

Financial Information

The Financial Information business field, which corresponds organizationally to the Financial Information division, operates as a financial data provider in the international markets. It is predominately the domain of SIX Telekurs, which specializes in providing first-rate price information in real time and reference data for efficient securities processing. Such data help customers to minimize their operational risks and meet regulatory requirements.

The business field operates in all important financial markets worldwide with a data offering that is consolidated and delivered in a uniform format. The Valordata Feed (VDF) is the flagship of the Financial Information business field, making reference data and corporate actions available in a form optimally suited to back-office automation. The display family Telekurs iD is another product line that is well established in back offices and investment counseling. In addition, SIX Telekurs' Market Data Feed (MDF) is increasingly viewed as an alternative to the leading real-time feeds.

The organization also features the Bienne-based Swiss software company Rolotec, Swedish SIX AB, French fund data specialist EuroPerformance and French news provider La Cote Bleue.

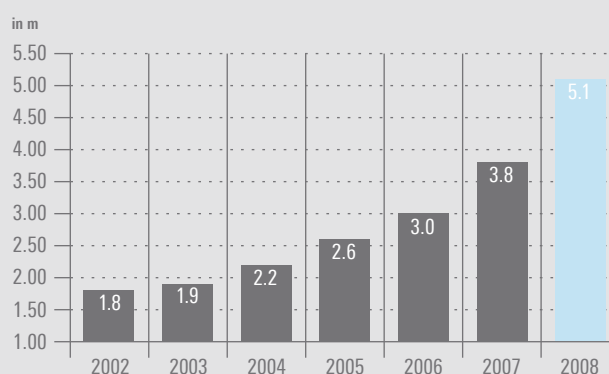
Key figures of the Financial Information business field

Financial Information division	2008	2007
Turnover revenue ¹ (in CHF 1,000)	418,807	294,150
Workforce in full-time equivalents ²	1,274.4	819.0
Turnover revenue ¹ per employee (in CHF 1,000)	329.0	359.2
Number of financial instruments (in m)	5.1	3.8
Number of price telegrams per year (output, in bn)	136.6	83.2

¹ Turnover revenue according to the internal management information system.
The increase in turnover can largely be attributed to the fact that the Fininfo Group, acquired as of 01.10.2007, was consolidated for the first time in 2008 for a period of 12 months.

² Workforce = Average number of full-time equivalents between 01.01. and 31.12.

Number of financial instruments



- *Continual expansion of the delivery capacity.*
- *Standardization of international product portfolio.*

Cost-efficient and pragmatic solutions

The consolidation process within the financial data industry has gained further momentum. With Bloomberg and Thomson/Reuters, approximately two-thirds of the market is shared by two large organizations. The other end is catered for by a number of smaller, highly specialized companies. Few providers operate in-between with a wide range of products. One of them is SIX Group's Financial Information business field.

As the financial industry becomes increasingly globalized, be it through geographic expansion by banks or internationalized investment, there is a growing need for international financial data. In a parallel development, the innovative power brought into play by financial institutions has led to a well-nigh explosive increase in the number of new investment tools. A combination of these two factors fuels customer demand for a wider data offering. The growing need for information also concerns the depth of the data provided for specific financial instruments. There is thus an increasing demand for tax-related and regulatory information with regard to individual securities.

With use of the Internet now spreading to the far corners of the globe, financial information is being made accessible to a constantly growing circle of users. It is not unusual for such information to be offered free of charge, and the resultant pressure on market prices is enormous.

International growth

SIX Telekurs aims to secure an optimal position in this market environment by focusing its strategy on satisfying banks' middle- and back-office needs. In so doing, the Financial Information business field can capitalize on its strength in the reference data segment. By gearing the data offering to the needs of securities settlement, risk management and compliance, the company aims to gain access to new international customers.

The integrated data model for displaying financial information offers a further competitive advantage. Adjustments to applications are being made and the system architecture is continually being developed.

The financial crisis has made it clear that the rating of non-listed financial instruments is crucial in times of turbulent markets. For this reason, the Fair Value Pricing Service already applied to fixed-income securities is to be extended to other instruments as well. The demand for a transparent valuation model and neutral ratings will rise in tandem with the growing significance of alternative investment tools.

Financial information constitutes an integrated element of the Swiss Value Chain and simultaneously of SIX Group's business model. This is why the Financial Information business field plays a key role in defining and implementing cross-divisional projects. While the first projects were already initiated in the year under review, the full project potential is yet to be realized.

Satisfactory business result

The turnover revenues of the Financial Information business field amounted to CHF 418.8 m in the year under review. This represents an increase of CHF 124.7 m or 42.4% year on year. This marked increase is largely attributable to the acquisition of Fininfo Group on 30 September 2007, which was consolidated over twelve months for the first time in the 2008 business year. Factoring out the effects of the acquisition, and in local currencies, we are left with a growth in turnover revenues of 3.3%, a satisfactory result in view of the turbulent financial markets. A 1.2% increase in turnover was achieved in the saturated Swiss market, which is already well covered by SIX Telekurs. After acquisition and currency adjustment, turnover in the international growth markets increased by 6.8%.

The somewhat reduced project activity year on year resulted in correspondingly lower operating costs. As a result, the Financial Information business field posted a markedly better result than in the year before.

Integration of Fininfo and further internationalization

Following the acquisition of the Fininfo Group, the number of foreign subsidiaries increased from 16 to 23. The latest additions were the Nordic markets, which were previously catered for by a partner, as well as Spain and Morocco. The organization of the Financial Information business field was duly adjusted and brought into line with the current situation. Today, merely a fourth of the workforce is domiciled in Switzerland. Concurrently, there has been a shift in the proportion of turnover recorded in Switzerland and abroad respectively. To make the most of the extensive know-how of staff members all over the world, "virtual teams" were formed across subsidiaries in different countries. Duplications in terms of locations and data sources were eliminated. Plans are afoot to make the product portfolio more compact and eradicate further redundancies.

Instant information

The collapse of the big US investment banks created a proportionately high customer demand for information concerning the identity of companies affected by bankruptcy. Thanks to the efforts of a specialist team set up for this purpose, the Financial Information business field was able to take action in the markets concerned and provide customers with an overview of insolvent companies and their outstanding liabilities.

Risk management data

Investment rating services assumed even greater importance under the financial crisis. The Intraday Pricing Service (IPS) provides price snapshots at any desired point in time. It thus enables customers to evaluate their portfolios in near real time without needing to invest in a large infrastructure. Thanks to these advantages, IPS is steadily gaining in popularity.

Fair values, calculated using a transparent method, are essential for the synthetic rating of illiquid instruments. The Fair Value Pricing Service, which hitherto covered fixed-income instruments, was extended to floating rate notes and additional currencies. Cooperations with partners such as Malaysian Bondweb and German ValuePrice complement the data offering provided via the Fair Value Pricing Service.

Facilitating compliance with regulations

The Financial Information business field has successfully operated as a service provider in the Rules & Regulations segment for a number of years. This includes the provision of information on MiFID, EU taxation of savings income, US IRS, SEC Rule and further regulations. Since autumn 2008, the Financial Information business field has assisted the Swiss banks in preparing their reporting pursuant to the requirements set out by the Swiss National Bank (SNB). For securities traded in Switzerland, a more detailed classification of structured products is also performed, thanks to which derivatives can be clearly allocated. Given that structured products are mainly traded under fantasy names, this action represents an important contribution towards simpler and more transparent information for bank customers as well as towards investment risk assessment. In connection with MiFID, structures within Valordata Feed were extended and new fields introduced in order to satisfy the provisions promulgated by the Committee of European Securities Regulators (CESR). Various risk classifications and identifiers were introduced.

Latency reduction and wider connectivity

In volatile market situations, reliable connectivity between customers and the data delivery systems of SIX Group's Financial Information business field is crucial. An extension of the market data delivery infrastructure made it possible to process higher data volumes of bid/ask prices. At the same time, latency periods were significantly reduced, i.e. the delay suffered by the data in traveling through systems and lines.

- *A wider data spectrum for risk management and compliance with regulations.*
- *High-performance systems to reduce data latency in SIX Telekurs' offering.*

Thanks to the new global agreement with the connectivity provider BT Radianz, customers can now access services with greater ease and at lower cost via dedicated lines.

Companies reporting to SIX Telekurs

SIX Telekurs and Fininfo SA, which was acquired in 2007 and has operated under the SIX Telekurs brand since September 2008, were responsible for the bulk of the Financial Information business field's operations.

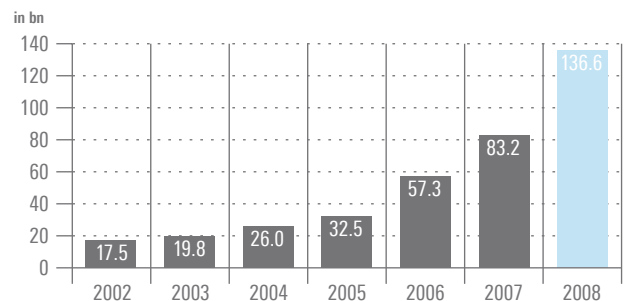
SIX AB, which operates in the Nordic markets, can now add to its offering the Valordata Feed (VDF), the Market Data Feed (MDF) and the display family Telekurs iD. This enables SIX AB to tap new market segments. The participation in SIX AB was increased to 99.7% by way of a public tender offer. The shares will be delisted in the first half of 2009.

The fund data specialist EuroPerformance, which chiefly operates in France, successfully launched a new version of the EuroPerformance Engine, its fund analysis and reporting tool. The new version provides additional detailed fund information on a daily basis and enables users to cooperate effectively within the network.

French La Cote Bleue added web-based modules featuring economic news to its range of services. This information can be easily integrated in websites of magazines and media portals.

The Bienne-based software company Rolotec was mainly active in the financial industry, various EU countries, the USA and Asia. In its core segment, financial software, Rolotec focused on further developing the Telekurs iD product family and on replacing the exchange content management systems Shark1 and Shark2, which had performed reliably for a number of years. Furthermore, the company collaborated with SIX Telekurs on extending index calculation activities in America and Asia, increasing market acceptance of the anti-money laundering application PEP-Check and performing various maintenance, support and software development tasks for SIX Card Solutions.

Number of price telegrams (output)



Outlook

The financial crisis is expected to lead to a lower turnover in 2009 due to cost-cutting measures and mergers between financial institutions. Competition is likely to increase even in the private banking sector (including off-shore banking), which has thus far remained largely unscathed by the financial crisis. That said, the demand for data and services to enhance transparency may well grow. The valuation of illiquid instruments by means of transparent methods will increasingly replace the price calculations of brokers based on different methods. To satisfy regulatory requirements, further details of financial instruments will have to be reported, and financial instruments and data volumes will continue to grow.