

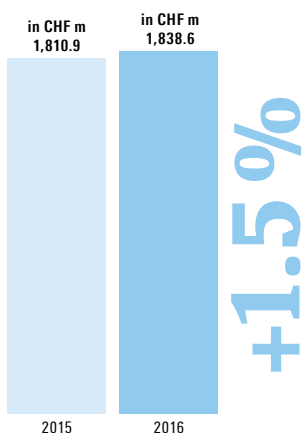


Annual Report 2016

Business model

Focus:
*A business model
with a future*
Pages 23–34

Growth of operating income 2016



Employees


4,020 employees
from **53** countries

Anniversary



20 years of Swiss Value Chain – a piece of Swiss financial history

→ Further information at six-group.com/fintech

Collaborations

For a strong financial center

SIX works together with its partners
to drive the development of innovations.



→ Further information at six-group.com/fintech

Business model with a future

SIX Group

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Business model with a future



Dr. Romeo Lacher (l.) and Dr. Urs Rüegsegger

Dear readers

SIX continued on its long-term path of stable, positive performance during the financial year 2016. Following record trading activity and the excellent net financial result in 2015, SIX surpassed the strong operating results of previous years, despite the challenging economic environment. Our diversified business model, which makes us less dependent on specific business areas and markets, proved effective once again. As well as reporting on the past financial year, this Annual Report explains how our business model is constructed and why it is fit for the future.

Every company has an underlying business model. Why are we focusing on something that is such a given? Because it actually isn't at all! A value chain that still reflected reality only yesterday may already be obsolete by tomorrow. Our business environment changes extremely quickly, and with it the needs of our clients. From the current low interest rates and latest regulatory provisions through to the emergence of innovative technologies and new global competitors entering the market, the pressure on our clients' margins is and will remain high. They need to adapt to changing conditions. SIX must provide rapid, innovative solutions for these changing requirements. This means that we, too, are constantly developing our business model for the benefit of our clients.

As the central infrastructure, we are best placed to take over from the banks those tasks that do not bring them any added value or help them differentiate themselves. They can then save costs and focus on their core competencies. This allows us to increase the business volume on our systems and expand our value chain to the benefit of all participants, thanks to effective economies of scale. Our strategy recognizes the constant changes in our sector as an opportunity. It aims to ensure we are agile enough to seize this opportunity.

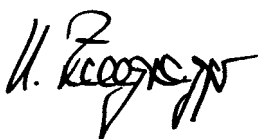
Our clients and shareholders motivate us to carry on with continuous further development so we would like to thank them for their trust and loyalty. Our employees are the driving force behind the transformation, and we would like to thank them for all their hard work and dedication. ■

“Our clients and shareholders motivate us to carry on with continuous further development.”

Dr. Romeo Lacher,
Chairman of the Board of Directors



Dr. Romeo Lacher
Chairman of the Board of Directors



Dr. Urs Rügsegger
Group CEO SIX

SIX remains firmly on track in a difficult environment and continues to pursue its current strategy

SIX continued to hold its position in 2016. Following the extraordinary results posted the previous year, operating income was up 1.5% and operating profit rose 2.9% to CHF 287.1 million. SIX generated CHF 297.1 million before interest and taxes and a group profit of CHF 221.1 million. The diversified business model, rigorous cost discipline and strategy implementation are paying off.

The diversified business model makes SIX less dependent on individual business areas and markets. Income growth in the Securities Services, Financial Information, and Payment Services business areas was thus able to compensate for the decline in securities trading. Although the situation on the global financial markets led to a fall in securities trading compared with the record levels achieved in the previous year, the operating income generated by SIX rose by 1.5% year on year, to CHF 1,838.6 million. Operating profit increased by 2.9%.

Turnover on SIX Swiss Exchange, which had benefited from record levels of trading activity in 2015 as a result of volatile markets, reverted to a level that is stable long-term, with average daily turnover of CHF 5.0 billion in the year under review. At 64.6%, the market share for Swiss blue-chip trading was once again considerably better than that achieved by comparable European markets. However, there was an overall decline in trades and orders.

In SIX Securities Services, operating income increased by 6.6% compared with the previous year. This rise was attributable to the sale of a property. Adjusted for this special effect, the operating result remained largely stable, in line with the strong showing achieved in the previous year. SIX Securities Services benefited from its broad-based range of services, which serves the entire

post-trading value chain and also bundles volumes from Europe and other countries on the platforms operated by SIX.

SIX Financial Information remained firmly on the positive course set in recent years, achieving a 3.5% increase in operating income by streamlining its global organization and product range. SIX Payment Services again profited from dynamic growth in cashless payments. Transaction volumes continued to rise in 2016 – in the acquiring business they were about 11% higher than in the previous year. →

EBIT at a level that is stable long-term

After an exceptional year in 2015, when SIX posted a record result thanks to the sale of its shares in STOXX and Indexium, together with the highest-ever levels of trading activity, SIX generated earnings of CHF 297.1 million before interest and tax (EBIT) in 2016 – a solid result on a long-term comparison. Adjusted for special effects in 2015 and 2016, EBIT came in 5.0% below the record amount achieved in the previous year.

Owing to comparatively lower trading turnover and the absent contribution to earnings by STOXX/ Indexium, SIX Swiss Exchange posted a decline in EBIT of 18.6%; adjusted for the absent contribution to earnings, EBIT was down 4.6% on the previous year. In terms of operations, SIX Securities Services performed

Operating income generated by SIX grew by 1.5% in 2016.

→ Read more about the performance of the business areas in the segment reports from page 12 onward.

steadily. EBIT rose by 50.2%, buoyed by the abovementioned property sale and the sale of the business in the area of share register management and annual general meetings (SIX SAG Ltd). SIX Financial Information capitalized on its operational strength to drive its own transformation forward. Restructuring costs caused by integrating France into the global functional organization pushed EBIT down to CHF 26.7 million; adjusted for special effects, earnings before interest and tax rose by 9.0% to CHF 57.3 million. SIX Payment Services also grew, posting EBIT of CHF 91.8 million (+4.2%). The business area capitalized on the continuing market growth in cashless payments and further expanded its international business in strategic markets and segments.

SIX is still experiencing high pressure on margins and costs. It relies on the efficiency and agility of its organization in order to successfully implement its strategy and realize its ambitious growth targets in today's challenging economic environment. SIX has equity of CHF 2.6 billion,

which is sufficient for it to implement the necessary predefined measures and investments. →

It is complementing the financial strength it has built up over the years with further efficiency improvements and rigorous cost discipline. The present aim is to convert the challenges currently faced by the financial sector into opportunities for the central financial market infrastructure. SIX provides financial market participants with future-oriented, innovative solutions, thus fulfilling the requirements of its clients and shareholders.

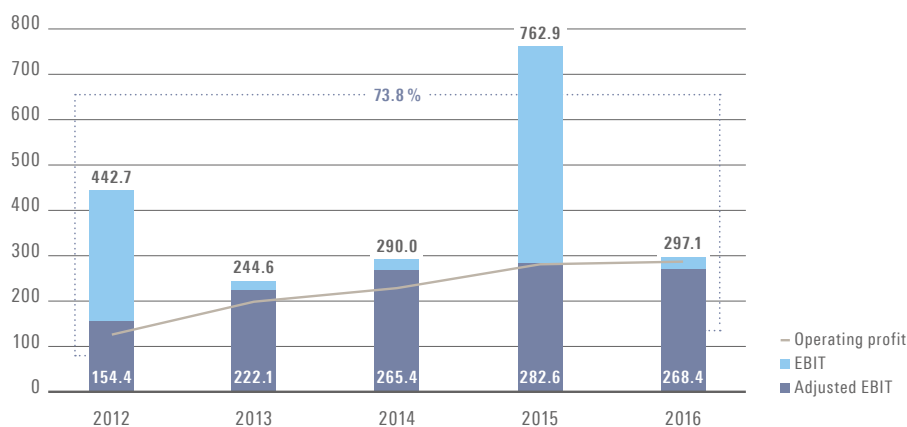
The changing market environment opens up opportunities for growth

The financial sector is currently undergoing a period of profound change, which presents fresh challenges with ever increasing frequency. New competitors – some from outside the industry – are entering the market, while stringent regulatory requirements and technological innovations are increasing the existing pressure on margins and costs for all market participants. >

→ For 2016, the Board of Directors of SIX recommends that the Annual General Meeting approve a dividend of CHF 7.30 per share. This corresponds to a total sum of CHF 142.5 million.

Adjusted EBIT up 73.8% since 2012

Development EBIT in CHF million



2012 adjusted for Eurex effect

2012–14 adjusted for STOXX & Indexium effect

2015–16 adjustments please see footnote 1 of table on page 11

As the central player in the Swiss financial center, SIX is best placed to develop forward-looking solutions that help the entire sector to successfully deal with the challenges ahead. The current state of upheaval offers SIX opportunities to develop its business model further and to increase its business volume.

SIX already offers banks the opportunity to optimize their business processes through the targeted outsourcing of non-differentiating services. The medium-term goal is to bring other non-differentiating activities together on the central infrastructure of SIX and thus tap into new areas of business and generate additional business volume. SIX is taking a two-pronged approach here: On the one hand, it is expanding its central services on a project basis or developing them further, and on the other it is working with its owners and partners to test the possibility of setting up additional services in Switzerland.

In the year under review, SIX launched a number of new infrastructure services in the area of regulation and compliance, for example. By centralizing and automating tax services, it can achieve huge cost savings for its clients; similarly, it can offer them efficient assistance with the extensive documentation obligations arising from the investor protection that is required by the EU. While complying with regulatory requirements imposes a considerable burden on each individual bank in terms of both time and money, SIX is able to benefit from economies of scale as a result of increasing volumes. Sector-wide outsourcing therefore makes the necessary processes cheaper for everyone.

An agile organization is crucial to success

In order to keep its prices competitive, SIX relies not only on growth but also on further improving its efficiency and cutting its costs. It can achieve a sustainable increase in profitability

only by streamlining its organization, further standardizing its product range and optimizing its processes. SIX therefore constantly reviews where it can eliminate duplication in its international organization or reduce costs through targeted outsourcing. At the same time, the stability of its systems remains its top priority. SIX also enhanced its risk management team in 2016. When a network malfunction occurred in June, the Crisis Task Force was called out on its first major deployment since SIX was founded, and its concerted approach demonstrated its ability to function well. During the year under review, SIX also focused on efficient, effective management of project work throughout the company with the PM@SIX program.

The Board of Directors and Management Committee further refined the strategy during the year under review, particularly with regard to the company's agility and innovation capacity. SIX is aiming to adapt to client requirements more rapidly and on a more consistent basis – whether by making existing services more efficient or by developing new and innovative solutions.

The innovation capacity of SIX helps the financial center compete internationally

In 2015, SIX initiated an internal cultural transformation by means of its long-term innovation strategy. By the end of December 2016, some 251 project ideas had been submitted by employees via a specially launched internal online platform; about 30 of these are currently being closely evaluated by innovation managers at SIX, and some are being pursued further.

SIX is a driving, innovative force in the Swiss financial center. In May 2016 it reached agreement with the six biggest Swiss banks on a joint national mobile payment system. This joint venture, known by the name of TWINT, unites the two

SIX is an agile, forward-looking technology partner for the banks.

existing systems run by SIX (Paymit) and PostFinance (Twint). Together, these form the most-used payment app in Switzerland.

In October 2016, SIX also opened up its → FinTech incubator F10 to other companies in the financial industry. SIX uses F10 to develop prototypes of new solutions, working together with stakeholders and in close collaboration with clients. At the same time, it supports an accelerator program for selected start-ups during the different phases of setting up a company. As an active cooperation partner of the Zurich Information Security and Privacy Center (ZISC) at the Swiss Federal Institute of Technology in Zurich (ETH), SIX also employs teaching and research

in the field of information security. This research partnership was established in November 2016 and is scheduled to last 12 years. It has a special focus on the field of cyber security and innovation in the cloud.

Through these partnerships, SIX is continuing to expand its own opportunities to create value, while also making an active contribution to the international attractiveness, security, and competitiveness of the Swiss financial center. ■

→ Financial services providers, scientists, FinTech companies, and start-ups are brought together under the umbrella of the newly formed association F10 Incubator & Accelerator.



Additional information and figures can be found at six-group.com/annual-report

Overview of key figures

in CHF million	2016	2015	Change in %
Figures			
Total operating income	1,838.6	1,810.9	1.5
Total operating expenses	-1,551.5	-1,531.9	1.3
Operating profit	287.1	279.0	2.9
Share of profit of associates	-0.3	15.5	-102.2
Net financial result	10.4	468.4	-97.8
Earnings before interest and tax (EBIT)	297.1	762.9	-61.1
Earnings before interest and tax (EBIT) adjusted for special effects ¹	268.4	282.6	-5.0
Group net profit	221.1	713.7	-69.0
Balance sheet total as at 31/12	10,279.5	8,755.8	17.4
Workforce as at 31/12 (full-time equivalents)	3,807.1	3,858.2	-1.3
Ratios (in %)			
Return on equity ²	8.8	30.4	-70.9
Equity ratio ³	79.3	76.4	3.8

¹ Total special effects in 2016 came to CHF 28.7 million and included the income from the sale of a property (CHF 26.0 million), the disposal profit on the sale of SIX SAG Ltd (CHF 5.4 million), the disposal profit on the sale of the companies of the sub-group SIX Payment Services Luxembourg (CHF 3.9 million), the effect of reorganization in France (CHF -34.4 million), the IAS 19 effect of pension fund plan changes (CHF 26.8 million) and the residual net financial result (CHF 1.1 million). The special effects of CHF 480.3 million in 2015 included the contribution to earnings by STOXX Ltd and Indexium Ltd in 2015 (CHF 476.8 million) and the residual net financial result (CHF 3.5 million). The shares in STOXX Ltd and Indexium Ltd were sold in 2015.

² Equity = average equity between 31/12/2015 and 31/12/2016

³ Total equity/(total adjusted liabilities + total equity); total adjusted liabilities (2016: CHF 652.8 million/2015: CHF 726.9 million) equal total average liabilities (2016: CHF 7017.8 million/2015: CHF 6,906.2 million) less average liabilities from clearing & settlement (2016: CHF 6304.2 million/2015: CHF 6,111.2 million) less average negative replacement values from clearing & settlement (2016: CHF 60.8 million/2015: CHF 68.1 million).

SIX Swiss Exchange: firmly on course

After a highly volatile year on the stock markets in 2015, trading turnover on SIX Swiss Exchange returned to normal levels in 2016. Operating income fell by 9.1% to CHF 188.5 million. Adjusted for the absent contributions to earnings by the shares in STOXX and Indexium, which were sold in 2015, EBIT was 4.6% down on the previous year. However, five IPOs and the successful launch of the SwissAtMid service demonstrated the high quality and forward-looking approach of the Swiss stock exchange.

Revenue from trading and listing continues to contribute the most to the turnover of SIX Swiss Exchange. Trading turnover across all securities declined by 6.8% compared with the previous year. Neither the Brexit vote in the UK nor the presidential election in the US affected the markets as strongly as the Swiss National Bank's decision to discontinue the exchange rate floor in 2015. There was a corresponding decline in trades and orders, although the average daily turnover of approximately CHF 5.0 billion was in line with the levels recorded over many years.

While lower volatility on the markets had a negative impact on equity trading, trading in the ETF segment hit an all-time high of CHF 103.8 billion, beating the previous record achieved in 2011 (CHF 101.9 billion). →

Foreign-currency bonds also performed well throughout the year: compared with 2015, SIX Swiss Exchange recorded almost 36% more trades and a 34% increase in turnover.

By contrast, the persistently low interest rates had a negative effect on trading in Swiss franc bonds and structured products: The most significant drop in turnover was for structured products, at around 39%, while bonds fell by 23.3%. All segments recovered slightly at the end of the year.

Swiss capital market remains attractive

IPOs during the financial year included real estate companies Investis Holding and Varia US Properties, cybersecurity company WISEKey, Austrian vehicle group KTM Industries, and VAT Group, a global leader in vacuum technology. With a market capitalization of CHF 1.56 billion and a transaction volume of CHF 624 million, the latter was the largest IPO on SIX Swiss Exchange in 2016.

In order to ensure that listing on the Swiss stock exchange continues to be attractive for small and medium-sized enterprises too, SIX Swiss Exchange launched the Stage program in September 2016: In partnership with Morningstar, a leading provider of investment analyses, it helps SMEs prepare investor information tailored to particular target groups. The companies may also choose to take advantage of improved research coverage through the following partner banks: Bank am Bellevue, Vontobel, and Zürcher Kantonalbank. This program aims to increase the long-term visibility of SMEs so that they can make more efficient use of the capital market for growth purposes.

Targeted growth initiatives

For a number of years, SIX has provided liquidity on its trading platform via targeted measures in order to retain its market share in the face of fierce competition from other

SIX holds the rights to all Swiss indices, including SMI and SPI.

→ Since September 2016, SIX has offered additional, factor-based investment opportunities through the new SPI Multi Premia indices, which have attracted considerable attention.

trading platforms. The attractiveness of the Swiss stock exchange is primarily due to the high probability of executing an order at the best price. In 2016, SIX Swiss Exchange offered the European Best Bid and Offer (EBBO) for its securities in over 83% of intraday activity. Market share for domestic equity trading fell slightly year on year, but remained well above that of comparable European markets (64.6%).

An estimated 10–15% of volume for Swiss equities in Europe takes the form of non-displayed trading. In order to enable its participants to execute these order types on more favorable terms, in October SIX successfully launched the new non-displayed liquidity pool for Swiss equities, → SIX Swiss Exchange At Midpoint (SwissAtMid). SIX thus expanded its existing offering for large block transactions in European equities, SIX Swiss Exchange Liquidnet Service (SLS). SwissAtMid allows trading participants to execute an order at the midpoint of the best bid and ask price in the list order book, thus achieving a better tradable price.

Both SwissAtMid and SLS are trading services without pre-trade transparency that comply with Swiss and European financial market regulation.

Equivalence with EU law is crucial for the future

Equivalence with EU law in particular is vital in order to maintain the international attractiveness of the Swiss capital market and the importance of Switzerland as a trading venue in Europe. The EU must recognize Swiss financial market regulation as equivalent by the end of 2017 so that participants based in an EU country can continue to trade on a Swiss stock exchange. SIX Swiss Exchange is working very hard to implement the new requirements arising as a result of the Swiss Financial Market Infrastructure Act (FMIA) and the European Markets in Financial Instruments Directive (MiFID II/MiFIR). ■

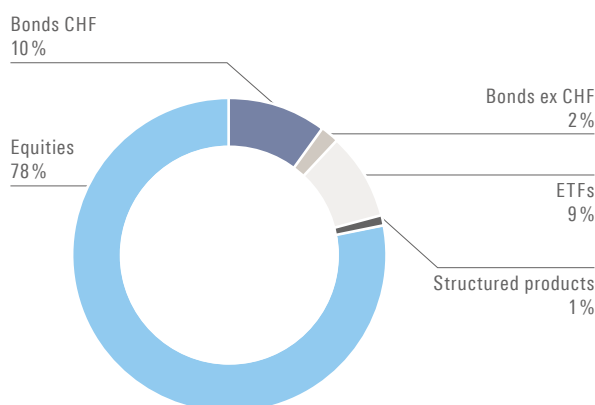
Two-thirds of turnover in Swiss blue chips originates from trading participants in the EU.

→ Two months after the launch, SIX Swiss Exchange was achieving turnover averaging CHF 14.4 million per day with SwissAtMid.

Key figures for the Swiss Exchange business area

	2016	2015	Change in %
Operating income (in CHF m)	188.5	207.4	–9.1
Operating profit (in CHF m)	69.2	73.2	–5.5
EBIT (in CHF m)	69.3	85.1	–18.6
Workforce as at 31/12 (full-time equivalents)	163.3	159.0	2.7
Stock exchange trading volume (in CHF bn)	1,279.3	1,372.5	–6.8
Number of transactions (in m)	47.6	51.5	–7.7
Number of tradable products	32,188	35,044	–8.1
SPI market capitalization (in CHF m)	1,221,256	1,286,785	–5.1

Share of turnover of tradable products



Self-regulation of the trading platforms of SIX

Exchange Regulation is an autonomous unit within SIX that is responsible for issuer and participant regulations for the trading platforms SIX Swiss Exchange, SIX Structured Products Exchange, and SIX Corporate Bonds.

In accordance with the Swiss Financial Market Infrastructure Act (FMIA), which came into force on 1 January 2016, trading platforms are required to issue, monitor, and enforce regulations for their issuers and participants. SIX ensures strict separation of operational activities and regulatory functions. The regulatory bodies perform their tasks independently within the framework of statutory self-regulation. Under the self-regulation mandate, a distinction is made between the setting (legislative) and enforcement (executive) of regulations and adjudication (judicial).

The Regulatory Board, which is responsible for setting the regulations for issuers (regulations, guidelines) and participants (Rule Books, directives), constitutes the legislative arm. It delegates some of its powers to the Issuers Committee and to the Participants & Surveillance Committee. The principle of self-regulation is complemented by the requirement for FINMA to approve the rules adopted.

Looking back on 2016

As the executive body, → Exchange Regulation is responsible for enforcing the regulations. Trading is monitored by Surveillance & Enforcement, and

→ Please see
six-exchange-regulation.com
for further information.

matters relating to the regulations governing issuers are dealt with by Listing & Enforcement. According to the trading supervisory body, trading in 2016 was conducted in accordance with the regulations and without any serious incidents. In two cases, sanctions were imposed on participants for breaching the Rule Book. The results of the investigations into suspected cases of insider trading or market/price manipulation were forwarded to FINMA and to the Office of the Attorney General. In the area of issuer regulation, bonds and derivatives were issued at a brisk pace. → Five Initial Public Offerings (IPOs) took place in the year under review: WISeKey International Holding Ltd., VAT Group AG, Investis Holding SA, KTM Industries AG, and Varia US Properties AG.

Adjudication is the responsibility of the judicial bodies, such as the Sanctions Commission, Appeals Board, and Board of Arbitration. The Exchange Regulation website keeps the public constantly informed

of sanction decisions that have acquired legal force.

In May 2016 the Board of Directors of SIX appointed Corinne Riguzzi as the new Head of SIX Exchange Regulation with effect from 1 January 2017. The Swiss Financial Market Supervisory Authority (FINMA) has approved the election. Corinne Riguzzi succeeds Rodolfo Straub, who headed SIX Exchange Regulation from its foundation in 2009, and transferred his responsibilities to his successor early in preparation for his retirement. ■

→ Please see the Swiss Exchange Segment Report, page 12 onwards

Listing applications

	2016	2015	2014	2013
Equity securities	180	194	129	119
Bonds	283	306	360	337
Derivatives	35,615	42,697	39,293	46,069

SIX Securities Services delivers a strong performance for the Swiss financial market

In the highly competitive post-trade services area, SIX Securities Services made an extremely positive contribution to the Group's overall result, with EBIT of CHF 70.6 million. Adjusted for the sale of a property, operating income remained at the same level as the operationally strong previous year. The business area achieved this result by responding to the increased demands being placed on the Swiss financial center and by initiating a transformation program to establish itself as a gateway and service hub for the Swiss financial sector.

SIX Securities Services remained at the same operationally strong level as the previous year: Adjusted for the proceeds from the sale of a large property in Zurich, operating income remained largely stable → (−0.7%). This was despite lower revenues from Swiss securities custody as a consequence of fewer settlement transactions, and lower index levels compared to the previous year. Market volatility and rising transaction volumes in connection with the Brexit vote and the US presidential election did not fully offset the decline in Swiss custody volumes. The sharp increase in operating income (+6.6%) and EBIT (+50.2%) is due to the mentioned sale of real estate.

Translating Swiss quality into international success

The number of interbank payment transactions grew (CHF: +1.7%, EUR: +6.5%). The successful reengineering of the Swiss real-time gross settlement system SIC with over 330 participating financial institutions in Switzerland and abroad is a further milestone for SIX Securities Services. As the first system of its kind in Europe, the new SIC is based on ISO 20022 – an international standard covering various segments of the financial industry. SIX Securities Services completed the project on schedule and slightly under budget.

The high quality of services provided by SIX Securities Services was further confirmed by the industry's

Global Custodian magazine. The magazine's annual survey looked at the quality of the clearing, settlement, and asset servicing (Swiss and international) offerings. For the second time in a row, SIX Securities Services scored top marks in ten out of twelve categories, in the Swiss market and as an ICSD. Furthermore, the independent SIX client survey highlighted the above-average levels of loyalty shown by clients of SIX Securities Services in comparison to its competitors.

SIX Securities Services continues to build on its already excellent client retention levels. It is developing platforms and services which provide added value for financial institutions in view of increasing margin and cost pressures they face as well as the tighter liquidity and regulatory requirements. One example in this regard is the February 2016 launch of the real-time CO:RE trading platform for repo transactions, which provides its participants liquidity in 14 currencies.

Strategically adding value through advanced services

Over the next three years, SIX Securities Services is set to transform completely from a transaction provider to a → service hub for the financial sector. Through such a transformation, SIX Securities Services aims to realize cross-market economies of scale and significant cost savings for banks.

→ Terravis. The electronic information portal for land registry data in Switzerland, and the fiduciary service for registered mortgage notes posted revenue growth of 32% versus 2015.

Finalist at the Swiss ICT Award 2016: SIC⁴, a pan-European model for a modern payment system.

→ Read more about on page 29.

On 1 January 2017, SIX Securities Services launched its Tax Reclaim Service, the first component in a comprehensive range of cross-market automated tax services. The new Tax Reclaim Service reduces the time-consuming and costly processes Swiss investors face in the area of withholding tax on interest and dividends from foreign companies.

The new Advanced Settlement Service from SIX Securities Services takes over the entire responsibility for Standing Settlement Instructions (SSIs) and reduces operational complexity and risk exposure considerably. Customers can save operational costs, and free resources to concentrate on their core business.

SIX is also currently testing the deployment and commercial viability of distributed ledger technology (DLT). Based on a prototype which has been created in cooperation with Digital Asset Holdings, SIX Securities Services is exploring ways to optimize collateral management in the securities finance area (collateral optimization). In addition, the new technology has the potential for faster product onboarding for the repo trading platform. The potential for DLT is also being explored as part of

a MVP (Minimum Viable Product) that could revolutionize the validation of corporate action data. → A first prototype using this technology has been finalized.

Interoperability produces additional economies of scale

SIX relies on generating additional business volumes abroad in order to realize greater economies of scale. At the end of March 2016, the European Securities and Markets Authority (ESMA) recognized SIX x-clear Ltd – the clearing arm of SIX Securities Services – as a central counterparty under the European Market Infrastructure Regulation (EMIR), which officially authorizes it to provide cross-border clearing services in the EU and to actively tap into new business areas abroad. Today, SIX x-clear is the preferred clearing partner for various trading venues in Europe; more than 90 % of its transactions come from outside Switzerland.

One year after the successful launch of TARGET2-Securities (T2S) and parallel to migration wave 3, SIX enriched existing settlement links with T2S functionality and established three new investor CSD links. ■

→ Read more about the corporate action prototype on page 33.

SIX Securities Services had an impressive presence at SIBOS 2016 in Geneva, which reaffirmed the leading role played by Switzerland in the international financial sector.

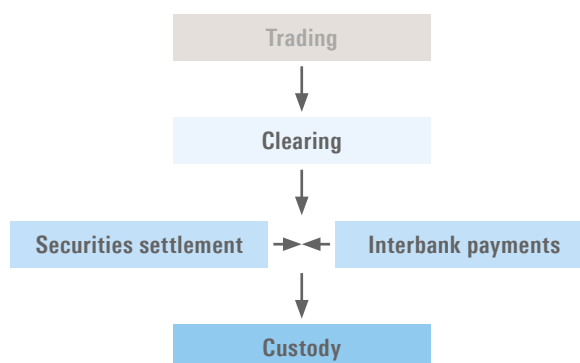
Key figures for the Securities Services business area

	2016	2015	Change in %
Operating income (in CHF m)	377.4	353.9	6.6
Operating profit (in CHF m)	64.9	44.8	44.7
EBIT (in CHF m)	70.6	47.0	50.2
Workforce as at 31/12 (full-time equivalents)	509.8	499.7	2.0
Number of settlement transactions (in 1,000) ¹	37,561	40,762	-7.9
Deposit volume (in CHF m)	3,149,542	3,135,874	0.4
Number of clearing transactions (in 1,000) ¹	423,935	398,773	6.3
Number of payment transactions (in m)	511.7	514.1	-0.5

¹ The figures from the previous year were adjusted for comparison purposes since the calculation basis was changed at the start of 2016.

Swiss Value Chain

The Swiss Value Chain links trading on the Swiss stock exchange with the services of post-trading.



SIX Securities Services provides the entire post-trade value chain. Further details in the "About us" supplement.

SIX Financial Information: focused growth strategy

SIX Financial Information achieved operating income of CHF 402.6 million. This represents 3.5% growth year-on-year when compared to 2015. EBIT decreased to CHF 26.7 million, primarily due to the restructuring costs arising from the integration of France into the global functional organization. Adjusted for special effects, EBIT rose by 9.0% to CHF 57.3 million. The aim is to further drive operating growth through focus and agility, and to generate added value for customers.

SIX Financial Information continues on a sustainable growth path. Sales and revenue growth were strong in the core markets of Switzerland, France, Great Britain/Ireland, and the Nordic region, with Reference and Market Data products focused on tax and regulatory compliance. Thanks to this operating performance, the business area can continue its transformation relying on its own resources.

The strategic and operational alignment brings key geographical regions into the global business. It also makes it easier to build and deploy globally scalable products, allowing SIX Financial Information to address key client pain points with a unified approach. Further improvements and streamlining of the existing product portfolio, supported by large-scale automation, are critical success factors for continued growth.

Regulation as driver for developing new products

The other main driver behind product development within SIX Financial Information is market regulation in the areas of tax, compliance, and investor protection. SIX adds value to its offering by combining data and know-how that help its clients navi-

gate through the increasingly complicated regulatory landscape.

The European Union's law for packaged retail and insurance-based investment products (PRIIPs), effective in January 2018, creates a significant compliance challenge for the financial industry. Banks, derivatives exchanges, and insurance companies that intend to sell these products in the European Economic Area must create Key Information Documents (KIDs). These KIDs provide distributors and retail investors with clear information describing the product, its cost, and the risks associated with the investment. SIX developed an innovative industry hub for regulatory document management that takes all of these requirements into account and offers its clients the required KIDs at the push of a button. The service is a one-stop solution that does the heavy lifting of PRIIPs compliance by automating processes that are costly and complex for firms to set up in-house. The hub functions as a marketplace where manufacturers can upload regulatory documents and automatically make them available for retail advisors to retrieve as needed. Future-proofed to take upcoming regulations into account, the hub goes beyond documentation and can handle bidirectional data

Greater trust thanks to compliance: The regulatory services of SIX help banks strengthen ties to their customers.

exchange needed for 2018's Markets in Financial Instruments Directive (MiFID II) compliance.

SIX Financial Information launched another new service in connection with IRS Section 871(m), a US tax law that imposes a withholding tax on non-US persons for certain investments with dividend-equivalent payments. The service provides the depth and breadth of data needed for compliance and flags instruments that fall in scope of the regulation. The offering enables financial institutions to support derivatives and structured products investment and trading while remaining compliant. The IRS 871(m) service is built upon SIX Financial Information's excellent Corporate Actions capabilities.

SIX Financial Information also won "Best Compliance Solution" at the Systems in the City Awards for its innovative Sanctioned Securities Monitoring Service that allows financial institutions to receive, in an efficient and transparent manner, information about which securities and regimes are currently affected

by global sanctions. This enables them to avoid fines and protect their reputation. →

Understanding, interpreting and complying with regulatory demands requires precise, high-quality data and services. These capabilities make SIX Financial Information a trusted and preferred partner to the financial services industry.

New technologies offer opportunities

Innovation, either in-house or in cooperation with technology partners, opens doors to new opportunities. For example, using distributed ledger technologies SIX is developing a new capability that will revolutionize data validation for corporate actions. The vision: All stakeholders can access the same information at the same time, which greatly simplifies and accelerates the entire data management process as well as the validation of → corporate actions. ■

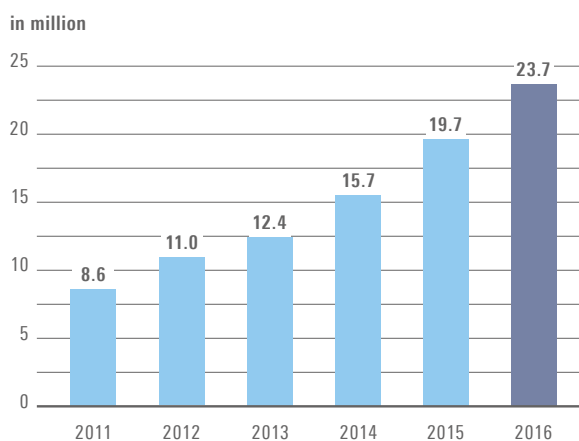
→ Winning streak: SIX also ranks as "Best Corporate Actions Data Provider" in the Data Management Review Awards and – for the seventh time in a row – in the Inside Reference Data Awards.

→ You can read more about the innovative idea of X-Chain for corporate actions on page 33.

Key figures for the Financial Information business area

	2016	2015	Change in %
Operating income (in CHF m)	402.6	389.0	3.5
Operating profit (in CHF m)	25.7	52.6	-51.1
EBIT (in CHF m)	26.7	53.9	-50.5
Workforce as at 31/12 (full-time equivalents)	890.8	1,053.1	-15.4
Number of financial instruments (in m)	23.7	19.7	20.1
Number of price updates per year (in bn)	1,886.3	1,776.9	6.2

Number of financial instruments



SIX Payment Services: market growth and increased efficiency

Cashless payments are an important area of activity for SIX: At CHF 91.8 million (+4.2%), SIX Payment Services contributed the most to the Group's EBIT. Thanks to rising transaction volumes, new services, and improved margins, the business area generated operating income of CHF 885.0 million in 2016. It responded to the international competition and price pressure in the market by demonstrating high quality and proximity to clients.

In 2016, transaction volumes in the Europe-wide acquiring business were again higher than in the previous year (+10.6%). The number of transactions processed by SIX on behalf of banks (issue processing) also rose by 9.3%. Good performance in the foreign currency business for international debit and credit card payments (dynamic currency conversion – DCC) also made a positive contribution to the business area's earnings in the year under review.

The cashless payment business still has considerable growth potential. However, continuing internationalization, increasing competition, and extensive standardization mean that pressure on margins and market share is rising along with volumes. SIX Payment Services is therefore concentrating on building up its business in strategic markets and segments, and developing competitive products and add-on solutions.

Expanding business volume through innovative solutions

As well as accepting a broad range of payment cards widely used throughout the world, modern terminals from SIX also support → contactless payment using NFC. They thus already meet a fundamental requirement for NFC-based mobile solutions. To enable its clients to offer NFC technology nationwide while meeting the highest security standards, SIX is replacing around 100,000 payment terminals

with the latest-generation models during the course of 2016 and through to the end of 2017, and simultaneously offering merchants flexible contract models. SIX is thus already providing the infrastructure for contactless payment by mobile phone.

Since May 2016, SIX has also been offering its clients a → data analysis tool: Aggregated and anonymized data about card payments give sales outlets useful pointers on how they can improve their offering or boost their operational efficiency, among other things.

Furthermore, at the end of 2016 SIX announced its collaboration with Chinese payment service provider Alipay: SIX is to integrate the latter's payment app, which is popular with Chinese customers, into its point-of-sale solutions. In future, Chinese tourists will therefore be able to use a familiar method of payment throughout Europe at payment terminals operated by SIX.

With the wide acceptance of different payment solutions and the provision of client-oriented services, SIX aims to satisfy retailers' requirements fully and maintain its position as the best partner for payment processing. Omni-channel solutions are therefore another key theme for retailers and service companies. In 2016, SIX successfully implemented related projects for a number of modern hotel chains, including in Germany and the Netherlands. Thanks to secure, fully integrated payment functions, hotel stays can now be

→ SIX developed "my Analytics" in the F10 Incubator & Accelerator. This will enrich and further optimize services with external data.

→ Contactless is the way ahead – and this applies to debit cards too: At the end of December 2016, SIX was processing payments not only for retailers but also for 49 card-issuing Swiss banks.

fully automated, from reservation through to check-out, and can also be settled by smartphone. Using their mobile phone as a room key saves guests any administrative inconvenience at the hotel.

Competition necessitates focusing on your own strengths

SIX is also a central partner for banks that, in view of cost pressures and reduced economies of scale, want to outsource part of the value chain in the card business. In the fields of both acquiring and processing issuing transactions, SIX Payment Services offers the banks comprehensive business process outsourcing. At present, for example, it is developing a new and universal generation of ATM software for all Swiss banks. The objective is to standardize ATM services in Switzerland, offer new operating models, and thus realize significant economies of scale for the entire sector (→ ATMfutura project).

Banks demand innovative, customer-focused solutions so that they can continue to fulfill their key function in the payment transaction

business even when faced with new, internationally active competitors. At the end of May 2016, SIX strengthened the hand of the Swiss financial center by reaching an agreement with the six biggest banks regarding a joint national mobile payment system. This joint venture, known by the name of TWINT, unites the two existing systems, Paymit and Twint. Together they form the backbone of the most popular payment app in Switzerland. SIX continues to process all payments carried out via the app.

In order to ensure the prices of its services remain attractive, SIX strives to cut costs and to standardize and automate processes while maintaining quality standards at their current high level. To this end, SIX Payment Services is expanding the Warsaw office into a service center. The business area is gradually transferring administrative processes to Warsaw, especially those that do not require direct proximity to the client. Strategic and systemically important services will remain in Switzerland. ■

In record time, SIX equipped the Swiss Post with 5,000 payment terminals in 2016. They accept all major debit and credit cards.

→ Find out more about the ATMs of the future and the ATMfutura project from page 30 onward.

Key figures for the Payment Services business areas

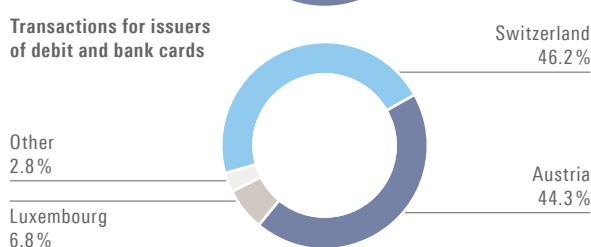
	2016	2015	Change in %
Operating income (in CHF m)	885.0	882.8	0.3
Operating profit (in CHF m)	92.9	90.8	2.3
EBIT (in CHF m)	91.8	88.1	4.2
Workforce as at 31/12 (full-time equivalents)	905.4	1,086.9	-16.7
Acquiring turnover (in CHF m)	75,407.9	70,124.2	7.5
Number of card transactions processed (in m)	3,661.2	3,398.3	7.7
Number of payment cards (in m)	27.2	26.2	3.6

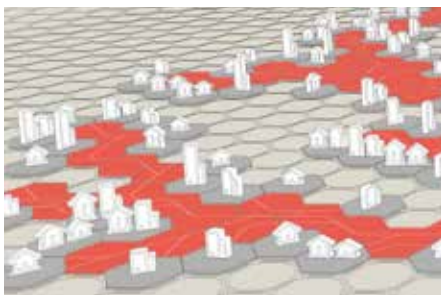
Key markets for Payment Services

Payments with credit, debit, and prepaid cards



Transactions for issuers of debit and bank cards





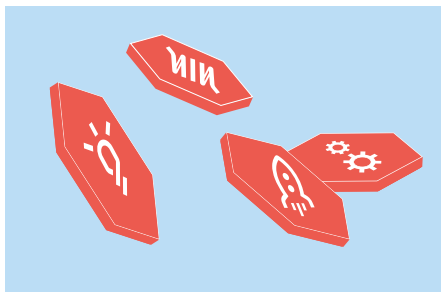
Info graphic

Stable, agile, globally networked: The infrastructure of SIX is a central pillar supporting the Swiss financial center. New challenges lie ahead for the financial center, presenting an opportunity for SIX.



Interview

“We’re in the midst of a transformation,” says Group CEO Urs Rügsegger – who explains why the business model of SIX is still going strong.



Straight to the point

What’s happening where at SIX?
How and where is the company transforming itself? First examples of how the four strategic directions are being put into practice.

Business model with a future

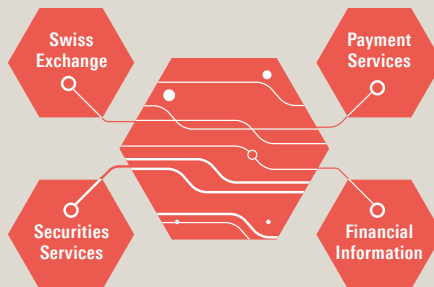
The infrastructure of SIX can respond to any challenge

The financial sector is undergoing radical changes. Globalization, regulation, digitization – megatrends that have fundamentally altered entire industries in recent decades – are also driving transformation in the financial industry at an increasingly rapid pace. The banks have a strong partner in SIX: The central infrastructure is stable – and can be expanded further.



Financial market players

SIX is owned by approximately 130 national and international banks that are active in the Swiss financial center. They are also the main clients of SIX. However, other financial market players also use the infrastructure: These include issuers (Swiss Exchange), media (Financial Information) and retailers (Payment Services).



Infrastructure of SIX

SIX uses its infrastructure to generate, transmit, and store transactional and financial data, thus linking financial market players in Switzerland and throughout the world.

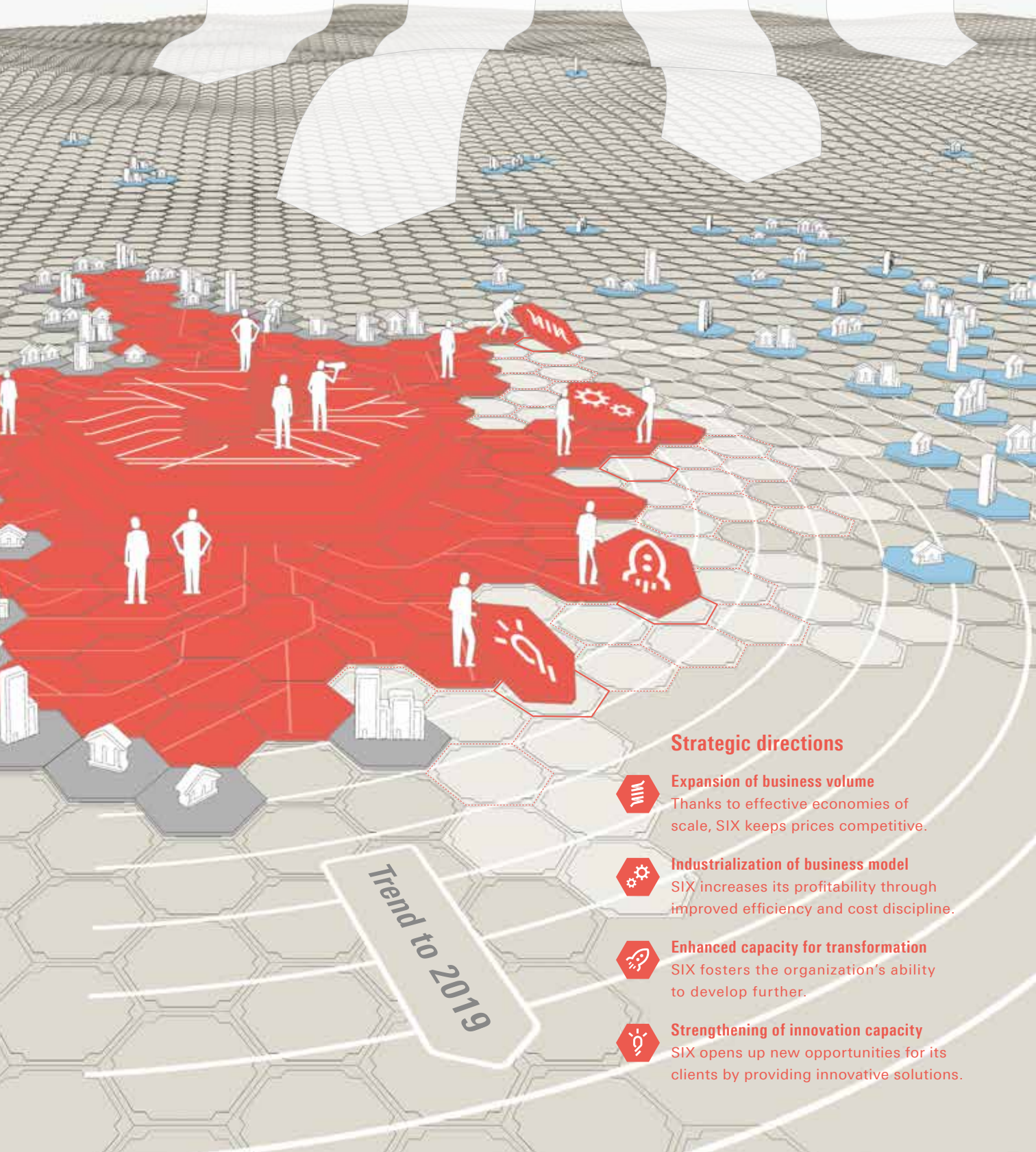
SIX is active in four business areas. This diversified business model makes it particularly stable financially. Find out more in the "About us" supplement.

New
competitors

Digitization

Regulation

Margin
pressure



Strategic directions



Expansion of business volume

Thanks to effective economies of scale, SIX keeps prices competitive.



Industrialization of business model

SIX increases its profitability through improved efficiency and cost discipline.



Enhanced capacity for transformation

SIX fosters the organization's ability to develop further.



Strengthening of innovation capacity

SIX opens up new opportunities for its clients by providing innovative solutions.

Trend to 2019

Interview with Group CEO Dr. Urs Rügsegger

“We’re in the midst of a transformation”



New technologies, international competition, complex regulatory requirements: The financial sector faces unprecedented challenges. Costs are rising. Margins are falling. Traditional business models are coming under increasing pressure. In this interview, Group CEO Dr. Urs Rügsegger explains why the business model of SIX is still going strong, and how the Swiss infrastructure can take advantage of the transformation currently taking place.

Mr. Rügsegger, is the existence of a central infrastructure for the Swiss financial center still justified, given the global momentum in the financial industry?

Absolutely – more than ever, we believe.

Please explain.

It enables the participating financial market players to deploy their resources in the right places – in other words, where they think they are needed. Services they cannot use to differentiate themselves can be outsourced to us. This makes them more flexible and gives them the opportunity to benefit from economies of scale that go beyond their own limited size.

What challenges does the financial sector face at present?

Overall, it faces the megatrends that have already fundamentally altered other sectors: globalization, regulation, digitization. These developments have led to huge upheavals in other sectors over the past few decades. The same “wave” is now rolling towards the financial industry.

So what does this mean exactly?

Modern technologies make tried-and-tested products and services “look outdated” from one day to the next. New competitors – many of whom are not traditional financial sector players – are entering the market. They systematically focus on providing a new experience for the customer, and force their way into the relationship between customer and bank. Pressure on business models is intensifying. At the same time, the established players are coming up against an ever denser array of international regulations, and this in turn creates new costs.

But surely these developments also affect SIX?

Of course. Ultimately it is our business environment that is changing at such great speed. Current developments could potentially change our company fundamentally, because of new competition from global technology giants such as Google or Apple, for example. Then there are financial market regulations, which could deprive us of market access in Europe if we fail to meet the EU’s equivalence requirements. And, of course, we feel the effects of the cost pressure faced by our clients too.

What is SIX doing about this?

Our diversified business model allows us to reduce our dependency on individual business areas and markets. That makes us financially stable – the best position from which to react appropriately to changing market requirements. We never stand still and we keep an eye on how our environment is changing. We, ourselves, are already in the midst of a transformation.

How does this transformation look, and what are the strategic considerations behind it?

Two considerations are of central importance: First, we regard the challenges currently confronting the sector as growth opportunities for SIX. We are confident that a central infrastructure is still well worth having even in the current state of upheaval, and that we will be able to tap into other areas of business. Second, we are aware that SIX needs to become even more agile and flexible if it is to remain a relevant partner for its clients in a dynamic economic environment. Our strategic directions for the period to 2019 are based on these two considerations.

>

What are these strategic directions?

We are concentrating on four: expanding our business volume, industrializing our business model, strengthening our capacity for innovation and enhancing our ability for transformation. To this end, we have defined appropriate measures for the entire company as well as the individual business areas.

[The first specific examples of implementation are described in the pages that follow this interview – Ed.]

Let's take the example on page 30.

That's the ATMfutura project.

How does this generate business volume?

The first step is to standardize the software used in ATMs. At present, each bank is running its own solution. By standardizing and operating this service, we can realize significant economies of scale for the entire sector. At the same time, we are creating the necessary conditions for taking over other steps in the value chain. SIX could offer the whole range of services, from evaluating locations and installing, operating, and equipping ATMs right through to their disposal.

SIX also wants to become more agile, and respond more quickly and flexibly to client requirements.

How is it setting about achieving this goal?

When developing new products, we place emphasis on discussion and close collaboration with our clients and partners. This is shown by the examples on pages 29 and 33. Of course, we have the advantage that our clients are also our owners. We are therefore always close to the market. The gratifying findings of our annual client satisfaction survey also reflect this. A total of 52% of our clients award us top marks and see us as an important strategic partner.

So what's new in the relationship with clients?

We are involving our clients even more actively in the development of products and services. This allows us to ensure we are developing exactly what the market needs. And also that we ourselves are developing in areas in which we can be of use to the market.

And how is SIX becoming more agile?

We are working intensively to streamline our international organization further and speed up our processes. This is a challenge, because we

are simultaneously obliged to guarantee the stability of our systems and the quality of our services at all times. There is no doubt that the move to a shared location in Zurich West is another important step. As described on page 29, this will make it even easier for our four business areas to communicate with one another. Improving the way we manage projects is also crucial if we are to become more agile. We are doing this by means of the PM@SIX package of measures.

Is SIX also taking action on the cost side?

Yes, we as an organization must – as previously mentioned – become more efficient. On the one hand this aim refers to the absolute size of our cost base, which should grow considerably more slowly than turnover. It also covers issues related to outsourcing or transferring activities to cheaper locations. Furthermore, we also need to boost our scalability: in other words, achieve an above-average increase in profitability with new revenue. In particular, this means reviewing and harmonizing the product range.

And how important is it to develop new products and services?

It is absolutely crucial for us to open up new opportunities for our clients by offering innovative solutions. We will target investments in digitization so as to be better prepared to meet the needs and wants of an increasingly digital world.

In August 2015, SIX also founded F10 in order to create the necessary conditions for innovation and speed up the development of new processes.

Yes, F10 is still the innovation center for SIX. That is where we use an agile process to develop prototypes that we intend to quickly turn into marketable products, provided our clients say they pass the test. In October 2016 we changed F10 into an association in order to open it up to other companies in the financial sector. Bank Julius Baer and PwC Switzerland are among the first members. Collaborating within this network will benefit not only us, but also the entire financial center. ■

New location: Hard Turm Park

Strong together

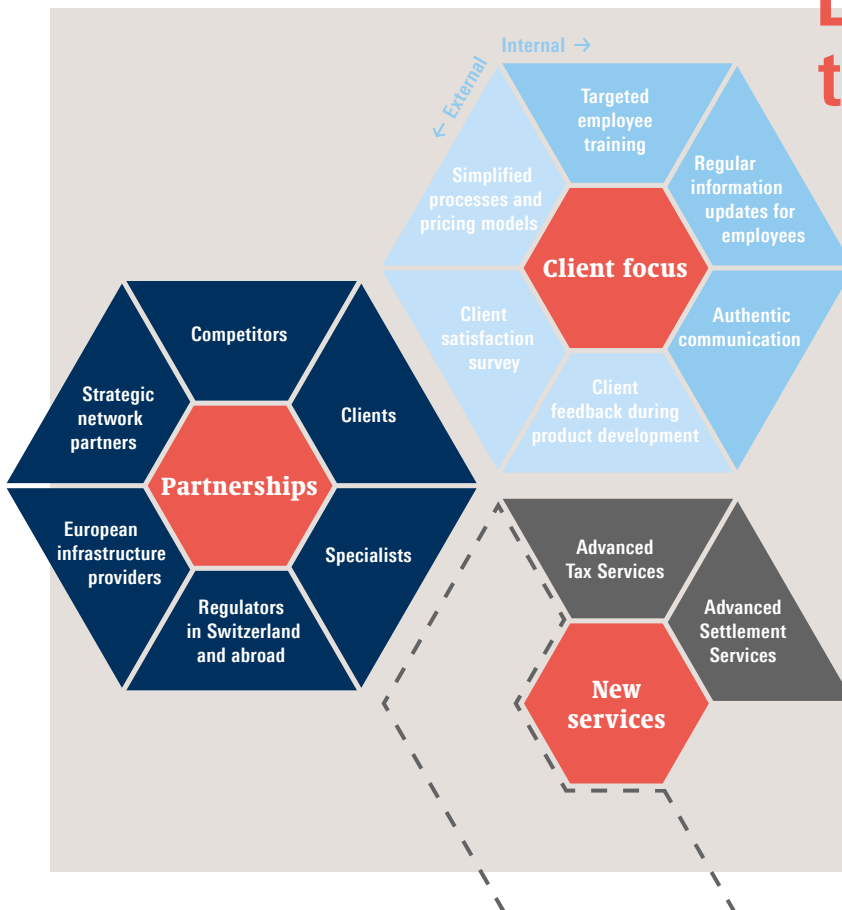
One company: By relocating to Hard Turm Park, SIX is bringing its four Zurich offices together, nine years after the merger.

The move will take place in stages from the end of March 2017. The new building in Zurich West offers the opportunity to introduce flexible workstations. This makes it easier to put teams together quickly and flexibly for project work, while at the same time ensuring better capacity utilization for part-time working and job sharing. The relocation to a central Zurich location will significantly improve working conditions for employees in Zurich and will help the business areas communicate with each other more effectively.



Post-trading

Embracing transformation



SIX Securities Services aims to establish itself as a service hub for the financial industry. In order to deal with transformation successfully, the business area is focusing even more strongly on the needs of its clients. In 2016 it therefore invested in relevant employee training courses. New services, such as the CO:RE repo trading platform for the SNB and the Tax Reclaim Service in collaboration with pilot clients, were set up with strategic partners. The result: Client satisfaction improved significantly compared with 2015; clients show exceptional loyalty to SIX Securities Services compared with its competitors.

A new standard for ATMs



One for all

Thanks to the ATMfutura project, Swiss banks can save costs along the entire ATM value chain. SIX is creating a universal software solution as the basis for a complete package of future services.

In a tower block near Zurich, 17 monsters, each weighing up to a tonne, are lined up in rows. These are ATMs in the test center set up by SIX. With real machines and fake bank notes, the testers – assisted by



“ROGER” the robot – run through every conceivable scenario.

Together with its partners, SIX has been commissioned by the Swiss banks to develop a multivendor software program

for ATMs. From 2018 onwards, it is expected to be used in all ATMs across Switzerland. Today there are over 20 individual solutions in use in the Swiss market, from four different >



◀ The ATMs weigh up to a tonne. They are therefore placed parallel to the steel joists in the tower block, which had to meet certain static criteria.

On the right track with fake money. If something works on this ATM, it must also work on the other 17 test machines – and therefore on every ATM ▼ in Switzerland.





▲ “ROGER” the robot is a very special employee. He can test things all day and all night.

◀ A computer simulation tests the software independently of the machines before it is installed on the different ATMs.

manufacturers. A common standard increases reliability and saves costs in a business field where it is impossible for the banks to differentiate themselves.

The multivendor software is the first step in the ATMfutura project. This venture reflects the corporate strategy: interbank ATM transactions already run via the systems provided by SIX. By using universal software, however, SIX can increase the processing depth of transactions within banks. The transaction volume on the existing systems of SIX would thereby increase.

The objective: a comprehensive package

In the future, ATMfutura will also relieve the banks of the burden of monitoring

and managing their ATMs. By offering central monitoring, SIX – together with the multivendor software – creates the necessary conditions for taking over other elements in the value chain. This may include evaluating locations, and installing, equipping, or disposing of the ATMs. The actual aim of ATMfutura is to offer a comprehensive package in this business area. This is where enormous potential is to be found: Banks wishing to outsource the operation of their ATMs to SIX can expect significant cost savings, thanks to standardization, volume bundling, and process optimization. For its part, SIX is placing its business model on an even broader footing.

Blockchain technology



Wikipedia for corporate actions

SIX wants to improve data quality and efficiency in the corporate action process, thus minimizing the risks. A sectoral community is being set up using blockchain technology.

Every year millions of events such as dividend payments, stock splits, and capital increases occur in global securities trading. These corporate actions affect hundreds of market participants in each case. From the issuers who trigger them, through to the investors affected, corporate actions pass through numerous stages. Redundant manual processes slow down the process. Together with clients and industry experts (see interview), in the F10 SIX is pursuing a new means of processing corporate actions: at a high level of quality, efficiently, and with minimal risk.



Dr. Alexandra Schaller, Head of Custody Operations at Zürcher Kantonalbank, acted as an external mentor during the development of a functional prototype of X-Chain.

What part of participating in the X-Chain project appealed to you?

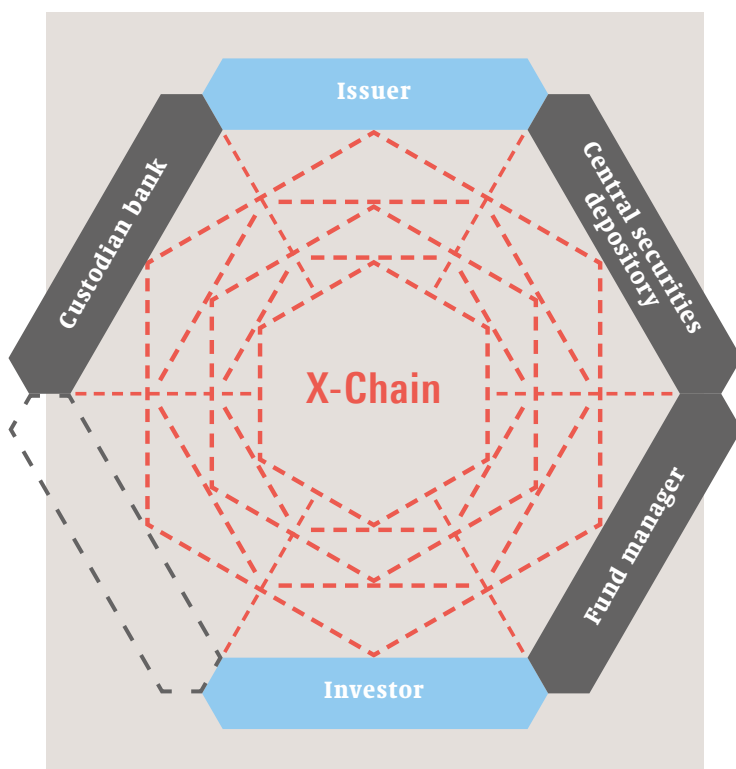
SIX was the first to tell me about an example of a blockchain application in which the focus was on a business process rather than on the technology. I was also curious to know how sharing knowledge within a community can make the processing of corporate actions more efficient. The concept sounded very promising, as did the unconventional approach.

What was special about this approach?

A small, agile team developed a functional prototype within a short period of time and at low financial risk. We were thus able to subject X-Chain to a reality test at an early stage. We continued to develop what worked and threw the rest out. There was no exact specification for the end product.

What was working with SIX like for you?

SIX operates an established infrastructure, has well-qualified staff, and benefits from an extensive network. I think it is a good strategy to draw on these resources while at the same time supporting developments outside the normal structures. The commitment to the F10 and projects such as X-Chain are good examples of this. I noticed a passionate interest in the future of the Swiss financial center here.



The X-Chain combines the wisdom of the crowd as used by Wikipedia with distributed ledger technology (blockchain). It allows market participants to validate corporate actions in collaboration. They share their knowledge in a kind of social network. They evaluate each other in return. An incentive system rewards accurate data.

... about SIX

More videos, charts, animations: The SIX Annual Report 2016 is also available online at six-group.com/annual-report

More stories, reports, interviews: RED, the business magazine from SIX, is published twice a year. It can be ordered at six-group.com/red

... about FinTech and innovation

Find out more about the involvement of SIX in the field of FinTech and innovation at six-group.com/fintech

Latest news on the FinTech scene and the F10 Incubator & Accelerator at f10.ch

... about the Swiss financial center

Visit the Swiss Finance Museum to discover more about the history and development of the Swiss financial center. Opens in June 2017.

Come and see us at the new Hard Turm Park site in Zurich West.

Demonstrating responsibility means maintaining stability and strengthening the attractiveness of the financial sector

The business model and principles of corporate governance at SIX foster sustainability and longevity. The principles adopted in 2015 took hold in 2016. SIX works with stakeholders to identify key themes in two areas: “Stability and attractiveness of the financial sector” and “Responsible employer”.

Corporate responsibility at SIX is directly linked to the Swiss financial center and the Swiss economy. Its efficient and innovative platforms in the areas of securities trading and post-trading, financial information, and payment transactions ensure an efficient, stable flow of information and money between banks, merchants, investors, and service providers in Switzerland and abroad. In addition, SIX offers Swiss companies attractive opportunities to raise capital. SIX is thus of central importance to the stability of the entire economy.

International network needs equivalence

The Swiss economy benefits from the strong international network built up by the financial center. It is therefore important for SIX, as the operator of the financial market infrastructure, that Swiss financial market regulation

is recognized as equivalent in terms of international supervision. The European Union (EU) must recognize Swiss financial market regulation as equivalent by the end of 2017 so that participants based in an EU country can continue to trade on a Swiss stock exchange. SIX Swiss Exchange is working very hard to implement the new requirements arising from the Swiss Financial Market Infrastructure Act (FMIA) and the European Markets in Financial Instruments Directive MiFID II/MiFIR. In the field of central safekeeping (custody), SIX is also working to achieve recognition of equivalence in 2017.

The Swiss financial center remains attractive thanks to projects such as SIC⁴

Organizationally, SIX bundles its systemically important activities for the Swiss financial center in the Securities Services business area.

Over 330 financial institutions settle more than 440 million payments through SIC each year and can count on a system availability rate of 99.95%.

→ Find out more about SIC⁴ at sic4.info

These include real-time payments between banks. The Swiss real-time gross settlement system SIC for payments in Swiss francs plays a key role in the Swiss financial center. It is the central system of the Swiss National Bank for implementing its monetary policy and thus for ensuring the supply of liquidity for the Swiss money market. As an integral component of the Swiss value chain, it facilitates the cash-side settlement of securities transactions in real time.

After six years of planning, SIX successfully rolled out the new payment system SIC⁴ in April 2016. Thanks to SIC⁴, the Swiss financial center is the first in Europe to implement the new international message standard ISO 20022, not only for interbank business but also at the interface between customer and bank, thus driving forward the harmonization of payment transactions in Switzerland. SIC not only makes payment processing cheaper and more secure, it also improves interfaces with apps and automated processes for accounting within companies.

Boosting competitiveness through forward-looking services

Projects such as SIC⁴ make an important contribution to the ongoing development of the financial center infrastructure. Furthermore, in 2016

SIX launched new future-oriented services that will boost the competitiveness of all market participants and the Swiss financial center.

For instance, an innovative platform from SIX Financial Information makes it easier for clients to meet compliance requirements. When the PRIIP ordinance comes into force in 2018, it will be necessary for banks, derivatives exchanges, and insurance companies that intend to sell packaged retail and insurance-based investment products (PRIIPs) in the European Economic Area to prepare basic information sheets. The platform provided by SIX functions like a marketplace to which product providers upload these required regulatory documents so that they are automatically available for private client advisors to consult as necessary.

From 2017 onward, SIX will also be able to support its clients even more effectively in the areas of securities settlement and taxation. SIX Securities Services is launching a number of advanced services that will help its clients reduce their operational complexity in these areas while cutting their risks and costs. →

Highest standards of data protection

Protecting client data is of central importance to SIX. In a constantly >

SIX provides advanced services to help its clients reduce their risks and costs.

→ More information available in the Securities Services Segment Report from page 16 onward.

and rapidly changing digital environment, IT security must be able to withstand attacks and security requirements must be geared to the future. In order to be even better equipped for this challenge, SIX will be collaborating with the Federal Institute of Technology (ETH) in Zurich in future. In 2016, SIX sealed a 12-year research cooperation agreement with the → Zurich Information Security and Privacy Center (ZISC) at ETH. SIX believes that the cooperation will generate key momentum and enable it to gain important new knowledge that will allow it to achieve and maintain the highest standards of information security. In addition to providing financial support, SIX has assigned employees to participate in research projects at ZISC. This not only ensures that research findings are transferred directly into corporate practice, it also means that SIX can offer its employees the chance to undertake top-quality professional training and research.

Opportunities to use new technologies, as well as innovative finan-

cial services, are fundamental to the continuing success of SIX. The long-term innovation strategy introduced in 2015 also depends on an internal cultural shift. In 2016, SIX therefore ran targeted management workshops (“Leaders fostering innovation culture”) in order to develop the leadership culture further. In addition to this, the SIX Group Academy offers a broad range of internal training and professional development opportunities for all employees.

Optimum performance – in an attractive, healthy working environment

SIX provides a working environment that offers perspectives and enables all employees to do their best. After all, the specialist knowledge and commitment of its employees provide the basis for the service quality, stability, and innovative capacity of SIX. At the end of 2016, SIX employed 1,304 women and 2,716 men of 53 different nationalities. The proportion of part-time employees is rising, and stood at

→ Find out more about ZISC at zisc.ethz.ch

The collaboration with ETH offers SIX employees the chance to undertake top-quality professional training and research opportunities.

Corporate Responsibility Report: facts and figures about sustainability at SIX



SIX publishes a comprehensive range of facts and figures in its annual Corporate Responsibility Report, published in line with the guidelines of the Global Reporting Initiative (GRI G4, “core” category). In addition to giving further details of key topics allocated to two areas of action – “Stability and attractiveness of the financial sector” and “Responsible employer” – identified in consultation with the stakeholder groups, the CR Report also contains information about other topics and areas relating to sustainability. The CR Report 2016 from SIX will be published in summer 2017 and will then be available for download at six-group.com/responsibility

17.9% across the Group. SIX is currently training 58 apprentices in Switzerland, 35 as IT specialists and 23 as traders.

A healthy working environment makes a key contribution to keeping work satisfaction and motivation high. SIX has therefore systematized and expanded its health management offering in recent years. In 2016, these efforts were rewarded with the Swiss Friendly Work Space® seal of quality.

SIX is one of the six largest IT employers in Switzerland, and enjoys an excellent reputation on the Swiss employment market among potential applicants. The results of the Randstad Awards 2016 demonstrate this: Of the 150 largest companies in Switzerland, SIX made the greatest progress, jumping to 47th place. Among the Swiss IT employers, SIX was ranked → fourth in the Randstad Awards 2016. ■

→ More about SIX as an employer, along with current career opportunities, at six-group.com/careers



More information available in the Corporate Responsibility Report 2016, which will be available from July 2017 at six-group.com/responsibility

Overview: sustainability principles at SIX

Ensuring stability

- Ensuring the stability of the Swiss financial center
- Ensuring the attractiveness of the financial center by creating good general conditions
- Participation in relevant associations and organizations
- Developing leading-edge services

Responsible employer

- Being a fair and responsible top employer
- Promoting personal growth and development
- Respecting and protecting diversity and personal integrity
- Promoting employees' health

Working for the good of society and protecting the environment

- Handling natural resources responsibly
- Ensuring compliance with human and employee rights
- Fostering corporate volunteering: participation in social and environmental projects
- Swiss Finance Museum



Risk management at SIX: continuously being developed

Effective and efficient risk management is a major element of the corporate management of SIX. A Group-wide framework defines the Group's risk governance, organization, methods, and tolerance. In the 2016 financial year, SIX embedded the concept in the organization and continuously developed it further to ensure it would be able to react to internal and external challenges both flexibly and rapidly.

The risk appetite of SIX did not change significantly compared with the previous year. Its → risk management concept monitors compliance with the defined thresholds, as well as how the company's risk profile changes over time.

In 2016, SIX further strengthened the risk management team, which is organized in a matrix structure. The functionally structured central team, led by the Chief Risk Officer (CRO), deals with financial and non-financial risks, Group-wide risk reporting, risk analysis, and the central insurance portfolio. Risk management teams in the business areas also address the business-specific risks in each area and provide the CRO with functional reports.

Across all business areas, special attention is also paid to project risks. As part of the PM@SIX project management method, the organization is focusing more closely on the efficient and effective management of these risks, particularly in relation to strategic infrastructure projects. The goal is to ensure and support high-quality project work, and to identify problem areas at an early stage.

Three lines of defense model embedded further

Risk management at SIX follows the "three lines of defense" principle, which is now the standard model throughout most of the financial sector. This model provides a consistent method for dealing with risks. SIX implemented it in 2015 and developed it further over the course of the 2016 financial year, embedding it deeper within the organization.

The first line of defense is to be found in the business areas. At this level, employees need to recognize and weigh up risks appropriately in their day-to-day work, and report these accordingly. The risk management team used workshops to define the specific risks of each business area more accurately, in close cooperation with the respective risk carriers. The probability of occurrence, likely extent of any damage, and necessary controls and measures were also reviewed.

The Group-wide risk management organization forms the second line of defense. The central Risk Management team defines and establishes the standards that are applied in all

→ More on risk management can be found at six-group.com/risk

Risk management promotes and supports the responsible development of innovations.

business areas when dealing with risks. The risk management teams in the business areas are responsible for ensuring that these are implemented properly. They use a standard Group-wide risk report format to regularly report on the risks faced by each business area in the course of its specific activity. The results are incorporated at the appropriate level in the report that the central Risk Management team submits once a quarter to the Group Executive Board, the Board of Directors and the internal and external auditors.

The Board of Directors and the internal and external auditors are responsible for independently monitoring the risk management organization and the risks faced by SIX. They form a third line of defense, in that they periodically check the efficiency and effectiveness of risk management, and receive regular reports on the risk situation.

Group-wide risk inventory

On the basis of the risks identified in the business areas (first line of defense), SIX aggregates all risks relevant to the organization in a central risk inventory. Thanks to a standard Group-wide approach to identifying, weighing, and managing risks, and on the basis of uniform control mechanisms and reporting, the risk inventory gives a consistent overview of the company's current risk situation. SIX can thus ensure professional monitoring of the risks and compliance with the limits defined for risk appetite. At the same time, the risk

inventory allows a realistic evaluation of the necessary reserves and the insurance cover.

Risk management at SIX also actively and responsibly supports the development of innovations. In 2016, Risk Management conducted an intensive evaluation of blockchain, in particular, and actively monitored → blockchain-based solution approaches at SIX.

SIX will continue to ensure that its risk management fully meets the demands of its business model and the challenges presented by the economic environment, and to guarantee compliance with the regulatory requirements in Switzerland and abroad. SIX continues to build on the framework currently in place, and on the established, tried-and-tested measures. ■

→ The X-Chain for corporate actions is one example of a blockchain-based solution approach: page 33

Management structure and shareholders

SIX Group Ltd (SIX) is an unlisted public limited company based in Zurich. SIX operates in four business areas via six divisions.

Shareholders and

→ equity structure

All former owners of the merger partners are represented among the shareholders. The shares are widely distributed, i.e. no single owner or bank category has an absolute majority. All shareholders are bound by a shareholders' agreement.

The total equity of SIX amounts to CHF 19,521,905 and is divided into 19,521,905 registered shares with a par value of CHF 1.00 each. Of this amount, 607,864 (3.1%) are owned by SIX (treasury shares). The transfer of registered shares is restricted by the articles of association.

The transfer of shares must be approved by the Board of Directors. Subject to Art. 685b para. 4 of the Swiss Code of Obligations (CO),

approval may be refused for significant reasons as mentioned in the articles of association. A resolution by the general meeting, backed by at least two-thirds of the represented votes and an absolute majority of the par value of represented shares, is required along with a statutory quorum pursuant to Art. 704 para. 1 CO in order to:

1. ease or lift the transfer restriction on registered shares
2. convert registered shares into bearer shares
3. dissolve the corporation through liquidation
4. amend this provision

→ Equity structure of 31 December 2016:

Ordinary share capital

CHF 19,521,905

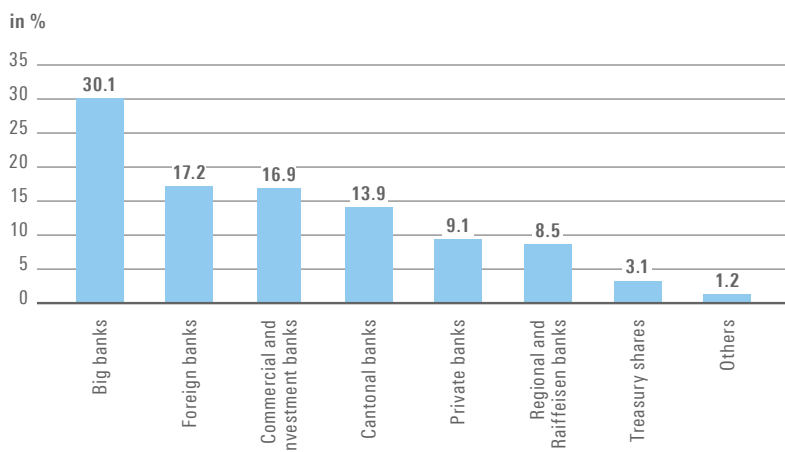
Registered shares (par value CHF 1.00)

19,521,905

Security number

3768228

Ownership structure of SIX



Internal organization and competency rules

As the company's highest governing body, the Board of Directors is responsible for supervising the Group Executive Board. The tasks and competencies of the Board of Directors and its committees and of the Group Executive Board as corporate bodies of SIX are defined in the articles of association, the rules of organization, and the competency rules.

Tasks of the Board of Directors are generally carried out by the committee responsible. The → Board of Directors has three committees: the Audit Committee, the Nomination & Compensation Committee, and the Risk Committee. Insofar as the committees are assigned discretionary powers by the competency rules, the duties of the Board of Directors are limited to supervision of the committees.

The committees of the Board of Directors accept reports pertaining to their sphere of responsibility from the Group Executive Board and supervise the relevant operating business, in particular with regard to compliance with the articles of association, regulations, and directives. Meetings of the Board of Directors and committees generally last between two hours and half a day. The Chairman of the Board of Directors is invited to attend all committee meetings as a guest.

The Group CEO and → Group CFO are present at all meetings of the Board of Directors. The chairs of the committees decide whether further members of the Group Executive Board or other management staff are to be summoned, depending on the agenda. If deemed necessary, representatives of the external auditors participate in the Board of Directors' discussion of their reports.

The chair of the Board of Directors, or the chairs of the committees, set the agenda for meetings. Debates and resolutions are recorded in the minutes. The minutes of the committees are sent to all members of the Board of Directors. The committee chairs also deliver a verbal report on important events and resolutions at every Board of Directors meeting. In the year under review, the Board of Directors convened on nine occasions, one of which was a one-day strategy seminar.

Audit Committee (AC)

The AC consists of three to four non-executive members of the Board of Directors. The activities of the AC are stipulated by the law, the applicable FINMA Circulars, the articles of association, the rules of organization (including the competency rules), and the regulations of the AC.

The AC assumes tasks relating in particular to accounting and financial reporting, the internal controlling system, the external auditors, and the Internal Audit department. AC meetings are attended by the Group CEO, the Group CFO, and representatives of the internal and external auditors. Seven meetings were held in the year under review.

→ Members of the Board of Directors from page 46 onward.

→ The organizational chart for SIX can be found online at six-group.com/organization

Nomination & Compensation Committee (NCC)

The NCC consists of three to four non-executive → members of the Board of Directors. The activities of the NCC are stipulated by the law, the articles of association, the rules of organization (including the competency rules) and the regulations of the NCC.

The NCC prepares the ground-work for all decisions on important personnel and related organizational issues at the Group Executive Board and senior management level for submission to the Board of Directors, including all issues pertaining to remuneration. NCC meetings are attended by the Group CEO and the Head Human Resources. Six meetings were held in the year under review.

Risk Committee (RC)

The RC consists of three to four non-executive members of the Board of Directors. The activities of the RC are stipulated by the law, the articles of association, the rules of organization (including the competency rules), and the regulations of the RC.

The RC assumes the duties of the Board of Directors in respect of risk management in accordance with the risk policy of SIX. In addition, the RC has responsibilities related to the Securities Services business area. RC meetings are attended by the Group CEO, the Group CFO, and the Group CRO. Six meetings were held in the year under review.

Internal Audit

Internal Audit reports directly to the Audit Committee in functional terms and the Chairman of the Board of Directors in administrative terms. It supports the Board of Directors in carrying out its legal supervisory

and controlling tasks and executes the audit tasks assigned to it. It has an unrestricted right of audit within SIX and all legal entities. It has the right to inspect all business documents at any time. Internal Audit coordinates its activities with the external auditors and those responsible for compliance and risk controlling.

Information and supervisory tools regarding Group Executive Board

SIX has a fully developed management information system (MIS) that supports the Board of Directors in performing its supervisory duties and monitoring the powers assigned to the Group Executive Board. A comprehensive interim statement containing budget and year-on-year comparisons is submitted each quarter to the Board of Directors.

The Chairman of the Board of Directors receives the minutes of the Group Executive Board meetings for inspection.

Risk management and compliance

The Board of Directors is informed about the → risk situation on a regular basis. The Group has an internal control system (ICS) consisting of regulations, internal directives, and corresponding measures that serve to ensure that business operations are conducted properly.

A corresponding compliance program also ensures that statutory and regulatory requirements are met. The Risk Committee is informed about compliance activities on a yearly basis.

Remuneration

At the request of the Nomination & Compensation Committee, the Board of Directors defines remuneration

→ The composition of the committees can be found at six-group.com/board-of-directors

→ Further information on risk management at SIX from page 40 onward.

guidelines. The Chairman and members of the Board of Directors receive a fixed salary. The members of the Group Executive Board receive a fixed basic salary as well as a variable remuneration in the form of a cash payment. The latter is dependent on company revenue, targets met according to the Balanced Scorecard, and individual performance. In order to gear corporate governance to longer-term objectives and make it more sustainable, part of the variable remuneration of Group Executive Board members takes the form of a long-term incentive plan, which pays out after three years (cliff vesting), provided that the predefined quantitative and qualitative objectives have been met. This ensures that the interests of the owners and the Group Executive Board are aligned over an extended period.

In the year under review, seven members of the Group Executive Board and eleven members of the Board of Directors were paid a total of CHF 13.32 million. This includes members of the Board of Directors who either left or joined during the course of the financial year. Along with the basic and variable remuneration, the amount also covers payments or benefits in kind that are standard in the industry. Social benefits are not included in the amount. SIX does not grant loans of any kind to its employees or corporate bodies.

Auditors

Ernst & Young Ltd was appointed as auditor of SIX Group Ltd on 1 January 2008. The auditor in charge is Jan Marxfeld, accredited audit expert. Rolf Walker, accredited audit expert, assumes the role of lead auditor recognized by FINMA. The Board of Directors is responsible for super-

vising and controlling the external auditors and Group Auditors. It also handles the internal and external auditors' reports, and is supported in this task by the Audit Committee (AC). The AC regularly receives and processes reports from representatives of the external auditors or Group Auditors.

Remuneration of the auditors

in CHF	2016
Auditing services	2,437,700
Audit-related services	341,438
Advisory services	507,329

Information policy

Up-to-date information is available at six-group.com. Calls to attend meetings and communications to the shareholders are sent by letter to the addresses recorded in the share register. Subject to legal requirements, announcements to creditors are published in the "Swiss Official Gazette of Commerce". SIX publishes its business results semiannually. ■



The Annual Report is available in German and English, and can be ordered online at six-group.com/annual-report

The financial report is also published in English online at six-group.com/annual-report

Board of Directors

Dr. Romeo Lacher, Chairman (1960)

A Swiss citizen and member of the Board of Directors since 1 January 2008, he took over the chairmanship of the Board on 10 January 2017, having already chaired the Board on an interim basis since 1 October 2016. After receiving his graduate degree and PhD from the University of St. Gallen, he completed the Advanced Management Program at Harvard Business School in Boston. Since 1990 he has held various management roles at Credit Suisse, and was member of the Private Banking Management Committee from 2004 to 2015. He was Global Head of Private Banking Operations from 2004 to 2011; Head Private Banking Western Europe from 2012 to 2014; Head Private Banking EMEA from 2014 to 2015, and Chief Operating Officer of the International Wealth Management Division and member of the IWM Management Committee from 2016. At the end of February 2017 Romeo Lacher stepped down from all his roles and resigned from Credit Suisse.

Dr. Sabine Keller-Busse, Vice Chairman (1965)

A Swiss and German citizen and member of the Board since 18 June 2012, elected until 2017. She completed her Master's degree in Business Administration and her PhD at the University of St. Gallen. From 1995 to 2008 Sabine Keller-Busse worked for McKinsey & Company, where she served as a senior partner from 2001. She then spent two years heading up Private Clients at Credit Suisse for the Zurich region. In 2010 she joined UBS and was Chief Operating Officer UBS Switzerland until 2014. She has been Group Head Human Resources since August 2014

and was appointed to the Group Executive Board of UBS Group AG and UBS AG in January 2016.

Dr. Jürg Bühlmann (1967)

A Swiss citizen and member of the Board since 20 May 2016, elected until 2017. After receiving his graduate degree in Business Administration and his PhD at the University of Zurich, he completed the Executive Program of the Graduate School of Business at Stanford University, and the Senior Executive Programme of the London Business School. Jürg Bühlmann has worked for Zürcher Kantonalbank since 1994. He held various executive positions in Controlling in the Executive Board unit and was a Member of Management from 1998 onward. In 2002, he took charge of Logistics IT as Head of Application Engineering. From 2004, he assumed responsibility for project management, IT projects and their development (Change the Bank). In 2011, he became Head of Real Estate, and since 2012 he has been Head of Logistics and a member of the Executive Board.

Dr. Patrik Gisel (1962)

A Swiss citizen and member of the Board of Directors since 16 May 2014, elected until 2017. He completed both his graduate degree in Business Management and his PhD at the University of St. Gallen. After stints at Swiss Bank Corporation (1987–1993), Boston Consulting Group (1993–1994) and Union Bank of Switzerland/UBS AG (1994–1999), in 2000 Patrik Gisel became Head of the Corporate Development, Finance and IT Department of Raiffeisen Switzerland Cooperative, St. Gallen. From 2002 to 2015 he was Vice Chairman of the Executive Board and from 2005 to 2015 Market Department Head. Patrik Gisel took

→ On 10 January 2017, the Board of Directors of SIX elected Dr. Romeo Lacher as the new Chairman of the Board of Directors. He succeeds Alexandre Zeller, who stepped down as Chairman at the end of September 2016. Romeo Lacher has been chairing the Board of Directors on an interim basis since 1 October 2016.

the helm as CEO of Raiffeisen Switzerland in October 2015.

Lorenz von Habsburg Lothringen (1955)

A Belgian and Austrian citizen and member of the Board of Directors since 16 May 2014, elected until 2017. Lorenz von Habsburg Lothringen studied Business Management at the University of St. Gallen and the University of Innsbruck (Austria). He has been a Director of E. Gutzwiller & Cie Banquiers, Basel, since 1987 and a General Partner with unlimited liability since 1990.

Stefan Helfenstein (1966)

A Swiss citizen and member of the Board since 20 May 2016, elected until 2017. He has a graduate degree in Business Management from the University of St. Gallen and completed the Programme for Executive Development at the International Institute for Management Development (IMD) in Lausanne. Following various positions in audit and controlling in the food industry, in 2003 Stefan Helfenstein moved to Nestlé Taiwan as Finance Controller of Shanghai Fuller Foods Co, China. From 2005 he spent another three years at Nestlé China before becoming Head of Finance and Control (CFO) of Nestlé Greater China Region in 2008. He has been Head of Group Accounting and Reporting at Nestlé AG Switzerland since 2013.

Søren Mose (1964)

A Danish citizen and member of the Board since 19 May 2014, elected until 2017. He holds an MBA from Henley Management College (England) and H.D. Aarhus Business University (Denmark). At Jyske Bank, Denmark, Søren Mose first worked as a trader and investment advisor, before rising to become director of the HNWI (High-Net-Worth Individuals) department in 1988. From 1992 to 2002 he was Head of Private Banking, Deputy CEO and member of the Board of Directors of Jyske Bank (Gibraltar)

Ltd., and then from 2002 CEO of Jyske Bank (Switzerland) AG in Zurich for five years. Søren Mose was CEO of Saxo Bank (Switzerland) AG, Zollikon, from 2007 to November 2014.

Herbert J. Scheidt (1951)

A German and Swiss citizen and member of the Board since 1 January 2008, elected until 2017. Herbert J. Scheidt studied Economics at the University of Sussex and holds an MBA from the University of New York. He held a range of management positions at Deutsche Bank in Frankfurt, Essen, New York, and Milan. In 1996 he moved to Deutsche Bank (Suisse) in Geneva: as Head of Private Banking Europe and Middle East he served as Deputy CEO; he later headed up International Private Banking in Geneva, became a member of the Group Executive Committee, Wealth Management, in Frankfurt, and in 2001 was appointed CEO in Geneva. He moved to Vontobel Group as CEO in 2002. Since May 2011 he has been Chairman of the Board of Directors of Bank Vontobel AG and Vontobel Holding AG, Zurich.

Dr. Shannon Thyme Klinger (1971)

A US citizen and member of the Board since 20 May 2016, elected until 2017. After completing a B.A. in Psychology at the University of Notre Dame (USA), she obtained a doctorate in law at the University of North Carolina at Chapel Hill. In 1996 she joined Alston & Bird LLP as an associate, and later as a partner. In 2005 she changed sectors, becoming Vice President, Marketing Compliance and Associate Counsel at Barr Laboratories/Duramed Pharmaceuticals; Senior Vice President, General Counsel NAFTA at Solvay Pharmaceuticals and General Counsel North America at Sandoz Inc. She moved to Germany in 2012 as Global Legal Head and General Counsel for Sandoz International GmbH. Since 1 May 2016 she has been Chief Ethics and Compliance Officer and Head of Litigation at Novartis International AG in Basel. ■

→ In May 2016, the general meeting of shareholders of SIX elected Dr. Shannon Thyme Klinger, Dr. Jürg Bühlmann, and Stefan Helfenstein as new members of the Board of Directors. They replace Dr. Barbara Kessler, Hermann Wirz, and Dr. Philipp Halbherr, who did not stand for re-election.



Further activities and mandates of the members of the Board of Directors and details of the composition of the committees can be found at six-group.com/board-of-directors

Group Executive Board

Dr. Urs Rügsegger (1962)

Urs Rügsegger, a Swiss citizen, has been Group CEO since the beginning of 2008. Prior to this he held the position of Head of the Executive Committee of St. Galler Kantonalbank. He joined the bank in 1993 as Head of Controlling, Accounting and Risk Management and was appointed to the Executive Committee in 1997. In 2000 he took charge of the IPO, which was successfully launched in 2001. As Head of the Executive Committee he also held various positions with the Association of Swiss Cantonal Banks beginning in 2001. After completing a degree in business studies at the University of St. Gallen, Urs Rügsegger started his career at Swiss Re in the IT department. He was deeply involved in the development of commercial applications and the restructuring of Swiss Re's service branch, and most recently assumed financial responsibility for Audatex, its international subsidiary group.

Christoph Landis (1959)

Christoph Landis, a Swiss citizen, has been Division CEO Swiss Exchange since 12 November 2015. He had previously managed the business area on an interim basis since May 2015. Christoph Landis has been at SIX Swiss Exchange since 1992. He was Deputy Director of Information Technology from 1999, with a major focus on developmental and external IT projects. He was appointed to the Management Committee of Swiss Exchange as CIO in 2003. He has been responsible for Operations since 2010, in the capacity

of Deputy Division CEO since 2012. After graduating with a Type B Matura in Zurich in 1978, Christoph Landis continued his studies in the fields of human medicine, information technology, and economics.

Thomas Zeeb (1964)

Thomas Zeeb, a Canadian citizen, has been Division CEO Securities Services since 2008. He previously worked at Clearstream Banking in London and Luxembourg. As Executive Director of Client Relations, he was part of the company's Executive Management and a member of the Board of Directors of Clearstream Banking Frankfurt. In charge of sales, relationship management and client services, Thomas Zeeb was responsible for the development of the European and US business. He previously held positions in companies such as Bank of New York in London, Sim & Fed SpA in Florence and Deutsche Bank AG in Frankfurt. Over the course of his career, Thomas Zeeb has gained a wealth of experience in the post-trading sector.

Robert Jeanbart (1956)

Robert Jeanbart, a Swiss citizen, has been Division CEO Financial Information since May 2014. He has many years of international management experience and proven expertise in various areas of the financial information business. Most recently he was Global Head of Market Data and Information Services at SunGard. He was formerly CEO of Infotec S.A. and worked for 15 years in a number of managerial positions at Reuters Ltd., most recently as Managing

Director for UK& Ireland. He studied electrical engineering at EPFL Lausanne and holds a Master of Sciences degree.

Jürg Weber (1961)

Jürg Weber, a Swiss citizen, has been Division CEO Payment Services since 1 September 2015. Founder and owner of Golden Horn Management Ltd. in Istanbul and Kiev, where he worked from 2000 to 2005. Prior to that, he was CEO of Benkar A.Ş. within Boyner Holding, based in Turkey, from 1997 to 2001 and Consultant and Partner at McKinsey & Co from 1992 to 1997, where he was responsible for establishing a McKinsey office in Turkey. In his former roles as CEO, he successfully launched new credit cards, set up innovative credit card programs and established an efficient organizational structure for credit cards within a bank. He holds an MBA, with a major in finance and strategic management, from the Wharton School, University of Pennsylvania (USA).

Robert Bornträger (1960)

Robert Bornträger, a Swiss citizen, has been responsible for the development and operation of the entire IT infrastructure since 2008. Since April 2014, he has been CEO of Division Global IT, which covers all IT aspects at SIX around the world. From 2005 until the end of 2007, he was CEO of Telekurs Services Ltd. and a member of the Management Committee of Telekurs Group. Prior to this, he was Managing Director of Integralis Schweiz AG for a brief period and subsequently Chief Information

Officer at Swiss International Air Lines. From 1998 to 2001 he was a member of the Management Committee of Swisscargo AG and Cargo-logix AG, before which he was based in Sweden and Hungary as Managing Director of Swissair AG from 1993 to 1998. While studying for his Masters of Science in IT and business administration at the University of Zurich, Robert Bornträger worked as a programmer and analyst at Eldag Informatik AG. In 1986 he transferred to Swissair's IT unit, where he worked as a consultant, instructor and software engineer.

Dr. Stefan Mäder (1963)

Stefan Mäder, a Swiss citizen, has been Group CFO since December 2010. He joined SIX from Zurich Financial Services, where he had worked as CFO of Europe General Insurance since 2007. From 2004 to 2007, in his role as CFO of the insurer Zurich Switzerland, he headed up the Finances and Services division. Prior to that, he had held various management positions in the investment arm of Zurich Financial Services, where he began working in 1996. Stefan Mäder studied economics at the University of Zurich and was awarded a doctorate in 1992. He then continued his specialist training as an economist and analyst with the Swiss National Bank. ■

→ At the end of February 2017, Dr. Stefan Mäder stepped down as Chief Financial Officer (CFO) of his own volition, leaving SIX after six successful years. The Board of Directors has appointed Daniel Schmucki to the Group Executive Board as the new CFO. He took up his role on 1 March 2017.



Further activities and mandates at six-group.com/group-executive-board



1



2



3

- 1 Dr. Urs Rügsegger
- 2 Robert Bornträger (l.) and Dr. Stefan Mäder (r.)
- 3 Robert Jeanbart (l.) and Thomas Zeeb (r.)
- 4 Jürg Weber
- 5 Christoph Landis
- 6 Thomas Zeeb (l.) and Robert Jeanbart (r.)



5



4



6

Consolidated balance sheet

in CHF million	31/12/2016	31/12/2015
Assets		
Cash and cash equivalents	4,921.2	4,208.4
Trade and other receivables	213.6	409.2
Receivables from clearing & settlement	3,326.4	2,660.1
Financial assets	688.2	758.1
Inventories	12.0	11.2
Current income tax receivables	13.4	2.0
Other current assets	112.8	61.0
Disposal groups and assets held for sale	317.9	21.4
Current assets	9,605.4	8,131.4
Property, plant and equipment	255.2	233.3
Intangible assets	167.3	181.9
Investments in associates	40.8	20.7
Financial assets	184.7	151.3
Other non-current assets	9.3	17.7
Deferred tax assets	16.9	19.4
Non-current assets	674.1	624.4
Total assets	10,279.5	8,755.8
Liabilities		
Bank overdrafts	0.1	0.0
Trade and other payables	190.4	139.6
Payables from clearing & settlement	6,986.0	5,622.4
Financial liabilities	56.7	66.1
Provisions	29.5	15.2
Current income tax payables	31.2	35.4
Other current liabilities	217.0	241.7
Liabilities directly associated with disposal groups held for sale	83.6	10.6
Current liabilities	7,594.6	6,131.0
Provisions	38.5	23.4
Other non-current liabilities	52.1	117.2
Deferred tax liabilities	39.8	38.9
Non-current liabilities	130.4	179.6
Total liabilities	7,725.1	6,310.6
Equity		
Share capital	19.5	19.5
Capital reserves	234.1	234.1
Other reserves	-51.7	-47.7
Retained earnings	2,342.8	2,229.8
Shareholders' equity	2,544.8	2,435.7
Non-controlling interests	9.7	9.5
Total equity	2,554.4	2,445.3
Total liabilities and equity	10,279.5	8,755.8

Consolidated income statement

in CHF million	2016	2015
Commission revenues	694.3	709.5
Transaction revenues	394.1	406.9
Service revenues	627.7	615.5
Net interest income from banking business	15.1	11.9
Other operating income	107.4	67.0
Total operating income	1,838.6	1,810.9
Personnel expenses	-628.4	-606.1
Other operating expenses	-838.8	-843.4
Depreciation, amortization and impairment	-84.3	-82.3
Total operating expenses	-1,551.5	-1,531.9
Operating profit	287.1	279.0
Share of profit of associates	-0.3	15.5
Financial income	23.9	556.5
Financial expenses	-13.6	-88.1
Earnings before interest and tax (EBIT)	297.1	762.9
Interest income	5.1	7.9
Interest expenses	-7.5	-7.5
Earnings before tax (EBT)	294.7	763.3
Income tax expenses	-73.6	-49.6
Group net profit	221.1	713.7
of which attributable to shareholders of SIX Group Ltd	220.5	711.7
of which attributable to non-controlling interests	0.5	2.0
Earnings per share (CHF)		
Basic profit for the year attributable to shareholders of SIX Group Ltd	11.66	37.63
Diluted profit for the year attributable to shareholders of SIX Group Ltd	11.66	37.63

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