

# Clearing Notice SIX x-clear AG

## Clearing of convertible bonds and subscription rights

### 1.0 Overview

SIX x-clear has recently decided to expand its list of clearing-eligible instruments by adding convertible bonds and subscription rights.

In general, a subscription right allows existing shareholders to purchase shares of a secondary offering, normally at a discounted price. Given a certain optionality element of subscription rights and typically insufficient price history to adequately assess instrument-specific VaR, SIX x-clear has decided that market risks borne by subscription rights may not be sufficiently covered by the existing risk bucket structure for equities and ETFs. Similar considerations also apply for convertible bonds, which are corporate bonds that can be converted by the holder into a predetermined number of shares in the common stock of the issuing company.

In addition to the clearing offering of cryptocurrency ETP Bitcoin instruments of September 2021, SIX x-clear will extend the clearing scope with ETP Ethereum instruments.

Accordingly, all instruments from the new product types will be allocated for the purpose of margining to the so-called "High Risk" bucket. The "High Risk" bucket has a fixed margin rate of 50% irrespective of the historical value-at-risk (VaR) of individual instruments. There will be no margin offsetting between net long and net short positions for instruments within this bucket.

In future, SIX x-clear reserves the right to allocate new product types to the "High Risk" bucket and/or modify its risk parameters based on internal assessments and reviews.

### 2.0 Effective date

13 December 2021

### 3.0 Impact on members

The expected margin impact on an overall level is very small. The introduction of new clearing-eligible product types only affects members who engage in the respective trading.

### 4.0 Contact

Please contact your Relationship Manager or the Risk Operations team for any questions related this matter.

All contact details are listed at [www.six-group.com](http://www.six-group.com) > Exchanges > The Swiss Stock Exchange > Post-Trade > CCP Clearing > Contact > Post-Trade Contact Finder > Risk Management Operations Zurich.

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In this context, SIX x-clear AG draws the Members' attention to **clause 7.1, chapter 17.0 and clause 24.1** (liability) of the Rulebook of SIX x-clear AG stipulating that the Member is responsible for compliance with the applicable laws (in particular domestic and foreign tax, foreign exchange and stock market regulations as well as with company law and articles of association) with respect to the Clearing services obtained from SIX x-clear AG.