



SIX x-clear AG

**Charter of the Risk Advisory Committee of SIX x-clear AG**

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# SIX x-clear AG

## Charter of the Risk Advisory Committee of SIX x-clear AG

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### 1.0 Basis and purpose

Pursuant to the Swiss Financial Market Infrastructure regulation – in particular art. 8, 13 and 20 of the Swiss Financial Market Infrastructure Act, FMIA, and art. 45 of the Swiss Financial Market Infrastructure Ordinance, FMIO – Central Counterparties (CCPs) are required to establish a risk committee.

This Charter forms the organisational basis of SIX x-clear AG's ("SIX x-clear") Risk Advisory Committee ("RAC") and its contribution to SIX x-clear's risk management by setting the mandate and fields of activity. It also defines its composition and procedural rules.

### 2.0 Mandate

#### 2.1 General

The RAC shall advise SIX x-clear and its board of directors ("BoD") on any matters of the risk framework having an impact on or being directly related to SIX x-clear.

It shall not provide advice on issues concerning relations to customers and competitors or any matter of minor significance.

The RAC may be consulted in emergency situations at the discretion of the BoD.

#### 2.2 Fields of activity

The RAC shall be consulted in the following matters:

1. Significant changes in the risk framework, which include:

- Risk and margin models,
- Stress testing framework
- Risk tolerances and definitions
- Anti-procyclicality checks

2. The default waterfall composition and procedures,

3. The criteria for accepting clearing participants ("Members"), or

4. The clearing of new classes of instruments and markets.

The RAC shall also periodically review SIX x-clear's risk profile, the control framework, the outsourcing arrangements of risk-related business functions and the risk framework validations. The RAC shall pay due attention to the interests of various stakeholders when issuing recommendations and to any potential conflicts of interest.

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#### 3.0 Composition and personal requirements

The RAC shall consist of at least 4 (four) members. Each of the following groups of stakeholders shall be represented in the RAC by at least one person:

- Members of SIX x-clear
- Clients of Members of SIX x-clear (i.e. “Non-Clearing Members”)
- Independent members of the BoD

The members of the RAC as well as its chair and its vice-chair shall be appointed by the BoD of SIX x-clear for a period of 2 (two) years. The chair of the RAC shall be an independent member of the BoD.

All members must have solid competences and experience in the financial and/or operative risk management and have signed a Confidentiality Declaration set out by SIX Group.

#### 4.0 Competences

The RAC reports directly to the BoD and has an advisory function. Its advice shall be independent of any direct influence by representatives of SIX x-clear and/or any other group company or body of SIX Group AG.

Its advice is not binding for SIX x-clear or any group company or body of SIX Group. However, the advice given by the RAC shall be duly considered by SIX x-clear.

#### 5.0 Procedural rules

The RAC shall have 2 (two) regular meetings per year. If requested by the BoD of SIX x-clear additional meetings shall be convened. The BoD may also authorise the chair to call such additional meetings as required. Any two members of the RAC may solicit a RAC meeting. The chair will convene such meeting unless another solution is preferable for good reasons. Any member of the RAC may ask for an item to be put on the agenda no later than 10 (ten) working days before the date of the meeting.

As appropriate the RAC may invite employees of SIX Group and/or its group companies, external independent experts and representatives of regulatory bodies to attend its meetings in a non-voting capacity or have their opinion provided in writing to the RAC.

The chair of the RAC shall ensure that the members of the BoD are duly informed of the activities and advice of the RAC. Minutes of the RAC meetings shall be taken. The minutes and any other document specified by the RAC shall be submitted upon request to SIX x-clear (management or BoD). Any advice and related documentation shall be brought to the attention of the BoD at least 5 (five) working days ahead of their scheduled meetings.

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A designated employee of SIX Group shall serve as secretary for the RAC and keep minutes of its meetings.

#### **6.0 Avoidance of conflicts of interest**

The chair (or the vice-chair in case of the chair's absence) of the RAC shall determine whether a member has an actual or potential conflict of interest in a particular matter. That member shall not be allowed to participate in the discussion or vote in this particular matter or may be fully excluded from the respective discussion.

#### **7.0 Information and documentation to members of the RAC**

The members of the RAC shall be adequately informed and documented by SIX x-clear thus enabling them to fulfil their function in the best interest of SIX x-clear.

Such information and documentation shall be given in a form and level of detail which does not breach secrecy requirements of SIX Group and its group companies.

#### **8.0 Confidentiality and disclosure to third parties**

The members of the RAC shall be bound by secrecy requirements as set forth in the Confidentiality Declaration. They shall not communicate any of the RAC's discussions and advisory decisions to any third party unless explicitly agreed with the BoD of SIX x-clear.

#### **9.0 Enactment**

This Charter and any of its amendments are subject to the approval of the BoD of SIX x-clear.

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

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