

# FrontLine SIX x-clear AG

## General Information

### Implementation of new margin methodology

#### 1.0 Overview

SIX x-clear AG (SIX x-clear) plans to implement a new hybrid risk model comprising a stress VaR component and a Monte Carlo VaR, complemented by a risk currency of choice functionality.

#### 2.0 Effective date

This new risk methodology was applied in the **test environment on 27 May 2024**.

#### 3.0 Impact on members

Members will benefit from a new margin methodology with enhanced risk modeling functionality and the ability to select appropriate risk currencies for their respective clearing portfolios. This is intended to enable more efficient collateral management by allowing members to select the appropriate “Risk currency of their choice”, thereby avoiding cross-currency haircut measures.

Please note that the impact on members will be kept to a minimum. A detailed member impact and technical overview will be shared in the Private Site.

#### 4.0 Details

The objective of the updated model framework is to provide a transparent risk assessment that adequately covers any portfolio composition and market dynamics. This new hybrid model will remove some of the dependencies of the risk assessment on the data set and will include a new variety of scenarios to capture broader market conditions with more reliable estimates.

Members will also be able to select a “Risk currency of choice”, which means that all margin requirement figures will be calculated in the currency chosen by the member instead of the default currency CHF. All member reports and reporting messages will be reported in the “Member’s risk currency of choice”. If members have not opted for a non-standard risk currency, all margin requirements will be set as Global Risk currency (i.e. CHF). Similarly, all member reports and reporting messages will be displayed in “Global Currency – CHF” and no action will be required from the member’s perspective.

For a copy of the impact description, please refer to the relevant documentation that can be found at [www.six-group.com](http://www.six-group.com) > Login > Securities Services Private > Clearing > About SIX x-clear AG > Project Cash Clearing Platform > Downloads. The application of a risk coefficient dependent on the net open amount will be **discontinued**. Further details will be announced at a later date.

# FrontLine SIX x-clear AG

## General Information

The new risk model was implemented in the **test environment** of the SECOM clearing platform on 27 May 2024. The new risk methodology is not fully calibrated in the initial phase; therefore risk calculations may produce unexpected results and we ask members to note that correct calibration and reliable results are expected at a later stage. **Member testing is not required at this stage.**

The implementation of the new margin methodology in the production environment is subject to successful testing and regulatory approval. Further communications can be expected with more details and information on the project timeline as it becomes available.

## 5.0 Contact

For any queries related to this document, please reach out to [clearingplatform@six-group.com](mailto:clearingplatform@six-group.com). If you have any further questions, please contact your Relationship Manager. Contact details can be found in the list of SIX SIS contacts published at [www.six-group.com](http://www.six-group.com) > Login > Securities Services Private > Contacts > SIX SIS > List of SIX SIS contacts.

In this context, SIX x-clear AG draws the Members' attention to **clause 7.7, chapter 14 and 15** 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.

Please note that references to external sources, e.g. to websites or links of third parties, are provided solely for information purposes and do not imply any recommendations whatsoever. SIX SIS AG has neither provided nor processed the contents of the sources in question. Furthermore, SIX SIS AG has not verified, reviewed or updated the content of these sources and therefore disclaims all liability for the information contained therein.