

# FrontLine SIX x-clear AG

## Margin methodology

### Implementation of new margin methodology

#### 1.0 Overview

Implementation of a new Hybrid Risk Model to include Stress VaR, Monte Carlo VaR, Filtered Historical VaR (FHS Var), Parametric VaR risk methodology and risk currency of choice functionality.

#### 2.0 Effective date

Q2 2024 – subject to regulatory approval.

#### 3.0 Impact on members

Members will benefit from a new margin methodology with enhanced functionality pertaining to risk models and the ability to select appropriate risk currencies for their respective clearing portfolios. The purpose of this is to allow for more efficient collateral management by enabling members to select the appropriate risk currency of choice, which eradicates punitive cross-currency haircut measures.

Please note that the impact on members will be kept to a minimum. A detailed member impact, technical overview and operational manual will be shared via further communication in due course.

#### 4.0 Details

A new Hybrid VaR (HVaR)-based margin methodology will be implemented to replace the existing methodology applied by SIX x-clear in the cash equity segment. Members will also have an option to select the “Risk Currency at Choice”, meaning all the margin requirements figures will be computed in “Members choice of Risk currency” instead of default currency CHF. All member reports and reporting messages will be reported in “Members choice of Risk currency”. If members have not opted for risk currency, then all the margin requirements will be computed at Global Risk currency (i.e., in CHF). Similarly all the member reports and reporting messages will be reported in “Global Currency – CHF” and no action will be required from a member perspective.

#### 5.0 Contact

If you have any further questions, please contact your Relationship Manager. The contact details are mentioned in the list of SIX SIS contacts published at [www.six-group.com](http://www.six-group.com) > Login > Securities Services Private > Contacts > SIX SIS > List of SIX SIS contacts.

In this context, SIX x-clear AG draws the Members' attention to **clause 7.7, chapter 14 and 15** of the Rulebook of SIX x-clear AG stipulating that the Member is responsible for compliance with the applicable laws (in particular domestic and foreign tax, foreign exchange and stock market regulations as well as with company law and articles of association) with respect to the Clearing services obtained from SIX x-clear AG.

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