

Securities Trading

Focusing on technology and innovation

Despite challenging market conditions, SIX Group's Securities Trading business field enjoyed a successful year in 2010. SIX Swiss Exchange posted record growth in terms of the number of participants and products issued, and listed two large-cap issuers that had relocated to Switzerland. STOXX took over all index activities for SIX Group and Deutsche Börse, while Indexium, a new operating company focusing on index calculations, was launched in Zurich. Eurex and Scoach, the derivative exchanges operated together with Deutsche Börse, saw an increase in their transaction volumes. In 2010, the Securities Trading business field was still able to post revenue of CHF 216.9 million (down 2.1% on 2009), despite drops in revenue resulting from price reductions and a slight year-on-year decline in market share.

The stock market deregulation triggered by the Markets in Financial Instruments Directive (MiFID) has resulted in continuing competitive pressure. While in 2010 the number of newly founded alternative platforms for stock exchange trading (multilateral trading facilities, MTFs) was lower than 2009, with the market even beginning to consolidate, new providers were nevertheless able to

gain an increasing share of a growing market. SIX Group has been able to remain competitive in the Securities Trading business over the long term thanks to its low transaction costs, high-performance trading platforms, client-oriented value-added services and efficient regulatory processes.

Stable trading and transaction volumes

SIX Swiss Exchange's average market share in the Swiss blue-chip segment declined from 84.9% in 2009 to 70.6% in 2010 on the back of the increased volumes gained by individual MTFs; this is a reflection of the general level of competition faced by the established European exchanges. Revenue in the Securities Trading business field came to CHF 216.9 million, down just 2.1% from the 2009 level of CHF 221.5 million, with price reductions accounting for a drop of CHF 10.9 million. The stock exchange trading turnover posted by SIX Swiss Exchange and Scoach Switzerland rose to CHF 1,191.0 billion, an increase of 5.3% from 2009 (CHF 1,131.3 billion). The SMI® closed 2010 at 6,436.0 points (down 1.7% year-on-year) and the SPI®, which contains most of the companies listed on SIX Swiss Exchange, at 5,790.6 points (+2.9%). On-exchange trade turnover was 0.6% higher than in 2009 at 35.0

Key figures of the Securities Trading business field (excluding Eurex Group)

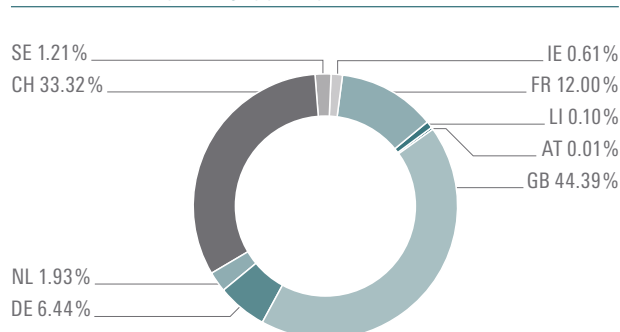
Cash Markets division	2010	2009	Change in %
Revenue ¹ (in CHF 1,000)	216,948	221,549	-2.1
Workforce (in full-time equivalents) as at 31.12.	249.1	258.0	-3.4
Revenue ¹ per employee ² (in CHF 1,000)	856	687	24.5
Stock exchange trading turnover ³ (in CHF billion)	1,191.0	1,131.3	5.3
Number of transactions ³ (in m)	35.0	34.8	0.6
Number of listed securities	32,984	25,680	28.4
SPI market capitalization (in CHF m)	963,605	916,624	5.1

¹ Revenue according to the internal management information system

² Calculated on the number of employees based on the average number of full-time equivalents between 1.1. and 31.12.

³ Including Scoach Switzerland Ltd

Turnover in blue-chip trading by participant location in 2010



million transactions. This growth in trade turnover and the stability of transaction volumes were driven by SIX Swiss Exchange's client-oriented stock exchange services and attractive pricing structure as well as the high level of volatility in the first half of the year and the increase in algorithmic trading.

Four new companies were listed on SIX Swiss Exchange in 2010 (2009: five), with Transocean and Weatherford, which now each maintain two primary listings, accounting for CHF 37.6 billion of the Swiss exchange's market capitalization between them at year-end. With 32,948 securities, the number of listed products reached an all-time high. This corresponds to a growth of 29% in just one year, which is a result of the admission to trading of a large number of structured products.

Efficient technology and processes

In 2010, SIX Swiss Exchange further enhanced the performance of its trading platforms by increasing transaction capacity while reducing latency periods. The improved Proximity Hosting Service cut down system response times to less than one millisecond. Indexium, a company founded by SIX Group together with Deutsche Börse at the start of 2010, began developing a new technical platform during the year. Scheduled to be rolled out from mid-2011, it will be used by SIX Group, Deutsche Börse and their joint subsidiary STOXX to calculate indices, acting as a competence center in this growing market segment.

SIX Swiss Exchange further sharpened its competitive edge by introducing a user-friendly Rule Book (Handelsreglement), which has been approved by the Swiss Financial Market Supervisory Authority (FINMA) and contains internationally compatible regulations. This played a significant role in attracting eleven new participants, a record figure that largely comprised international companies.

Securities Trading business field

In the Securities Trading business field, more than 260 employees of SIX Group provide comprehensive services for stock exchange trading, in both the cash and derivatives market. The main focus of its activities is on the operation of electronic stock exchange trading platforms, which is complemented by the distribution of information and index products. SIX Swiss Exchange and SIX Exfeed (raw market data) are responsible for these core segments of the business field.

Together with Deutsche Börse, SIX Group also operates four significant joint ventures that complete the range of services in securities trading: Scoach is the trading platform for structured products, STOXX calculates and distributes indices on a global scale, Indexium performs index calculations for SIX Swiss Exchange and Deutsche Börse, and Eurex is a leading international exchange for standardized derivatives trading. Swiss Fund Data, another associated company, offers fund information in Switzerland.

Innovative investment segment still going strong

This year saw SIX Swiss Exchange celebrate the tenth anniversary of its successful range of Exchange Traded Funds (ETFs). By the end of 2010, 497 index-based products had been admitted to trading, 298 more than twelve months before. The CHF 71.7 billion of stock exchange trading turnover generated by ETFs represented a year-on-year increase of 42%. Equally impressive was the increase in volume of COSI® products (Collateral Secured Instruments), which were launched in autumn 2009. By the end of 2010, there were 779 such securities with a total collateral volume of CHF 1.8 billion. November 2010 saw the launch of Exchange Traded Products (ETPs), a type of collateralized debt security mainly comprising commodity-related securities that complements SIX Swiss Exchange's existing segments.

STOXX Limited: integration and transformation

Following the late-2009 acquisition by Deutsche Börse and SIX Group of Dow Jones' stake in STOXX, 2010 was spent carrying out integration work. Both SIX Group and Deutsche Börse transferred their index activities to STOXX. As at the end of 2010, the company was engaged in the calculation, development and distribution of around 2,500 indices worldwide; the same figures for Deutsche Börse and SIX Group were 2,700 and 1,750, respectively. STOXX is aiming to become the global provider of and world market leader in indices.

Market conditions for the index business were largely favorable in 2010: the capital invested in ETFs based on indices provided by Deutsche Börse, SIX Group and STOXX increased by 20% to EUR 67 billion. In 2010, around 185,000 structured products based on the indices provided by the three companies were issued, 137% more than in the previous year. In keeping with the company's global expansion goals, a number of new indices were launched as part of the global index family; these included the STOXX Global 150 Index, which contains the world's largest and most liquid securities, and the STOXX Optimised Emerging Markets indices, which provide improved access to the emerging markets.

Continued growth for Swiss Fund Data

In the year under review, Swiss Fund Data was again able to significantly increase the number of investment funds registered in the system. By the end of 2010, the Swiss Fund Data platform, which has been recognized by FINMA as an official Internet-based publication platform, was used to publish pricing information, legally required notifications and other data for 8,138 asset classes, 608 more than at the end of 2009.

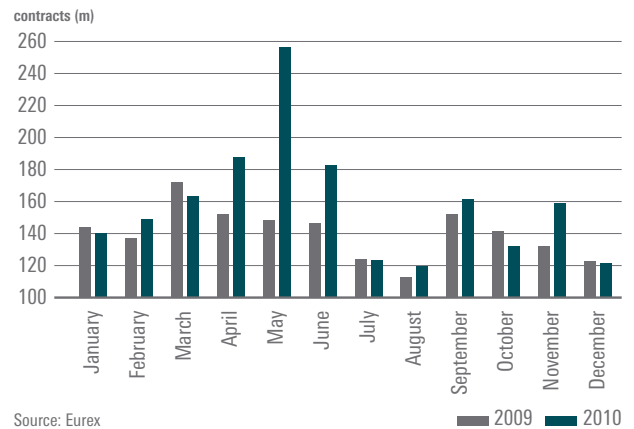
Stable performance in sight

At the start of 2011, SIX Swiss Exchange announced a price reduction for small- and mid-cap trades to allow participants to benefit from the increase in operational efficiency. SIX Group expects the factors relevant for the Securities Trading business field to continue to recover into 2011, resulting in a slight increase in trading and transaction volumes. SIX Group is aiming to retain its market leadership in Swiss blue-chip trading and to consolidate its position as an international trading center of first choice. It expects the data and index business to perform well following the repositioning of STOXX and the entry into operation of Indexium. Competition for market share is likely to remain fierce in the blue-chip segment. SIX Group expects Securities Trading revenue for 2011 to be slightly lower than in 2010.

Eurex Group

The Eurex futures market recorded a total volume of 2.64 billion contracts in 2010, as compared to 2.65 billion contracts in 2009. Around 1.9 billion of these were Eurex contracts (2009: 1.7 billion), while 745 million contracts were traded on the American International Securities Exchange (ISE) (2009: 960 million). The most significant results for Eurex in 2010 included its increased presence in Asia, the expansion of its product range and its efficient risk and security management process based on innovative technology. A further value adjustment was made to the intangible assets of the International Securities Exchange (ISE) in 2010. This amounted to EUR 453.3 million and relates to the US equity options market, which has been stagnating for two years; the ongoing fierce competition in the sector; and the continuing lack of regulatory approval for new functionalities.

Eurex trading volume 2009/2010

**Enhanced global presence in 2010**

The focus for expansion was on Asian growth markets. In January, the first Japanese broker connected to Eurex from Singapore, and the first Chinese broker began trading on Eurex via Hong Kong in March. This was followed in September by five new participants from Taiwan. The trading volumes attributable to Asian participants in 2010 rose by 30% year-on-year.

Thanks to its Trader Development Program, Eurex Exchange was able to attract 262 new traders from across the globe in 2010. Instead of having a direct membership, these traders use the order-routing systems of existing participants and benefit from reduced trading and clearing fees as well as a wide range of training courses.

Continued expansion of product range

In 2010, Eurex Exchange launched approximately 200 derivatives based on equities, equity indices, dividends, volatility and commodities in addition to a new futures contract on short-term Italian government bonds. In particular, the exchange-traded derivative launched in 2008 and based on dividends of equity indices and equities has enjoyed a high level of acceptance in the market. A total of 4.5 million contracts were traded in 2010.

More protection against risks

The security and integrity of the financial markets are closely linked to effective risk management. Eurex Clearing's innovative technological solutions play a key role in this regard; the clearing house has monitored derivative position risks since June 2009 in real time. Its clearing and non-clearing members have had access to this real-time risk data since March 2010 via the optional "Enhanced Risk Solution" interface. November saw the launch of an additional risk management service, "Advanced Risk Protection". This service addresses risks prior to order execution and enables clearing members and participants to define individual risk limits that are then automatically monitored.

Eurex – key figures

- 2.64 billion contracts on Eurex and ISE
- Eurex: 412 participants with over 8,556 traders in 28 countries
- ISE: 160 participants in the USA
- Futures and options on the EURO STOXX 50® Index are the most frequently traded single product with around 657 million contracts
- Almost 2 billion transactions were processed by Eurex Clearing

Eurex Repo

Eurex Repo, which operates a total of four repo markets (Swiss franc Repo, OTC Spot, euro Repo and GC Pooling), continued to grow in 2010. It managed to increase its number of participants, which were also more international in nature, while trading volumes in the individual markets rose significantly: the average outstanding total volume increased by 14% to EUR 221.7 billion (CHF 303.4 billion). The Swiss-based OTC Spot and Swiss franc Repo markets reached a new record level of CHF 146.7 billion (EUR 107.2 billion). The Euro Repo market operating in Germany also reached an all-time high of EUR 114.5 billion (CHF 156.7 billion), of which EUR 91.6 billion (CHF 125.3 billion) was generated by the GC Pooling collateralized market, an increase of 14% from 2009. This means that since its market launch in 2005, GC Pooling has grown at an annual rate of almost 80%. The Securities Financing area (SecLend/COSI®) was also able to generate significant volume growth in 2010.