

FrontLine SIX x-clear AG

Cash Clearing Platform: Implementation of new margin methodology

1.0 Overview

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

2.0 Effective date

17 March 2025 (contingency plan: June 2025)

Additional note: The implementation of the new margin methodology in the production environment is subject to successful testing and regulatory approval.

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 be assured that the impact on members will be kept to a minimum. For more details on the impact description, please refer to the documentation available on the Securities Services Private Site.

Client testing will be available from the second week of December 2024. Additional details will be provided in future communications.

Nordic Members connected to the SIX Clearing Platform (SCP) are not impacted by this migration.

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.

SIX x-clear plans to introduce the “Risk currency of choice” as a new functionality. Currently, all margin requirements for SECOM members are calculated in CHF. As a default setting, CHF will continue to be the risk currency. Clearing Members, however, may choose a different risk currency for the calculation of their margin requirements.

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SIX x-clear will offer several other European currencies as an alternative risk currency. This will also impact the haircut on the collateral. Cash collateral in a currency which is the same as the chosen risk currency will have a 0% haircut. For other currencies, haircuts apply. With the new margin methodology, Clearing Members will be able to change the “Risk currency of choice” at the Credit Group level at the beginning of the following month by sending an email to xclearops@sisclear.com.

The purpose of the FrontLine is to provide a **Description and Evaluation of the Updated Risk Model**. Please refer to the relevant documentation that can be found at www.six-group.com > Login > Securities Services Private > Clearing > About SIX x-clear AG > Project Cash Clearing Platform > Downloads.

5.0 Contact

For any queries related to this document, please reach out to clearingplatform@six-group.com. If you have any further questions, please contact your Relationship Manager.

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.

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