a part of SIX, SIX x-clear Ltd is an important pillar of the Swiss financial center, laying great emphasis on reliability and security and creating the trust that is essential for the financial center's smooth functioning. The Board of Directors of SIX approves the risk policy and delegates risk management tasks. The Board of Directors (BoD) of SIX Group decides on the risk appetite and the risk policy and delegates risk management tasks. The Risk Committee of the BoD of SIX Group is responsible for internal controls with respect to risk.

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 and by the Finance and Services division. Risk control measures at SIX are executed by the Chief Risk Officer of SIX and the dedicated SIX Securities Services Risk Management Team, who are independent of the line management structure and form the "second line of defense". Risk management and controlling are monitored by the internal auditors. The management of specific risks faced by x-clear is assumed by senior executives of SIX Securities Services, who form the "first line of defense".

### Risk groups

#### 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 and of the Executive Boards of the subsidiaries. Strategic risks and project risks are reviewed semi-annually based on their risk profiles.

#### Reputational risk

Reputational risk involves the risk of the reputation of SIX or one of its subsidiaries being tarnished. As reputational risk is largely inherent in business activities, reputational risk management mainly consists of ensuring competency, integrity, responsibility and

compliance in business activities at a group level. Reputational risk management includes all operational and strategic management instruments of SIX and SIX Securities Services, in particular financial reporting, monitoring of key performance figures and surveys of 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.

#### 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 x-clear Ltd applies a conservative risk and credit policy. New clients of SIX x-clear Ltd are required to meet strict regulatory standards. Market clients that are not subject to adequate financial institution and/or money laundering regulation and supervision are not accepted.

SIX x-clear Ltd is linked online and in real time with SIX Swiss Exchange, the London Stock Exchange and a number of multilateral trading facilities (MTFs), and 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.

SIX x-clear Ltd applies the Swiss standard approach during the transitional period in line with Basel III to calculate capital adequacy requirements for credit risks.

#### 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 and other assets subject to depreciation.

Non-counterparty-related risks are accounted for through adequate depreciation and insurance. In particular, software is fully depreciated in the year of production or purchase.

#### **Market risk**

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

As central counterparty, SIX x-clear Ltd applies the following multi-level risk management techniques in order to minimize market risk due to unsettled transactions: regular evaluations of positions at the latest quotation, rules for the prevention and coverage of possible losses, application of margin requirements for actual changes in value (variation margin) and possible future price fluctuations (initial margin). Participants are under an obligation to make additional contributions (margin calls) for market risk, should the margin requirements increase or the value of the supplied margins decrease. Furthermore, clients have to contribute to the joint default fund. The default fund is designed to cover potential market risks that are not covered by the margin model in the event of a member default and in times of stressed market conditions and is used after SIX x-clear's own contribution of 25% of equity is used up.

SIX x-clear Ltd does not engage in conventional credit business and does not enter into material medium-term or long-term fixed interest transactions. Consequently, it is not exposed to any significant risk of interest rate fluctuations.

#### **Foreign currency risk**

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

#### **Operational risk**

According to Basel III, 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. However, strategic risks and reputational risks are excluded.

To ensure reliability as a key pillar of the Swiss financial center, SIX x-clear Ltd has implemented systematic management of operational risks. Operational risk management is regulated in a framework that defines all responsibilities and processes as well as the risk appetite and risk tolerance. The framework is based on the "Principles for the Sound Management of Operational Risk" issued by the Basel Committee on Banking Supervision and the "Principles for Financial Market Infrastructure" issued by CPMI-IOSCO. The Board of Directors of SIX x-clear conducts an annual review of the framework which, in conjunction with the supporting directives, forms the basis for the management of operational risks.

Operational risks are assessed by determining the potential damage. The direct financial loss is calculated, then the potential future financial impact in terms of a loss of customer trust and reputational risks is also taken into account. Any risks identified and cases of damage, along with the losses incurred, are tracked in a database and linked to the internal control system in order to systematically identify risks and support ongoing risk assessment.

Operational risk management is a task assumed at all management levels. Operational risks are limited by means of internal regulations and directives on organization and control. These allow operational risks to be tracked and reduced through systematic risk controls. These risk controls include a mechanism that enables the risk management team to identify and eliminate risks before they actually occur. As a second line of defense, the risk management team also considers instruments to reduce the effective risks. In an annual assessment, all departments evaluate the appropriateness and operational effectiveness of the internal control system and adapt it where necessary.



Business processes are reviewed continuously by the risk management team to identify and assess potential risks. The team also defines measures to further decrease operational risks. The risks identified and measures defined to minimize the risks are regularly reported to the Board of Directors and the management of SIX x-clear Ltd. Business process risks are also systematically assessed by the internal audit department and adequate measures are implemented.

Together with the legal department, the SIX compliance function ensures that the business activities of SIX x-clear Ltd comply with the current rules and regulations and the general obligation of a financial intermediary 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 x-clear 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. Corresponding measures on the part of our outsourcing partners are subject to contractual agreements. Business contingency management is tested annually to ensure its efficiency. The results of this testing are reported to the Board of Directors and the management of SIX x-clear Ltd. Improvement measures are also summarily approved by the Board of Directors and the management.

SIX x-clear 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 III.

## Regulatory disclosure

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

### Capital adequacy

As SIX x-clear Ltd does not offer common credit services, some of the disclosure requirements are redundant and therefore obsolete.

CHF 1,000	31/12/2015	31/12/2014
<b>Eligible capital (CET1 only)</b>	<b>84,145</b>	<b>91,010</b>
<b>Required capital</b>	<b>17,610</b>	<b>26,074</b>
thereof for credit risks	15,604	24,017
thereof for non-counterparty-related risks	–	9
thereof for market risks	59	470
thereof for operational risks	1,947	1,511
<b>Capital ratio (CET1 ratio)</b>	<b>38.2%</b>	<b>27.9%</b>

The required capital shown above is calculated as 8% of risk-weighted assets. The regulatory minimum capital requirement is 10.5% of risk-weighted assets.

### Leverage ratio

CHF 1,000	31/12/2015	31/12/2014
Tier 1 capital	84,145	91,010
Total exposure	917,945	1,106,808
Leverage ratio	9.2%	8.2%

## Accounting and valuation policies

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

These financial statements have been prepared for the first time in accordance with FINMA circular 2015/01 "Accounting rules for banks". Therefore, some prior-year balance sheet and income statement items have been regrouped to match the required structure. There were no changes in valuation, including prior-year financials.

### General principles

The accounting, reporting and valuation principles for SIX x-clear Ltd comply with the provisions of the Swiss Code of Obligations (CO), the accounting rules of the Swiss banking ordinance and the accounting rules for banks of the Swiss Financial Market Supervisory Authority (ARB FINMA) for statutory single-entity

financial statements with reliable assessment. The financial statement reporting date is 31 December. In general, business transactions are recorded using the trade date accounting principle. Detail positions reported under a specific balance sheet item are valued item-by-item.

In line with margin notes 327–340 of the ARB FINMA, certain information is disclosed in the consolidated financial statements of SIX Securities Services Ltd only.

### Foreign currency conversion

Transactions in foreign currencies are posted at the current exchange rates. Balance sheet items in foreign currencies are converted into Swiss francs at the exchange rates applicable on the balance sheet date if no historical valuation is applicable (i.e. participations). Exchange rate gains or losses are credited or debited to the income statement.

	EUR	USD	GBP	JPY	NOK	CAD
Unit	1	1	1	100	100	1
Exchange rate as at current year-end	1.08	0.99	1.47	0.82	11.26	0.71
Exchange rate as at prior year-end	1.20	0.99	1.54	0.83	13.32	0.85

### Amounts due to and from banks and customers

Receivables and liabilities in Swiss francs are recorded at their nominal values. Risks arising in respect of customer claims are taken into account by offsetting a value adjustment against the respective asset. Predictable risks of loss are accounted for through individual value adjustments and latent risks through collective value adjustments calculated on the basis of clearly defined rates. Receivables from and liabilities towards banks arise mainly from clearing activities as CCP.

### Amounts due from and liabilities from securities financing transactions

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

#### *Securities lending and borrowing*

SIX x-clear Ltd lends and borrows non-monetary instruments such as money market papers and securities for its own account and risk (principal status). It generally only engages in trading book transactions, whereby receivables and liabilities arising from the lending or borrowing of non-monetary instruments are valued at market value. Lending transactions in securities or money market papers are treated like

repurchase agreements, provided they are covered by cash collateral and 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 disclosed in the notes. Fees paid and received are shown under commission income.

#### *Repurchase and reverse repurchase agreements*

Repurchase agreements are shown in the balance sheet as cash deposits against pledge of own securities. Reverse repurchase agreements 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.

#### **Positive and negative replacement values of derivative financial instruments**

SIX x-clear Ltd does not engage in trading activities on its own account. The replacement values represent the market value of all open positions of all clearing members on the balance sheet date (after end of day-netting) and are therefore measured at fair value. From an accounting perspective, the open positions are to be classified as "trading instruments" because of SIX x-clear Ltd's principal status. Although further netting would be possible, this position is voluntarily presented gross on the balance sheet for transparency reasons. The unrecognized netting potential is disclosed in note 3.

#### **Participations**

Participations are valued according to their acquisition cost. All participations are regularly assessed with respect to a possible impairment of their value.

#### **Financial investments**

Financial investments are stated at the lower of cost or market value. Bonds pledged as collateral (see note 6) are valued on the basis of the accrual principle, with the premium arising on purchase being amortized over the term to maturity. Value adjustments resulting from changes in the bond issuer's credit standing are immediately recognized.

#### **Tangible assets**

Tangible assets are shown in the balance sheet at cost 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 following depreciation rates are applied:

Asset class	Estimated lifetime	Depreciation rate
Installations	7	14%
Furnishings and equipment	5	20%
Vehicles	5	20%
Hardware	5	20%
Buildings and building installations	35	3%
Real estate	not depreciated	0%

Real estate and buildings are to be reported separately. Real estate is not depreciated. Tangible assets are reported on a net basis, i.e. after deduction of accumulated depreciation.

#### **Pension benefit obligations**

Pension benefit obligations are treated according to Swiss GAAP FER 16. SIX x-clear Ltd offers defined contribution plans.

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

Other assets and other liabilities are shown at their nominal value.

#### **Off-balance-sheet transactions**

Off-balance-sheet transactions requiring disclosure concern irrevocable commitments.

#### **Taxes**

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

#### **Changes in accounting and valuation policies**

None.

#### **Subsequent events**

No subsequent events requiring disclosure occurred.

# Information on the balance sheet

## 1. Securities financing transactions

CHF 1,000	31/12/2015	31/12/2014
Book value of receivables from cash collateral delivered in connection with securities borrowing and reverse repurchase transactions <sup>1</sup>	237,192	200,000
Book value of obligations from cash collateral received in connection with securities lending and repurchase transactions <sup>1</sup>	–	–
Book value of securities lent in connection with securities lending or delivered as collateral in connection with securities borrowing as well as securities in own portfolio transferred in connection with repurchase agreements	–	–
<i>with unrestricted right to resell or pledge</i>	–	–
Fair value of securities received and serving as collateral in connection with securities lending or securities borrowed in connection with securities borrowing as well as securities received in connection with reverse repurchase agreements with an unrestricted right to resell or repledge	242,331	222,149
<i>of which repledged securities</i>	237,266	200,010
<i>of which resold securities</i>	5,065	22,139

<sup>1</sup> Before netting agreements

### Breakdown by transaction type

CHF 1,000	31/12/2015	31/12/2014
Reverse repurchase agreements	237,192	200,000
<b>Total amounts due from securities financing transactions</b>	<b>237,192</b>	<b>200,000</b>

## 2. Collateral for loans, receivables and off-balance-sheet transactions, as well as impaired loans and receivables

CHF 1,000	31/12/2015	31/12/2014
<b>Amounts due from customers</b>		
Amounts due from customers (unsecured, before netting with value adjustments)	452	18
<i>of which impaired</i>	–	–
<b>Total before offsetting with value adjustments</b>	<b>452</b>	<b>18</b>
<b>Total after offsetting with value adjustments</b>	<b>452</b>	<b>18</b>
<b>Off-balance-sheet transactions</b>		
Irrevocable commitments (unsecured)	10	12

SIX x-clear Ltd does not offer common credit services. Therefore, all amounts due from customers are uncovered. The irrevocable commitments are towards the depositor protection scheme under the Swiss Banking Act.

### 3. Derivative financial instruments

CHF 1,000	Trading instruments		
	Positive replacement values	Negative replacement values	Contract volumes
<b>Interest rate-related instruments</b>			
Forward contracts	825	825	173,160
<b>Equity securities and indices</b>			
Forward contracts	39,923	40,620	6,927,343
Options (exchange-traded)	22,848	22,848	1,101,477
Options (OTC)	17	17	1,075
<b>Total before netting agreements</b>	<b>63,613</b>	<b>64,310</b>	<b>8,203,055</b>
<i>Previous year</i>	<i>22,497</i>	<i>22,240</i>	<i>5,681,508</i>
Recognized netting agreements	–	–	–
<b>Total after recognized netting agreements</b>	<b>63,613</b>	<b>64,310</b>	<b>8,203,055</b>
<i>Previous year</i>	<i>22,497</i>	<i>22,240</i>	<i>5,681,508</i>
Unrecognized netting agreements	31,154	31,154	n/a
<b>Total after netting agreements</b>	<b>32,458</b>	<b>33,155</b>	<b>8,203,055</b>
<i>Previous year</i>	<i>3,916</i>	<i>3,660</i>	<i>5,681,508</i>

The derivative instruments shown are unsettled spot transactions arising from clearing business with bonds and equity that are recognized according to the settlement date accounting principle. No derivative transactions were carried out for own purposes (i.e. hedging). No internal model was used to calculate the fair values of the derivative financial instruments.

#### Breakdown by counterparty

CHF 1,000	Central clearing houses	Banks	Total
Positive replacement values (after netting agreements)	7,489	24,969	32,458

## 4. Financial investments

CHF 1,000	31/12/2015		31/12/2014	
	Book value	Fair value	Book value	Fair value
<b>Debt securities</b>	<b>62,829</b>	<b>62,867</b>	<b>170,957</b>	<b>173,596</b>
<i>of which intended to be held to maturity</i>	<i>62,829</i>	<i>62,867</i>	<i>170,957</i>	<i>173,596</i>
<b>Breakdown by counterparty-rating</b>				
AAA to AA-	62,829	62,867	170,957	173,596
<b>Equity securities</b>	<b>70,509</b>	<b>70,509</b>	<b>83,397</b>	<b>83,397</b>
<i>of which qualified participations</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>
<b>Total financial investments</b>	<b>133,338</b>	<b>133,376</b>	<b>254,354</b>	<b>256,993</b>
<i>of which eligible for repurchase transactions in accordance with liquidity requirements</i>	<i>62,829</i>	<i>62,867</i>	<i>170,957</i>	<i>173,596</i>

The rating categories presented above are based on Standard & Poor's rating scale.

## 5. Other assets and liabilities

CHF 1,000	Other assets		Other liabilities	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
SECOM settlement accounts	–	2	–	–
Indirect taxes	45	7	150	58
Compensation account	–	–	–	257
Sundry assets and liabilities	722	1,743	4,250	11
<b>Total</b>	<b>767</b>	<b>1,752</b>	<b>4,400</b>	<b>326</b>

## 6. Assets pledged or assigned to secure own commitments

CHF 1,000	31/12/2015		31/12/2014 <sup>1</sup>	
	Book value	eff. committed	Book value	eff. committed
Amounts due from banks	653,970	63,986	550,079	101,279
Financial investments	133,338	133,338	254,353	254,353

<sup>1</sup> restated

All assets held at SIX SIS Ltd are pledged according to the pledge agreement and the supplementary contract for the broker line facility. All other assets pledged cover inter-CCP risks.

The balance sheet item "Securities financing transactions" contains reverse repurchase agreements (see section "Amounts due from and liabilities from securities

financing transactions" in the accounting and valuations policies). The securities received through these transactions were repledged, but are excluded from the above table. Details are disclosed in note 1 "Securities financing transactions".

## 7. Breakdown of assets by country rating

Country rating	31/12/2015		31/12/2014	
	in CHF 1,000	in %	in CHF 1,000	in %
AAA-AA	1,155,594	100%	1,076,486	100%
lower	–	0%	–	0%
<b>Total</b>	<b>1,155,594</b>	<b>100%</b>	<b>1,076,486</b>	<b>100%</b>

The rating categories presented above are based on the rating scale of Swiss Export Risk Insurance (SERV).

## 8. Pension funds

### Employer contribution reserves

CHF 1,000	Note	31/12/2015	31/12/2014
<b>Nominal value as at previous year-end</b>		<b>393</b>	–
– creation		–	436
– transfer to/from other group entities		4	–
– withdrawal		–	–43
<b>Nominal value as at current year-end</b>		<b>397</b>	<b>393</b>
<i>of which with waiver of use</i>		<i>397</i>	<i>393</i>
Value adjustments offset	9	–397	–393
<b>Net value as at current year-end</b>		<b>–</b>	–

The influence of employer contribution reserves on personnel expenses was CHF 0 (previous year: CHF –436 thousand).



### Economic benefit from surplus cover and pension fund expenses

SIX x-clear Ltd is connected to the pension fund of SIX Group. The coverage ratio of the Occupational Benefits Foundation of SIX was 118.7% as at the last audited financial statements (2014). SIX x-clear Ltd does not gain any economic benefits in the event of surplus cover. SIX x-clear Ltd offers defined contribution plans.

As at the balance sheet date, SIX x-clear Ltd had no liabilities in excess of the regulatory contributions. The Occupational Benefits Foundation of SIX does not hold any equity instruments of SIX x-clear Ltd.

Pension fund expenses amounted to CHF 155 thousand in the current year (previous year: CHF 637 thousand).

## 9. Value adjustments and provisions

SIX x-clear Ltd does not offer common credit services. As in the previous year, no value adjustments needed to be recognized for amounts due from banks or customers. Furthermore, no provisions existed in the previous year or were created during the current year.

A waiver of use is in place for employer contribution reserves. The corresponding asset is therefore fully adjusted and the value adjustment is offset against the asset. At the beginning of the current year, this value adjustment amounted to CHF 393 thousand and increased by CHF 4 thousand to CHF 397 thousand.

## 10. Bank's capital and significant shareholders

1,000 Units/CHF 1,000	Number of shares	Total nominal value	Capital eligible for dividend
Bank's capital at previous year-end	30	30,000	30,000
Bank's capital at current year-end	30	30,000	30,000

All registered shares, and therefore all voting rights (1 share = 1 vote) of SIX x-clear Ltd are held by its parent company, SIX Securities Services Ltd. The bank's capital is fully paid in. As there is no capital increase planned, no authorized or conditional capital exists.

SIX Securities Services Ltd is wholly owned by SIX Group Ltd. Approximately 140 banks hold shares in SIX Group Ltd, but no bank holds more than 20% of SIX Group Ltd's total equity. The shares are widely distributed, i.e. no single owner or bank category has

an absolute majority. All shareholders are bound by a shareholders' agreement.

Therefore, no securities are held by executives, directors or employees. Furthermore, no employee participation scheme is in place.

The legal reserves below 50% of the nominal share capital are not freely distributable and may only be used to cover losses.

## Shareholders with more than 5% of all voting rights in SIX Group Ltd

CHF 1,000/in %	31/12/2015		31/12/2014	
	Nominal value	% of equity	Nominal value	% of equity
UBS AG consolidated	3,380	17.3%	3,380	17.3%
Credit Suisse Group consolidated	2,500	12.8%	2,500	12.8%
Raiffeisen Group consolidated	1,344	6.9%	1,094	5.6%

## 11. Transactions with related parties

All transactions with related parties and other entities of SIX Group Ltd are conducted at prices in line with the market ("at arms length").

CHF 1,000	Assets		Liabilities	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
SIX Securities Services Ltd	41	–	375	345
SIX SIS Ltd	891,162	750,079	63,986	101,279
Other companies of SIX Group	235	17	1,419	1,270
Qualified indirect shareholders (>10% of equity)	1,263	2,103	63,668	280,283

### Intragroup income and expenses

The following figures show income from and expenses paid to other entities of SIX Securities Services.

CHF 1,000/in %	2015		2014	
	CHF	% of item	CHF	% of item
Result from interest operations	5,622	522.3%	4	–0.1%
Result from commission business and services	188	1.3%	165	1.3%
Result from trading activities	2	–0.4%	–8	8.0%
Result from other ordinary activities	–114	–24.1%	–	0.0%
Operating expenses	5,349	–27.1%	5,626	–33.0%
<b>Net intragroup income and expenses</b>	<b>11,047</b>		<b>5,787</b>	

## Information on the income statement

### 12. Result from trading activities

CHF 1,000	2015	2014
Net valuation result from the conversion of foreign exchange positions	-440	-100
<b>Total result from trading activities</b>	<b>-440</b>	<b>-100</b>

### 13. Personnel expenses

CHF 1,000	2015	2014
Salaries (incl. bonuses)	-2,185	-1,969
Social insurance benefits	-427	-348
Other personnel expenses	-200	-66
<b>Total personnel expenses</b>	<b>-2,812</b>	<b>-2,382</b>

### 14. General and administrative expenses

CHF 1,000	2015	2014
SECOM expenses, cost of equipment	-10,230	-7,732
Consultancy and other services	-4,249	-4,593
Audit fees	-231	-246
<i>of which for auditing services</i>	-110	-177
<i>of which for other services</i>	-121	-69
Cost of premises	-215	-108
Advertising and marketing expenses	-267	-214
Indirect taxes and other fees	-799	-573
Other operating expenses	-966	-1,178
<b>Total general and administrative expenses</b>	<b>-16,957</b>	<b>-14,644</b>

### 15. Losses and extraordinary items

None.

## 16. Taxes

CHF 1,000	2015	2014
Income (expenses) for taxes in previous years	183	-4
Expenses for current taxes	-222	-177
Increase of provisions for deferred taxes	-	-
<b>Total taxes</b>	<b>-39</b>	<b>-182</b>
Weighted average tax rate on operating result	2.89%	1.01%

In 2015 the Norwegian government refunded taxes in the amount of CHF 183 thousand in connection with the SIX x-clear Norwegian branch. This tax refund has been excluded from the calculation of the tax rate for 2015.

## 17. Foreign branch

SIX x-clear Ltd fully acquired Oslo Clearing ASA, Oslo, in 2014. In 2015, all operational assets and liabilities were transferred to SIX x-clear Ltd's newly formed

Norwegian branch and the legal entity Oslo Clearing ASA was liquidated.

## 18. Margin requirements and default fund

As at 31 December 2015, the margin requirements of SIX x-clear Ltd's members amounted to CHF 155,870 thousand (previous year: CHF 137,401 thousand). To meet this requirement, collateral with a market value of CHF 1,080,068 thousand (previous year: CHF 948,745 thousand) was deposited.

SIX x-clear Ltd's default fund amounts to CHF 300 million; the required contributions are split among the clearing members.

Furthermore, 25% of SIX x-clear Ltd's equity (sum of bank's capital, legal and free reserves, profit for the period) is designated to cover losses arising from defaulting clearing members.

## 19. Result from interest operations

According to the accounting rules for banks (ARB FINMA), negative interest paid is to be offset against interest income while negative interest received is to be offset against interest expenses. In the reporting year, the negative interest paid amounted to CHF 5,615 thousand (prior year: CHF 0), while negative interest

received amounted to CHF 5,615 thousand (prior year: CHF 0). The following table shows the result from interest operations as if negative interest paid was included in the position "Interest expenses" and interest received was included in the position "Interest and discount income".

CHF 1,000	Income statement	Adjustment neg. interest	Adj. income statement
Interest and discount income	-4,976	11,230	6,254
Interest and dividend income from financial investments	3,024		3,024
Interest expenses	3,028	-11,230	-8,202
<b>Gross result from interest operations</b>	<b>1,076</b>	<b>-</b>	<b>1,076</b>
Changes in value adjustments for default risks	-	-	-
<b>Result from interest operations</b>	<b>1,076</b>	<b>-</b>	<b>1,076</b>

## Information on off-balance-sheet transactions

### 20. Contingent liabilities and subordinated assets and liabilities

Joint liability from consolidated value-added tax filing status	p.m.	p.m.
Subordinated assets and liabilities	-	-



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To the General Meeting of  
**SIX x-clear Ltd, Zurich**

Zurich, 6 April 2016

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

As statutory auditor, we have audited the financial statements of SIX x-clear Ltd, which comprise the balance sheet, income statement, statement of changes in equity and notes (pages 3 to 21), for the year ended 31 December 2015.

### **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 2015 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

A handwritten signature in blue ink, appearing to read 'Dr. Senteler'.

Dr. Roger Senteler  
Licensed audit expert  
(Auditor in charge)

A handwritten signature in blue ink, appearing to read 'P. Berli'.

Pascal Berli  
Licensed audit expert

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