

## Clearing Notice SIX x-clear Ltd

### **Consolidation of Default Fund Segments**

#### **1.0 Overview**

Since the acquisition of Oslo Clearing in 2015, SIX x-clear has operated one Default Fund separated into two Default Fund Segments.

The two Default Fund Segments will be consolidated into a single Default Fund Segment "**Cash market and Derivatives**". This will contribute to the diversification of the risks therein and lower members' risks and exposures.

#### **2.0 Effective date**

2 December 2019

#### **3.0 Impact on members (changes)**

##### **3.1 Default Fund Contributions**

Members will be informed of their respective new Default Fund contributions on the effective date. Any calls for additional contributions must be met within two calendar days from the time of notification. In case of lower requirements, withdrawals are possible from the day of notification.

Members' Default Fund contribution amounts are determined as per our Rules and Regulations (Clearing Terms). These principles are not changed, and neither are the minimum contribution amounts (i.e. CHF 0.5 million for ICMs and CHF 5 million for GCMs).

The contribution requirements depend on the membership status (i.e. ICM or GCM), the higher of the median Initial Margin over the last 30 or 90 Business Days of the Member, the credit rating and the total size of the required Default Fund. The required Default fund size in turn is derived, as per regulations, from the estimated shortfall in case the two largest Member groups would simultaneously default ("Cover 2" principle) under stressed but plausible conditions.

The total aggregate default fund requirement will be determined in conjunction with the individual contribution requirements, and is estimated to be CHF 220 million. This is equal to the current Default Fund size of the Cash Markets segment.

Due to the possible netting offsets and the broadened contribution base, members should in general see a lowering of their contribution requirements.

## Clearing Notice SIX x-clear Ltd

### 3.2 **Default Fund Replenishment and Top-Up Contributions**

The analogue default fund replenishment and top-up contribution obligations shall automatically be adjusted to match the default fund contribution amounts as of the notification of the new requirements.

### 3.3 **SIX x-clear's Committed Own Funds**

SIX x-clear's Skin-In-The-Game (SITG), i.e. its own committed funds for the cover of any losses incurred through a member's default, remains 25% of the required risk capital as per regulations (currently approx. CHF 5.4 million).

### 4.0 **General information**

The consolidation of the default waterfall segments have been reviewed and supported by SIX x-clear's oversight authorities, risk committee and board of directors, and all members were informed of these plans in connection with the Member Advisory Committees (MACs) in the 2<sup>nd</sup> quarter of 2019.

In accordance with these changes, chapters 10 and 11 of the respective Clearing Terms have been amended.

### 5.0 **Contacts**

Please contact your respective Relationship Managers or the Risk Operations Team for any questions on this topic. All contact details are listed at [www.six-group.com](http://www.six-group.com) > Exchange Services > Securities Services > Clearing > Contacts > Clearing > Risk Management Operations Clearing.

In this context, SIX x-clear Ltd draws the Members' attention to clauses **7.1 lit. f., chapter 17.0 and 25.3** General Terms and Conditions of SIX x-clear Ltd stipulating that the Member bears responsibility for the tax requirements and consequences of clearing with x-clear pursuant to the Applicable Law and that SIX x-clear Ltd assumes no liability for any charges or other negative consequences arising in conjunction with clearing through SIX x-clear Ltd that are a result of tax laws or ordinances issued by tax authorities pursuant to the Applicable Law.