



Financial Statements 2021

SIX x-clear Ltd



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Balance Sheet

CHF 1,000	Notes	31/12/2021	31/12/2020
Assets			
Liquid assets		655,856	517,502
Amounts due from banks		64,354	90,118
Amounts due from securities financing transactions	1	545,425	474,521
Amounts due from customers	2	78,960	299,953
Positive replacement values of derivative financial instruments	3	42,669	48,661
Financial investments	4	243,753	292,269
Accrued income and prepaid expenses		4,390	4,687
Participations		71	24
Tangible fixed assets		12,501	7,794
Other assets	5	7,325	5,137
Total assets		1,655,303	1,740,665
Liabilities and equity			
Amounts due to banks		1,423,182	1,474,237
<i>thereof collaterals</i>		1,422,340	1,474,232
Liabilities from securities financing transactions	1	11,136	83,087
Amounts due to customers		21,785	34,882
Negative replacement values of derivative financial instruments	3	41,004	50,452
Accrued expenses and deferred income		1,293	1,222
Other liabilities	5	3,321	861
Share capital	9	30,000	30,000
Statutory retained earnings reserve		6,360	6,360
Voluntary retained earnings reserve			
Other voluntary reserves		136,200	78,200
Loss carried forward		-18,636	-26,196
Loss (Profit) for the year		-341	7,560
Total liabilities and equity		1,655,303	1,740,665

Income Statement

CHF 1,000	Notes	2021	2020
Interest and discount income		-4,460	609
Interest and dividend income from financial investments		-1,527	-883
Interest expenses		13,873	9,381
Gross result from interest operations		7,886	9,107
Changes in value adjustments for default risks	8	10	-46
Result from interest operations	22	7,896	9,062
Commission income from clearing & settlement		19,563	21,296
Commission income from other services		6,871	7,991
Commission expenses		-9,294	-8,692
Result from commission business and services		17,140	20,595
Result from trading activities	16	183	-117
Other ordinary income		148	54
Other ordinary expenses		-552	-0
Result from other ordinary activities		-404	54
Personnel expenses	17	-4,072	-3,473
General and administrative expenses	18	-20,291	-18,566
Operating expenses		-24,363	-22,039
Changes in value adjustments on participations and depreciation of tangible fixed assets		-489	-283
Changes to provisions and other value adjustments, and losses	8	2	88
Operating result		-35	7,359
Extraordinary income	19	0	659
Extraordinary expenses	19	-	-158
Taxes	20	-307	-300
Profit for the year		-341	7,560
Coverage of losses			
Loss carried forward from previous years		-18,636	-26,196
Loss (Profit) for the year		-341	7,560
Accumulated loss/loss carried forward		-18,978	-18,636

Statement of Changes in Equity

CHF 1,000	Share capital	Statutory ret. earnings reserve	Other voluntary reserves	Loss carried forward	Loss (Profit) for the year	Total ¹
1 January 2021	30,000	6,360	78,200	-26,196	7,560	95,923
Coverage of losses				7,560	-7,560	-
Other contributions			58,000			58,000
Loss for the year					-341	-341
31 December 2021	30,000	6,360	136,200	-18,636	-341	153,582
1 January 2020	30,000	6,360	78,200	-27,628	1,432	88,364
Coverage of losses				1,432	-1,432	-
Profit for the year					7,560	7,560
31 December 2020	30,000	6,360	78,200	-26,196	7,560	95,923

¹ 25% of the required capital (as defined by Swiss law) is designated to cover losses from defaulting clearing members. See note 21 Margin requirements and default fund.

Notes to the Financial Statements

General Information

SIX x-clear Ltd – the clearing arm of SIX Exchange Services – operates as an international central counterparty (CCP) in securities trading. SIX x-clear Ltd is the preferred clearing partner for various trading venues (e.g. Swiss Stock Exchange, London Stock Exchange, Nasdaq OMX, Euronext Oslo Bors and a number of multilateral trading facilities (MTFs)). More than 90% of SIX x-clear Ltd's transactions happen in securities which are either multi-listed or listed on trading venues outside Switzerland.

SIX x-clear Ltd is recognized as a central counterparty under the European Market Infrastructure Regulation (EMIR) by the European Securities and Markets Authority (ESMA), meaning it is officially authorized to provide cross-border clearing services in the EU. SIX x-clear Ltd is licensed as a CCP under the Swiss Financial Market Infrastructure Act (FMIA) and is subject to the supervision of 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.

At year-end 2021, SIX x-clear Ltd had 20.8 employees on a full-time equivalent basis (year-end 2020: 23.7).

SIX x-clear Ltd has outsourced securities settlement to another entity in the group by assigning the settlement of CCP transactions to SIX SIS Ltd. SIX SIS Ltd is licensed as a central securities depository (CSD) under the Swiss FMIA and is subject to the supervision of FINMA and the SNB. The risk management is headed by the Chief Risk Officer of SIX x-clear Ltd. Under the supervision of the Chief Risk Officer of SIX x-clear Ltd, conceptual and methodological aspects of risk management for are carried out by dedicated risk management teams in the centralized Chief Risk Officer (CRO) unit of SIX Group Services Ltd. Daily operations are run by SIX x-clear Ltd.

SIX x-clear Ltd has outsourced the operation and maintenance of its 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.

In March 2021, Standard & Poor's Global Ratings (S&P) affirmed the issuer credit rating of SIX x-clear Ltd (A+/A-1). The outlook is stable.

Board of Directors

<i>Thomas Zeeb</i>	Chairman (until 01.07.2021)
<i>Søren Mose**</i>	Chairman (from 01.07.2021), external member
<i>Josef Landolt</i>	External member
<i>Daniel Schmucki*</i>	Member
<i>Andreas Wolf</i>	External member
<i>Christoph Landis *</i>	Member
<i>Jochen Dürr**</i>	Member

Addresses

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* Resigned from the BoD as per 01.07.2021

** Elected for the BoD as per 01.07.2021

Risk Management

Risk Governance

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 x-clear Ltd acknowledges and supervises the risk governance, organization and management of SIX x-clear Ltd, and approves the adequacy and effectiveness of the internal control system. The risk appetite defined at legal entity level follows the principles outlined at SIX Group level.

A “three lines of defense” governance model forms the basis of the risk governance framework. Each line has its specific role and responsibilities. Close collaboration between all lines ensures the identification, assessment and mitigation of risks. Senior executives of SIX x-clear Ltd, as the “first line of defense”, are accountable for managing the specific risks faced by business management. They maintain effective processes and manage their risks properly, including comprehensive controls and documented procedures.

The Chief Risk Officer (CRO) of SIX x-clear Ltd, who is a member of the Management Committee of SIX x-clear Ltd, is part of the second line of defense and responsible for risk control measures at SIX x-clear Ltd level and thereby supported by dedicated risk management teams. Independent assurance providers such as Internal Audit form the “third line of defense”, supervising the overall risk situation, internal controls and risk management. They monitor risk management and controlling to evaluate their effectiveness, including an assessment of how the first and second lines of defense meet their risk objectives.

Pursuant to the National Bank Act, SIX x-clear Ltd is supervised by the Swiss National Bank. The legal and compliance functions within SIX are responsible for implementing the instructions and requirements issued by the legislator, the supervisor and other relevant institutions. They ensure that the business management of SIX x-clear Ltd complies with due diligence and meets the current rules, regulations and obligations of a financial intermediary.

Risk Groups

Strategic Risk and Business Risk

Strategic risk and business risk arise both from the implementation of SIX x-clear Ltd's strategy and from the implementation of the strategies on SIX Group level. They comprise the danger of external and internal events or decisions resulting in strategic and business objectives not being attained. Strategic risks and business risks are

the responsibility of the ExB of SIX and of the Management Committees of the subsidiaries. They are reviewed annually based on their risk profiles.

Reputational Risk

Reputational risk involves the risk of the reputation of SIX x-clear Ltd being tarnished and of negative perception impacting business relations. As reputational risk is largely inherent in business activities, reputational risk management mainly consists of ensuring competency, integrity, responsibility and compliance. Reputational risk management includes all operational and strategic management instruments of SIX x-clear, in particular financial reporting, monitoring of key performance figures and surveys of client and staff satisfaction. Besides a number of measures to mitigate potential reputational risk, a well-established emergency organization system ensures that in the event of a crisis, potential reputational risks are identified and handled with due care.

Credit Risk (Counterparty Risk, Default 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. This notably includes settlement risk, i.e. the risk that a counterparty does not deliver a security or its value in cash as per the trade agreement.

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. Clients that are not subject to adequate financial institution and money laundering regulation and supervision are not accepted.

SIX x-clear Ltd is linked online and in real time with SIX Swiss Exchange, SIX SIS and with the SIC/euroSIC systems. The system of real-time settlement of irreversible transactions on the basis of simultaneous delivery versus payment (DVP) offers the best guarantee of eliminating settlement risk.

Counterparty risk can occur in treasury activities, when credit exposures are managed on an uncollateralized basis because no or insufficient collateralized alternatives, such as reverse repo investments, are available. Uncollateralized treasury placements and FX transactions are in any case managed through counterparty ratings and limits.

Market Risk

According to Basel III, market risk is defined as “the risk of loss arising from movements in market prices” and comprises 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). Market risk exposure of SIX x-clear Ltd primarily relates to central counterparty clearing of matched but unsettled trades.

To minimize the exposure of SIX x-clear Ltd to price fluctuations and market risk due to unsettled transactions, a margin model has been established. SIX x-clear Ltd demands collateral from its clients in the form of margins as an irregular pledge under Swiss law. The margin collateral required from members is calculated based on an initial margin for possible future price fluctuations and a variation margin for actual changes in value. If the collateral provided falls below the collateral required (e.g. due to an increase in margin requirements or a decrease of the value of the collateral) and the margin provided is insufficient, a margin call for additional contributions will be issued to cover the remaining market risk.

In addition to initial and variation margins, all clearing members have to provide collateral for default fund contributions as an irregular pledge under Swiss law. The default fund is designed to cover the potential market risk that is not covered by the margin model (confidence level of 99.7% for Zurich and 99.0% for Oslo) in the event of a member's default, notably in times of stressed market conditions.

Liquidity Risk

Liquidity risk basically relates to the inability to meet payment obligations when they are due. Under normal market circumstances SIX x-clear Ltd is not exposed to any significant liquidity risk. In stressed market conditions, however – e.g. in the event of a clearing member default – SIX x-clear Ltd may be subject to substantial liquidity requirements. In particular, a scenario in which clearing members default and fail to meet their payment obligations may create a large liquidity demand for SIX x-clear Ltd and therefore give rise to liquidity risk. In such cases SIX x-clear Ltd would be obliged to pre-finance receipt versus payment (RVP) transactions towards the non-defaulting counterparties, while at the same time no cash would be received from corresponding DVP transactions from the defaulting counterparties. The liquidity demand would remain until the defaulted clearing portfolio is closed out and liquidity is received from the settled DVP transactions.

Under normal conditions, the liquidity of SIX x-clear Ltd is managed by Treasury as part of their daily operations.

In a stress scenario the contingent liquidity risk is monitored by:

- Monitoring the aggregated stressed liquidity balances of SIX x-clear Ltd and SIX SIS Ltd, assuming (as a stress assumption) the default of the two participant groups causing the largest payment obligation.

- Providing a waterfall of available liquidity resources that could be drawn in the event of a liquidity shortage. The available liquidity resources mainly consist of cash and securities collateral provided by the clearing members and participants. Securities may be turned into cash through use of the interbank repo market or at the central bank.

Interest Rate Risk

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. However, interest rate fluctuations resulting from short-term investments may influence the treasury result.

Foreign Exchange Risk

In principle, SIX x-clear Ltd does not hold any relevant foreign currency positions for its own account. Foreign exchange risks arising from open clearing and collateral positions are covered through the margin model and the automated revaluation of collateral positions. In addition, all receivables from and liabilities towards clients and custodians are matched by currency. Therefore, foreign exchange 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 the 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 Ltd 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 client 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 Internal Audit and adequate measures are implemented.

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 includes measures aimed at reducing the probability of such failures occurring, such as by maintaining an IT backup center. Corresponding measures on the part of our outsourcing partners are subject to contractual agreements. Business contingency management is tested annually to ensure its effectiveness. 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.

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

Accounting and Valuation Policies

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

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, the accounting rules of the FINMA ordinance (ReIV-FINMA) and the accounting rules for banks of the Swiss Financial Market Supervisory Authority (ARB FINMA circ. 2020/1) 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. Non-fulfilled transactions from clearing and settlement business are an exception to this and are recorded using the settlement date accounting principle. Detail positions reported under a specific balance sheet item are valued item-by-item.

In line with art. 86 of ReIV-FINMA, certain information is disclosed in the consolidated financial statements of SIX Group only.

Foreign Currency Translation

Transactions in foreign currencies 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 if no historical valuation is applicable (i.e. participations). Income statement items are translated on the basis of daily rates. Exchange rate gains or losses are credited or debited to the income statement.

	EUR	USD	GBP	JPY	NOK	SEK
Unit	1	1	1	100	100	100
Exchange rate as at current year-end	1.03	0.91	1.23	0.79	10.38	10.11
Exchange rate as at previous year-end	1.08	0.88	1.20	0.86	10.32	10.74

Liquid Assets

Liquid assets are measured at their nominal value.

Amounts Due to and from Banks and Customers

Receivables and liabilities are recorded at their nominal values less necessary value adjustments.

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.

Securities Lending and Borrowing

SIX x-clear Ltd borrows securities for its own account and risk (principal status). It generally only engages in securities borrowing transactions in cases where a participant (seller) is not able to deliver the securities. As SIX x-clear Ltd resells the borrowed securities to a counterparty (buyer), a non-monetary liability is recognized. The receivables and liabilities arising from the borrowing of non-monetary instruments are valued at market value. 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. Interest paid and received is shown in the result from interest operations.

Positive and Negative Replacement Values of Derivative Financial Instruments

SIX x-clear Ltd does not engage in trading activities for 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 in 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 except for bonds pledged as collateral. Such bonds (see note 4) 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 Fixed Assets

Tangible fixed assets are shown on the balance sheet at cost less necessary depreciation. Depreciation is calculated using the straight-line method. All tangible fixed 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
Furnishings and equipment	5	20%
Software	3–5	20–33%

Leases

Leasing is treated according to IFRS 16 Leases. Buildings under lease are recognized as a right-of-use asset representing the right to use the underlying asset and a lease liability representing the obligation to make lease payments. Lease payments are divided into interest payments and amortization of the lease obligation. Depreciation of the right-of-use asset is calculated using the straight-line method over the contractual lifetime. Short-term leases and leases of low value items are not recognized in accordance with the recognition exemptions of IFRS 16 Leases.

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.

Taxes

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

Value Adjustments for Financial Assets

SIX x-clear Ltd recognizes loss allowances for expected credit losses (ECL) on the following financial assets:

- Liquid Assets
- Amounts due from banks
- Amounts due from customers
- Financial Investments
- Off-balance sheet positions

SIX x-clear Ltd measures the loss allowances at an amount equal to 12-month ECL (Stage 1), except for the following assets, for which the loss allowance is measured at an amount equal to lifetime ECL (Stage 2):

- Invoiced amounts due from banks and customers including operating lease receivables (simplified approach according to IFRS 9)
- Financial assets on which credit risk has increased significantly since initial recognition

In order to assess a significant increase in credit risk, SIX x-clear Ltd applies a low credit risk threshold equivalent to “investment grade” and past due status information. When the credit risk increases significantly, the loss allowance is measured at an amount equal to lifetime ECL (i.e. stage 2).

SIX x-clear Ltd considers a financial asset to be in default when a counterparty is unable or likely to be unable to fully meet its financial obligation when due.

In assessing if a counterparty is in default, the following information is considered:

- qualitative, e.g. the counterparty has been declared to be in default; and/or
- quantitative, i.e. overdue status

The assessment as to whether a financial asset is in default may vary by instrument type. The following reasons give rise to a default event for the respective financial assets:

- Trade and other receivables: A default situation occurs when receivables are more than 180 days past due.
- Debt instruments: A default situation occurs when (re-) payments of interests and/or notional amounts are not received in full on time.

Management’s view is that the above events best depict the default situations of the respective financial assets. A default event results in a transfer to the credit impaired financial asset category (i.e. stage 3).

The measurement of expected credit losses for financial assets – except for trade and other receivables and contract assets – is a function of the probability of default (PD), the exposure at default (EAD) and loss given default (LGD):

- The PD represents the likelihood of a counterparty defaulting on its financial obligation either over 12 months or over the remaining lifetime of the obligation. The PDs are generally derived from internally developed statistical models and are updated at least annually. SIX x-clear Ltd has established global PDs per rating classes which are applied to the exposures based on the counterparty rating (i.e. exposures are grouped by counterparty-rating). PDs are based on credit default swaps (CDS) spreads observed in the market. These CDS spreads include market expectation of default (i.e. forward-looking information). The 12-month PDs are adjusted when the contractual period is less than 12 months (i.e. on demand deposits have a contractual period of 1 day).

- If no rating is available for the counterparty, the PD level is assumed to be in the sub-investment grade area.
- EAD is based on the amounts outstanding at the time of the default. SIX x-clear Ltd assumes that the EAD is equal to the gross carrying amount.
 - LGD represents the expectation of SIX x-clear Ltd regarding the extend of loss on a defaulted exposure. LGD considers the availability of collaterals received and the potential to pass on losses to market participants in the CSD business.

The expected credit losses for trade and other receivables and contract assets are based on historical loss rate data adjusted by current conditions and future expectation. The historical loss rate is applied to the gross carrying amount of these assets. Generally, trade and other receivables more than 180 days past due are considered as C-rating equivalent and the corresponding PD is applied to those exposures in order to calculate the impairment amount. Exposures which are more than 360 days past due are generally considered as D-rating equivalent. D-rated assets are fully credit impaired.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial assets. The creation and release of loss allowances are recognized in “Changes to provisions and other value adjustments, and losses”. SIX x-clear Ltd writes off a financial asset when the collection activities are completed and there is no realistic prospect of recovery. This is generally the case when SIX x-clear Ltd receives evidence of insolvency (e.g. loss certificate). Financial assets that are written off can still be subject to enforcement activities even if recovery is very unlikely.

Changes in Accounting and Valuation Policies

There have been no changes in accounting and valuation policies.

Subsequent Events

No subsequent events requiring disclosure occurred.

Information on the Balance Sheet

1. Securities Financing Transactions

CHF 1,000	31/12/2021	31/12/2020
Book value of receivables from cash collateral delivered in connection with securities borrowing and reverse repurchase transactions ¹	545,425	474,521
Book value of obligations from cash collateral received in connection with securities lending and repurchase transactions ¹	–	72,116
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	556,194	491,250
<i>of which repledged securities</i>	308,178	436,905
<i>of which resold securities</i>	11,136	10,971

¹ Before netting agreements

Breakdown of Book Value by Transaction Type

CHF 1,000	31/12/2021	31/12/2020
Reverse repurchase agreements	545,425	474,521
Total amounts due from securities financing transactions	545,425	474,521
Repurchase agreements	–	72,116
Obligation to return resold securities received in connection with securities borrowing transactions	11,136	10,971
Total liabilities from securities financing transactions	11,136	83,087

2. Collateral for Loans, Receivables and Off-Balance-Sheet Transactions as well as Impaired Loans and Receivables

CHF 1,000	31/12/2021	31/12/2020
Amounts due from customers		
Amounts due from customers (unsecured, before netting with value adjustments)	78,960	299,953
<i>of which impaired</i>	-1	0
Total before offsetting with value adjustments	78,960	299,953
Total after offsetting with value adjustments	78,960	299,953

SIX x-clear Ltd does not offer common credit services. Therefore, all amounts due from customers are uncovered.

3. Derivative Financial Instruments

CHF 1,000	31/12/2021 Trading instruments		
	Positive replacement values	Negative replacement values	Contract volumes
Interest rate instruments			
Forward contracts	264	264	162,182
Equity securities and indices			
Forward contracts	42,405	40,740	9,730,185
Total before netting agreements	42,669	41,004	9,892,367
<i>Previous year</i>	<i>48,661</i>	<i>50,452</i>	<i>10,190,287</i>
Recognized netting agreements	-	-	-
Total after recognized netting agreements	42,669	41,004	9,892,367
<i>Previous year</i>	<i>48,661</i>	<i>50,452</i>	<i>10,190,287</i>
Unrecognized netting agreements	-32,664	-32,664	-
Total after netting agreements	10,005	8,340	9,892,367
<i>Previous year</i>	<i>7,313</i>	<i>9,104</i>	<i>10,190,287</i>

The derivative financial instruments shown are unsettled spot transactions arising from clearing business with bonds and equities that are recognized according to the settlement date accounting principle. No derivative transactions were carried out for own purpose except foreign currency swaps for liquidity management. 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	Others	Total
Positive replacement values (after netting agreements)	4,355	5,498	152	10,005

4. Financial Investments

CHF 1,000	31/12/2021		31/12/2020	
	Book value	Fair value	Book value	Fair value
Debt securities	229,031	229,061	276,849	277,433
<i>of which intended to be held to maturity</i>	<i>16,493</i>	<i>16,471</i>	<i>56,744</i>	<i>56,753</i>
Breakdown by counterparty rating				
AAA to AA-	229,031	229,061	276,849	277,433
Equity securities	14,722	14,722	15,420	15,420
<i>of which qualified participations</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>
Total financial investments	243,753	243,783	292,269	292,853
<i>of which eligible for repurchase transactions in accordance with liquidity requirements</i>	<i>229,031</i>	<i>229,061</i>	<i>276,849</i>	<i>277,433</i>

5. Other Assets and Liabilities

CHF 1,000	Other assets		Other liabilities	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Indirect taxes	2,531	606	85	131
Compensation account	–	1,791	1,665	–
Sundry assets and liabilities	4,794	2,740	1,572	730
Total	7,325	5,137	3,321	861

6. Assets Pledged or Assigned to Secure Own Commitments¹

CHF 1,000	31/12/2021		31/12/2020	
	Book value	Eff. committed	Book value	Eff. committed
Amounts due from banks	–	–	–	–
Amounts due from customers	78,473	78,473	299,473	299,473
Financial investments	213,618	106,318	276,849	129,433

¹ Excluding securities financing transactions (see corresponding separate breakdown of securities financing transactions in note 1).

All assets which SIX x-clear Ltd has placed 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.

7. Pension Funds

Employer Contribution Reserves

CHF 1,000	Notes	31/12/2021	31/12/2020
Nominal value as at previous year-end		310	310
– creation		–	–
– transfer to/from other group entities		–	–
– withdrawal		–	–
– utilization		–	–
Nominal value as at current year-end		310	310
<i>of which with waiver of use</i>		<i>310</i>	<i>310</i>
Value adjustments offset	8	310	310
Net value as at current year-end		–	–

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

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 118.5% as at the last audited financial statements (2020). 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 228 thousand in the current year (previous year: CHF 178 thousand).

8. Value Adjustments and Provisions

CHF 1,000	Balance at previous year-end	Use in conf. with designated purpose	Recoveries	Foreign exchange translation differences	New creations charged to income	Releases to income	Balance at current year-end
Total provisions	–	–	–	–	–	–	–
Value adjustments for doubtful receivables	3	–	–	–	–	-2	1
Value adjustments for expected losses ¹	56	–	–	–	–	-10	47
Value adjustments for employer contribution reserves (offset) ²	310	–	–	–	–	–	310
Value adjustments	369	–	–	–	–	-12	357

¹ Prior-year expected losses adjusted

² Employer contribution reserves with waiver of use (CHF 310.4 thousand, see note 7).

9. Share Capital and Significant Shareholders

1,000 units/CHF 1,000	Number of shares	Total nominal value	Capital eligible for dividend
Share capital at previous year-end	30	30,000	30,000
Share 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 share 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. 120 national and international financial institutions hold shares in SIX Group Ltd, but no owner holds more than 20% of SIX Group Ltd's total equity. The shares are distributed such that no owner or type of bank 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 statutory 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 %	31/12/2021		31/12/2020	
	Nominal value	% of equity	Nominal value	% of equity
UBS AG	3,380	17.3	3,380	17.3
Credit Suisse Group	3,241	16.6	3,141	16.1
Raiffeisen Schweiz Genossenschaft	1,074	5.5	1,074	5.5

10. Amounts Due from/to Related Parties

All transactions with related parties and other entities of SIX Group are conducted at prices in line with the market (“at arm's length”).

CHF 1,000	Assets		Liabilities	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
SIX Securities Services Ltd	–	–	106	85
SIX SIS Ltd	524,034	662,940	20,414	106,616
Other entities of SIX Group	–	–	1,131	943
Indirect shareholder SIX Group Ltd	–	–	53	172
Other qualified indirect shareholders (>10% of equity)	9,100	8,430	146,354	174,004

Intragroup Income and Expenses

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

CHF 1,000/in %	2021		2020	
	CHF	% of item	CHF	% of item
Result from interest operations	-2,472	31.3	-2,724	30.1
Result from commission business and services	-496	2.9	-586	2.8
Result from other ordinary activities	121	30.1	28	52.7
Operating expenses	-3,909	16.0	-5,018	22.8
Net intragroup income and expenses	-6,755		-8,299	

11. Maturity Structure of Financial Instruments

CHF 1,000	At sight	Cancellable	Due <3 months	Due 3–12 months	Due 12–60 months	Total
Financial assets						
Liquid assets	655,856	–	–	–	–	655,856
Amounts due from banks	62,767	–	1,587	–	–	64,354
Amounts due from securities financing transactions	–	–	445,425	100,000	–	545,425
Amounts due from customers	76,361	–	2,599	–	–	78,960
Positive replacement values of derivative financial instruments	42,669	–	–	–	–	42,669
Financial investments	–	–	15,759	15,456	212,538	243,753
Participations	71	–	–	–	–	71
Total financial assets	837,723	–	465,370	115,456	212,538	1,631,088
<i>Previous year</i>	<i>952,326</i>	<i>–</i>	<i>493,873</i>	<i>56,744</i>	<i>220,105</i>	<i>1,723,048</i>
Financial liabilities						
Amounts due to banks	1,422,972	–	210	–	–	1,423,182
<i>thereof collaterals</i>	<i>1,422,340</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>1,422,340</i>
Liabilities from securities financing transactions	–	–	11,136	–	–	11,136
Amounts due to customers	19,248	–	2,537	–	–	21,785
Negative replacement values of derivative financial instruments	41,004	–	–	–	–	41,004
Total financial liabilities	1,483,224	–	13,883	–	–	1,497,108
<i>Previous year</i>	<i>1,557,268</i>	<i>–</i>	<i>85,390</i>	<i>–</i>	<i>–</i>	<i>1,642,658</i>

12. Assets by Country/Group of Countries

	Rating	31/12/2021		31/12/2020	
		CHF 1,000	Share in %	CHF 1,000	Share in %
Europe		1,654,655	99.9	1,739,927	100.0
Switzerland	AAA	1,569,341	94.8	1,513,408	86.9
Norway	AAA	57,788	3.5	123,597	7.1
Denmark	AAA	26,834	1.6	30,012	1.7
Great Britain	AA	692	0.0	72,910	4.2
Other countries ¹	n/a	648	0.0	738	0.0
Total assets		1,655,303	100.0	1,740,665	100.0

¹ None of the countries included in this category has a share of more than 1%.

As SIX x-clear Ltd does not offer common credit services, but needs to reliably satisfy clearing counterparties, the distribution of the assets by country originates from a liquidity point of view. The risk domicile does not deviate from the assets' domicile shown above.

13. Breakdown of Assets by Country Rating

Country rating	31/12/2021		31/12/2020	
	in CHF 1,000	in %	in CHF 1,000	in %
AAA-AA	1,655,303	100.0	1,740,647	100.0
lower	–	0.0	18	0.0
Total	1,655,303	100.0	1,740,665	100.0

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

14. Assets and Liabilities by Domestic and Foreign Origin

CHF 1,000	31/12/2021			31/12/2020		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Assets						
Liquid assets	655,856	–	655,856	517,502	–	517,502
Amounts due from banks	902	63,452	64,354	1,109	89,009	90,118
Amounts due from securities financing transactions	545,425	–	545,425	402,405	72,116	474,521
Amounts due from customers	78,460	500	78,960	299,495	458	299,953
Positive replacement values of derivative financial instruments	38,903	3,766	42,669	40,589	8,072	48,661
Financial investments	227,260	16,493	243,753	235,524	56,744	292,269
Accrued income and prepaid expenses	4,390	–	4,390	4,687	–	4,687
Participations	–	71	71	–	24	24
Tangible fixed assets	10,820	1,680	12,501	6,961	833	7,794
Other assets	7,325	–	7,325	5,137	–	5,137
Total assets	1,569,341	85,962	1,655,303	1,513,408	227,257	1,740,665
Liabilities and equity						
Amounts due to banks	1,220,161	203,021	1,423,182	1,097,947	376,290	1,474,237
<i>thereof collaterals</i>	1,220,161	202,179	1,422,340	1,097,941	376,290	1,474,232
Liabilities from securities financing transactions	11,136	–	11,136	83,087	–	83,087
Amounts due to customers	21,660	126	21,785	34,882	–	34,882
Negative replacement values of derivative financial instruments	36,703	4,301	41,004	42,351	8,101	50,452
Accrued expenses and deferred income	1,090	202	1,293	1,062	160	1,222
Other liabilities	1,726	1,596	3,321	82	778	861
Share capital	30,000	–	30,000	30,000	–	30,000
Statutory retained earnings reserve	6,360	–	6,360	6,360	–	6,360
Voluntary retained earnings reserve						
Other voluntary reserves	136,200	–	136,200	78,200	–	78,200
Loss carried forward	-18,637	–	-18,637	-26,196	–	-26,196
Loss (Profit) for the year	-341	–	-341	7,560	–	7,560
Total liabilities and equity	1,446,058	209,245	1,655,303	1,355,335	385,330	1,740,665

15. Assets and Liabilities by Most Significant Currencies

CHF 1,000	CHF	EUR	USD	GBP	NOK	SEK	Other ¹	Total
Assets								
Liquid assets	655,856	-	-	-	-	-	-	655,856
Amounts due from banks	12,908	81	32	-	51,333	-	-	64,354
Amounts due from securities financing transactions	100,000	200,722	52,121	192,582	-	-	-	545,425
Amounts due from customers	67,706	-	2,609	8,435	200	-	10	78,960
Positive replacement values of derivative financial instruments	38,903	230	-	-	1,029	2,115	392	42,669
Financial investments	212,535	5,434	1,933	517	16,691	6,507	136	243,753
Accrued income and prepaid expenses	4,337	35	-	-	18	-	-	4,390
Participations	-	71	-	-	-	-	-	71
Tangible fixed assets	12,501	-	-	-	-	-	-	12,501
Other assets	3,138	2,919	285	728	211	28	16	7,325
Total assets	1,107,884	209,491	56,978	202,263	69,483	8,650	555	1,655,303
Delivery entitlements from spot exchange, forward forex and forex options transactions	-	-	-	-	-	-	-	-
Total assets	1,107,884	209,491	56,978	202,263	69,483	8,650	555	1,655,303
Liabilities and equity								
Amounts due to banks	900,149	203,431	52,889	198,876	67,893	-0	-56	1,423,182
<i>thereof collaterals</i>	899,668	203,131	52,889	198,876	67,775	-	-	1,422,340
Liabilities from securities financing transactions	11,109	-	-	-	-	-	27	11,136
Amounts due to customers	882	5,761	4,087	3,633	319	6,667	437	21,785
Negative replacement values of derivative financial instruments	36,703	88	-	-	1,109	2,850	254	41,004
Accrued expenses and deferred income	1,182	-	-	-	110	-	-	1,293
Other liabilities	3,273	-	-	-	49	-	0	3,321
Share capital	30,000	-	-	-	-	-	-	30,000
Statutory retained earnings reserve	6,360	-	-	-	-	-	-	6,360
Voluntary retained earnings reserve								
Other voluntary reserves	136,200	-	-	-	-	-	-	136,200
Loss carried forward	-18,637	-	-	-	-	-	-	-18,637
Loss for the year	-341	-	-	-	-	-	-	-341
Total liabilities and equity	1,106,880	209,280	56,976	202,509	69,479	9,517	662	1,655,303
Delivery obligations from spot exchange, forward forex and forex options transactions	-	-	-	-	-	-	-	-
Total liabilities and equity	1,106,880	209,280	56,976	202,509	69,479	9,517	662	1,655,303
Net position per currency	1,004	211	2	-246	4	-867	-108	-0
<i>Previous year</i>	<i>-909</i>	<i>1,236</i>	<i>285</i>	<i>-185</i>	<i>-296</i>	<i>-298</i>	<i>167</i>	<i>-0</i>

¹ None of the currencies included in the category "Other" has a share of more than 1% of the assets.

Information on the Income Statement

16. Result from Trading Activities

CHF 1,000	2021	2020
Net valuation result from the translation of foreign exchange positions	183	-117
Total result from trading activities	183	-117

17. Personnel Expenses

CHF 1,000	2021	2020
Salaries (incl. bonuses)	-3,350	-2,788
Social insurance benefits	-584	-467
Other personnel expenses	-138	-218
Total personnel expenses	-4,072	-3,473

18. General and Administrative Expenses

CHF 1,000	2021	2020
SECOM expenses, cost of equipment	-5,558	-6,309
Consultancy and other services	-11,497	-9,036
Fees of audit firm	-260	-266
<i>of which for financial and regulatory audits</i>	-259	-266
<i>of which for other services</i>	-1	-
Cost of premises	-507	-144
Advertising and marketing expenses	-561	-640
Indirect taxes and other fees	-1,381	-1,496
Other operating expenses	-527	-675
Total general and administrative expenses	-20,291	-18,566

19. Losses and Extraordinary Items

There were no extraordinary items in the reporting year. The extraordinary income and expenses in 2020 arose from a correction of previous years.

No hidden reserves were released in the reporting year.

20. Taxes

CHF 1,000	2021	2020
Expenses from taxes in previous years	43	-53
Expenses for current taxes ¹	-350	-247
Decrease (increase) of provisions for deferred taxes	–	–
Total taxes	-307	-300
Weighted average tax rate on operating result before tax	23.2%	24.2%

¹ Expenses for current taxes relate to foreign permanent establishments and Swiss capital taxes. No Swiss income tax expenses were booked in 2021 and 2020 due to loss in reporting year or offsetting with the tax loss carry forward resulting from operating losses in Switzerland in previous years. Therefore, only income from foreign permanent establishments are taken into account for the calculation of the weighted average tax rate.

21. Margin Requirements and Default Fund

As at 31 December 2021, the margin requirements of SIX x-clear Ltd's members amounted to CHF 405 million (previous year: CHF 529 million). To meet this requirement, collateral with a market value of CHF 1,389 million (previous year: CHF 1,382 million) was deposited.

SIX x-clear Ltd's default fund amounts to CHF 220 million (previous year: CHF 220 million), whereof CHF 10.3 million

default requirements are deposited by Oslo clearing members. The required contributions are split between the clearing members.

Furthermore, 25% of SIX x-clear Ltd's required capital (as defined by Swiss law) is designated to cover losses arising from defaulting clearing members.

22. 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, negative interest paid amounted to CHF 5.6 million (previous year: CHF 5.9 million), while negative interest received amounted to CHF 13.9 million (previous year: CHF 13.9 million). 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 positions "Interest and discount income" and "Interest and dividend income from financial investments".

CHF 1,000	2021		
	Income statement	Adjustment neg. interest	Adj. income statement
Interest and discount income	-4,460	19,592	15,131
Interest and dividend income from financial investments	-1,527	1,527	-
Interest expenses	13,873	-21,118	-7,245
Gross result from interest operations	7,886	-	7,886
Changes in value adjustments for default risks	10	-	10
Result from interest operations	7,896	-	7,896

CHF 1,000	2020		
	Income statement	Adjustment neg. interest	Adj. income statement
Interest and discount income	609	18,947	19,557
Interest and dividend income from financial investments	-883	883	-
Interest expenses	9,381	-19,830	-10,450
Gross result from interest operations	9,107	-	9,107
Changes in value adjustments for default risks	-46	-	-46
Result from interest operations	9,062	-	9,062

Information on Off-Balance-Sheet Transactions

23. Contingent Liabilities and Subordinated Assets and Liabilities

	31/12/2021	31/12/2020
Joint liability from consolidated value-added tax filing status	p.m.	p.m.

In the course of its business activities, different legal interpretations may arise between SIX x-clear Ltd and third parties (contracting parties, authorities, etc.) which may give rise to legal disputes. SIX x-clear Ltd assesses the corresponding risks and recognizes provisions if it considers the likelihood of occurrence to be probable. No provisions are recognized for risks whose probability of occurrence SIX x-clear Ltd currently considers to be less than probable or highly unlikely. However, it cannot be ruled out that risks will be assessed differently in the future due to new findings and that cash outflows will occur. This is in particular because the assessment of legal uncertainties contains a latitude of judgment, and also because legal developments can lead to different assessments in the future.

Report of the Statutory Auditor



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

Zurich, 22 April 2022

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of SIX x-clear Ltd, which comprise the balance sheet, income statement, statement of changes in equity and notes (page 3 to 25), for the year ended 31 December 2021.



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 2021 comply with Swiss law and the company's articles of incorporation.

Report of the Statutory Auditor



Page 2



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

Jan Marxfeld
Licensed audit expert
(Auditor in charge)

Harald Schrenk
Chartered Certified Accountant (ACCA)

Regulatory Disclosure

Capital Adequacy

SIX x-clear Ltd is obliged to comply with the capital adequacy regulations set out in the Swiss Financial Market Infrastructure Act. The Basel III capital adequacy framework is integrated into the FMI-specific regulations, and additional FMI-specific requirements must also be fulfilled. SIX x-clear Ltd must have a minimum of 110% of the required capital at all times.

CHF 1,000	31/12/2021	31/12/2020
Tier 1 capital	142,824	81,480
Dedicated own capital ¹	-10,244	-12,446
Eligible capital	132,580	69,034
Required capital	70,786	22,365
of which for credit risks	3,675	7,439
of which for non-counterparty-related risks	139	73
of which for market risks	32	118
of which for operational risks	3,901	3,700
of which for wind-down risks ¹	13,038	11,035
of which for recovery capital ²	50,000	-
Capital fulfillment ratio	187.3%	308.7%
p.m. CET1 ratio	147.5%	57.5%
p.m. Basel III capital ratio	147.5%	57.5%

¹ This requirement is FMI-specific (non-Basel III) and therefore regulated in the Swiss Financial Market Infrastructure Ordinance (Art. 48 FMIO).

² Additional capital requirements from FINMA for recovery scenarios.

SIX x-clear Ltd

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