

Annual Media Conference on 8 March 2010 at 10.30 h

Prof. Peter Gomez, Chairman of the Board of Directors

NB: The spoken word shall prevail.

Ladies and gentlemen:

You are most welcome to today's event, at which we shall report on SIX Group's second financial year. As well as looking back on the past year and forward to the challenges that lie ahead, I should like to share a few thoughts with you on the performance of the financial markets in Switzerland and elsewhere in Europe.

Last year began in the same way that 2008 had ended: in the eye of the typhoon of the financial crisis. Fortunately the financial markets staged a recovery in spring 2009, and after just a few months the idea that the worst of the crisis was past had gained widespread credence. This was a superficial view, though. Let's not fool ourselves: the financial crisis is anything but over.

The Economist referred to this fact a few weeks ago when it ran a title story on the danger of an oversupply of cheap money inflating a new bubble. This time the British news magazine locates the primary source of the danger in the emerging growth markets. Furthermore the question of how the regulators handled the financial crisis is nowhere near resolved. I shall have more to say about this last point later.

As far as our organization is concerned, the keywords for the first two years after the amalgamation on 1 January 2008 were integration and crisis management. SIX Group is the response of our owners – 160 banks and financial institutions, most of them Swiss – to a wave of mergers and takeovers among European and American exchange operators. The owners of SWX Group at the time, SIS Group and Telekurs Group, consciously decided on a model of their own, tailored to meet the requirements of Switzerland as a financial center. With its four major business areas – trading, post-trading, financial information, payment transactions – that model is the only one of its kind in the world. It is seen in sector circles as an innovative, sustainable solution.

The first phase of the integration of SIX Group was subjected to a real stress test between September 2008 and spring 2009 by the effects of the financial crisis. Our organization passed that test with flying colors. Throughout the rest of 2009, now sailing in calmer waters, SIX Group expanded abroad as well as continuing its internal integration work at home.

What were our landmark events in 2009? The Board of Directors of SIX Group, taking account of what had been learned from the financial crisis, analyzed its strategy, confirmed it, and refined it in consultation with the Group Executive Committee. Our vision was reaffirmed. Let me quote from the key statement:

"SIX Group promotes the innovative strength and efficiency of the Swiss financial center and its participants. It is the preferred partner for customers in the areas of securities, financial information and payment transactions".

The past year has shown that SIX Group keeps its promises. As examples I might cite the close cooperation with the Swiss National Bank on the implementation of its successful monetary policy and the Group's contribution to the financial center strategy adopted last December by the Federal Council.

Our vision stands on four pillars: Internationalization, Innovation, Integration and Inspiration. Let me say a word about these four "I"s. 2009 saw us make a number of significant advances in the field of internationalization. Urs Rügsegger, who is speaking next, will report major growth stages in international clearing and settlement, payment transactions in Luxembourg and Austria, and index business. The main benefit of our innovative approach is that SIX Group brings together the entire value added chain of the financial center infrastructure under one roof. This enables us to provide financial services that are no longer necessarily part of the banks' core business, following their reorientation – such as the management of securities data or certain aspects of payment transactions. Even if a capital gains compensation tax were introduced, as it may well be, SIX Group could provide the necessary logistics. Naturally enough, we are continuing to focus our efforts on the integration of the original three companies, with the concomitant increase in efficiency. And that will only be successful if SIX Group is an inspiring employer, able to get the very best out of its employees.

I particularly want to mention the fact that a year ago we brought our teams responsible for listing, issuer regulation and issuer monitoring together with our market monitors in the SIX Exchange Regulation unit, which we detached from exchange operations. SIX Exchange Regulation reports direct to me as Chairman of the Board of Directors. This gives it the independence from operating business that it needs to fulfill its regulatory and monitoring duties. We are convinced that our model of self-regulation gives us pragmatic control of the activities of issuers and market participants alike.

From the business viewpoint, SIX Group posted consolidated profit of CHF 220.3 million: 28% below the 2008 figure. In a difficult environment, we came close to duplicating the previous year's result in operating terms – but the impairment of CHF 45.4 million on the assets of the American derivatives exchange ISE took its toll on a good overall result. Our joint venture partner Deutsche Börse was compelled to post an impairment of EUR 420 million. Given the demanding market environment, our performance in 2009 was good. Urs Rügsegger will explore this in more detail.

SIX Group operates in a field that is dominated by the regulatory framework. I want, if I may, to share with you a few thoughts on the regulation of the financial markets. Since the dramatic days following the demise of Lehman Brothers, there has been a worldwide consensus that everything possible must be done in political and regulatory terms to prevent the global financial system from coming so close to collapse again. But that is as far as the consensus goes. Yet again, discussions at this year's World Economic Forum in Davos have shown that although bankers and regulators may agree on the diagnosis of the illness, they hold entirely different views about how to treat it. As for politicians, it is not unusual for them to have more radical ideas than their regulatory authorities.

The basic problem lies in the fact that there is no supervisory body for the world financial market with global regulatory powers, let alone an agency with global enforcement powers. The institutions that were involved in triggering the crisis, conversely, are active on a global scale. Given this lack of a global regulatory authority, there is a threat – as IMF Managing Director Dominique Strauss-Kahn puts it – of "regulatory arbitrage", in which globally active companies favor locations where the regulation is most relaxed. Besides this fundamental contradiction, there is the fact that the panic engendered by those dismal weeks in September and October 2008 is fading slightly with every day that passes. Politicians and regulators alike, with one eye on the national economy and the tax base, reflect in the first instance on the consequence of new regulations for *their* financial centers. We live in a competitive world, after all – and it's tough out there.

But questions of global banking regulation do not affect us as directly as the development of laws and regulations in the EU and in Switzerland. On the agenda in Europe is the revision of the MiFID, which aims at a deregulation of securities trading. The regulations currently in force have not brought about the desired level playing field. On the contrary: In the name of more competition, alternative trading platforms were allowed which are subject to fewer stipulations than established stock exchanges and so can pick away the cherries. In the field of settlement, custody and payment transactions, the European Central Bank is planning a second trading platform which could lead to Switzerland losing business to foreign locations. In both cases it is absolutely essential that we play an active role. Here too Switzerland is not an island. Via Eurex, we also aim to actively participate in efforts towards reducing counterparty risks and increasing market transparency.

I now turn to Switzerland itself. We note with satisfaction that on 25 February 2010 the Federal Council clearly pointed the way to the implementation of the financial centre strategy that it adopted last December. The rejection of the automatic exchange of information, the systematic application of article 26 of the OECD Model Convention in the context of double taxation agreements and the further pursuit of the capital gains compensation tax as part of a "white money strategy" are, in our view, a solid base for the sound development of Switzerland as a financial centre. Discussions about the problem of system-relevant companies being "too big to fail" are currently under way at the highest level in Switzerland. Within Switzerland, in the event of any demergers, SIX Group is uniquely positioned to provide constructive outsourcing solutions, for instance in the areas of securities data, payment

transactions, settlement of a capital gains compensation tax (should it come about), or as a central counterparty on the repo market.

As for business currently before the Swiss parliament, we hope that the National Council will vote the same way on exchange stamp duty as the Council of States did in the past winter session. In approving the motion, the National Council would eradicate a locational disadvantage suffered by our exchange and the financial center of Switzerland in general.

I should like to bring my remarks to a close by returning to the topic of inspiration. SIX Group stands and falls by the quality and performance of our staff. We have an outstanding management team, and highly qualified personnel. My thanks are due to them all for their excellent work in a difficult environment. Their commitment fills me with confidence for the current year.

Thank you for your attention. I now hand you over to Urs Rügsegger, who will give you a detailed presentation on the results for the year and on SIX Group's operating activities.