

# Clearing Notice SIX x-clear Ltd

## Changes in margin rates

### 1.0 Overview

The initial margin calculation in SECOM is based on automatically assigning a risk bucket to each security eligible for clearing depending on its realized historical returns (VaR approach). All securities allocated to a particular risk bucket receive a corresponding margin rate. A default risk bucket is allocated to securities without sufficient historical price data or for which the necessary VaR cannot be calculated.

#### Current margin rates and default risk bucket

The current risk bucket structure for equities & ETFs and bonds is as follows:

Risk Bucket	Equities & ETFs		Bonds	
	VaR range %	Initial Margin %	VaR range %	Initial Margin %
No. 1	0 to 5	2.50	0 to 1.5	1.00
No. 2	5 to 10	7.50	1.5 to 3	2.30
No. 3 (default)	10 to 15	12.50	3 to 4.5	3.80
No. 4	15 to 20	17.50	4.5 to 6	5.40
No. 5	20 to 25	22.50	6 to 7.5	7.20
No. 6	25 or more	27.50	7.5 or more	13.90

#### Future margin rates and default risk bucket

The market volatility over recent months has resulted in a broad-based re-calibration of parameters according to the predefined methodology in the risk systems. Back-testing of the parameters revealed a slight shortfall exclusively for the bond margin rates, which will be adjusted by up to a maximum of +0.5% (percentage points). Furthermore, the default risk bucket allocated to securities without sufficient price data will be increased by one level in order to provide an adequate risk rating for securities that did not automatically adjust to the elevated volatility.

The new risk bucket structure for equities & ETFs and bonds will be as follows:

Risk Bucket	Equities & ETFs		Bonds	
	VaR range %	Initial Margin %	VaR range %	Initial Margin %
No. 1	0 to 5	2.50	0 to 1.5	1.50
No. 2	5 to 10	7.50	1.5 to 3	2.80
No. 3	10 to 15	12.50	3 to 4.5	4.30
No. 4 (default)	15 to 20	17.50	4.5 to 6	5.90
No. 5	20 to 25	22.50	6 to 7.5	7.50
No. 6	25 or more	27.50	7.5 or more	14.40

### 2.0 Effective date

1 June 2020.

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### 3.0 Impact on Members

The corresponding impact on margins is expected to be relatively small, due to the small proportion of the affected securities in the cleared portfolios.

**The changes to the Clearing Terms will be published on the SIX x-clear website by 1 June 2020.**

### 4.0 Contacts

Please contact your respective Relationship Manager or the Risk Operations team for any questions related to this matter.

All contact details are listed at [www.six-group.com](http://www.six-group.com) > The Swiss Stock Exchange > Post-Trade > Clearing > Contacts > Risk Management Operations Clearing.

In this context, SIX x-clear Ltd draws the Members' attention to **clause 7.1, chapter 17.0 and clause 24.1** of the General Terms and Conditions of SIX x-clear Ltd stipulating that the Member is responsible for compliance with the applicable laws (in particular domestic and foreign tax, foreign exchange and stock market regulations as well as with company law and articles of association) with respect to the Clearing services obtained from SIX x-clear Ltd.