

Clearing Notice SIX x-clear Ltd

Introduction of a new SECOM risk bucket for high-risk products - Update

1.0 Overview

SIX x-clear has decided to introduce a new risk bucket in SECOM specifically targeting clearing-eligible instruments which are considered “high risk” from a SIX x-clear risk management perspective. The so-called “high risk” bucket will have a fixed margin rate of 50%, irrespective of the historical value at risk (VaR) of individual instruments. Currently, SIX x-clear foresees two product types which will be assigned to this bucket.

2.0 Effective date

1 September 2021.

3.0 Impact on members

The margin impact at an overall level is very small. The introduction of a new risk bucket only affects members who engage in trading clearing-eligible cryptocurrencies.

The changes in the Operational Manual will be published on the SIX x-clear website by September 2021.

4.0 Details

SIX x-clear recently decided to expand its list of clearing-eligible instruments by adding certain exotic exchange traded products (ETPs) such as cryptocurrency ETPs. Due to their high volatility in recent years and somewhat speculative nature in the past, it was decided to allocate all cryptocurrency ETPs to the “high risk” bucket. As of September 2021, only Bitcoin ETPs from certain issuers are accepted.

In the future, SIX x-clear reserves the right to allocate new product types to the newly introduced “high risk” bucket and/or modify its risk parameters based on internal assessments and reviews.

4.1 Current risk bucket structure in SECOM

The current risk bucket structure in SECOM is as follows:

Risk bucket	Equities & ETFs		Bonds	
	VaR range %	Initial margin %	VaR range %	Initial margin %
1	0 to 5	3.8	0 to 1.5	1.5
2	5 to 10	8.8	1.5 to 3	2.8
3	10 to 15	13.8	3 to 4.5	4.3
4 (default)	15 to 20	18.8	4.5 to 6	5.9
5	20 to 25	23.8	6 to 7.5	7.5
6	25 or more	28.8	7.5 or more	14.4

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4.2 Introduction of a new risk bucket dedicated to high-risk products

The new risk bucket structure in SECOM will be as follows:

Risk bucket	Equities & ETFs		Bonds		High risk	
	VaR range %	Initial margin %	VaR range %	Initial margin %	VaR range %	Initial margin %
1	0 to 5	3.8	0 to 1.5	1.5	n/a	n/a
2	5 to 10	8.8	1.5 to 3	2.8		
3	10 to 15	13.8	3 to 4.5	4.3		
4 (default)	15 to 20	18.8	4.5 to 6	5.9		
5	20 to 25	23.8	6 to 7.5	7.5		
6	25 or more	28.8	7.5 or more	14.4		
7	n/a	n/a	n/a	n/a	0 to 100	50

Due to the specific risk profile of products allocated to the “high risk” bucket 7, no margin offsetting between net long and net short positions for such instruments will take place, i.e. the intra-bucket netting coefficient will be set to 0. Since only one risk bucket exists for “high risk” products, netting between risk buckets (inter-bucket) is not possible by definition.

5.0 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 > Exchanges > The Swiss Stock Exchange > Post-Trade > CCP Clearing > Contact > Post-Trade Contact Finder > Risk Management Operations Zurich.

In this context, SIX x-clear Ltd draws the Members' attention to **clause 7.1, chapter 17.0 and clause 24.1** (liability) of the Rulebook 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.