clear to trade

eurex clearing *circular 142/13*

Date: 29 November 2013
Recipients: All Clearing Members of Eurex Clearing AG and Vendors
Authorized by: Heike Eckert

Property Derivatives: Change of last trading day and final settlement day and new technical set-up for futures on five IPD® UK Quarterly Segment Indexes (Shopping Centre, Retail Warehouse, City Office, Westend & Midtown Office, South Eastern Industrial)

Related Eurex circulars: 043/13, 254/13

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Content may be most important for:

➲ All departments

Attachments:

Updated sections of the Clearing Conditions for Eurex Clearing AG

Summary:

The Management Board of Eurex Deutschland and the Executive Boards of Eurex Zürich AG and Eurex Clearing AG passed the following decision, which will become effective on **16 December 2013**:

Change of last trading day and final settlement day for futures on five IPD® UK Quarterly Segment Indexes (Shopping Centre, Retail Warehouse, City Office, Westend & Midtown Office, South Eastern Industrial) of the company Investment Property Databank (IPD®) and change of Clearing Conditions for Eurex Clearing AG. The determination of the final settlement price in the Clearing Conditions of Eurex Clearing AG is more precisely specified, given that the corresponding IPD® quarterly indexes are so-called “unfrozen” indexes and can be retroactively recalculated during the term of the futures contracts. For the computation of the final settlement price only the latest relevant IPD® index levels will be used.

Property Derivatives: Change of last trading day and final settlement day, new technical set-up for futures on five IPD® UK Quarterly Segment Indexes (Shopping Centre, Retail Warehouse, City Office, Westend & Midtown Office, South Eastern Industrial)

The Management Board of Eurex Deutschland and the Executive Boards of Eurex Zürich AG and Eurex Clearing AG passed the following decision that will become effective on 16 December 2013:

Change of last trading day and final settlement day for futures on five IPD® UK Quarterly Segment Indexes (Shopping Centre, Retail Warehouse, City Office, Westend & Midtown Office, South Eastern Industrial) of the company Investment Property Databank (IPD®) and change of Clearing Conditions for Eurex Clearing AG. The determination of the final settlement price in the Clearing Conditions of Eurex Clearing AG is more precisely specified, given that the corresponding IPD® quarterly indexes are so-called "unfrozen" indexes and can be retroactively recalculated during the term of the futures contracts. For the computation of the final settlement price, only the latest relevant IPD® index levels will be used.

The last trading day and final settlement day of the IPD® UK Quarterly Segment Futures Contracts shall be the seventh calendar day after the last exchange day in the month of January of the year in which the term of the futures contract expires, provided that such day is an exchange trading day, otherwise, it is the preceding trading day.

In order to implement the change of the expiration date (final settlement date), these contracts will technically need to be delisted from the Eurex platform and relisted with the new expiration cycle and expiration months. Currently, there is no open interest in the respective contracts. As a result of this adjustment, these contracts will not be available for trading for a few days prior to the effective date.

Underlying property index	IPD® UK quarterly indexes: **Shopping Centre, Retail Warehouse, City Office, West End & Mid Town Office, South Eastern Industrial** (calendar year returns)
Final settlement price	The final settlement price shall reflect a nominal value of 100 plus the compound quarterly total returns in a calendar period or minus a loss during the calculation period of one calendar year. For this computation, the latest relevant four quarterly total returns in a calendar period as published by IPD®, that are valid on the Final Settlement Day are used. The formula is as follows: Final Settlement Price = $100 * [TRI_{tQ} / TRI_{(tQ-4)}]$ TRI_{tQ} = Total Returns Quarterly Index Value at the end of the fourth quarter of a calendar period valid on the Final Settlement Day. $TRI_{(tQ-4)}$ = Total Returns Index Value at the beginning of the first quarter of a calendar period valid on the Final Settlement Day. The Final Settlement Price will be determined to three decimal places commercially rounded to the nearest 0.005 or 0.01.
Last trading day	The seventh calendar day after the last exchange trading day in January of the year following the period calculated for. Trading in the maturing contract ceases at 12:00 CET.

Eurex: IPD® UK Quarterly Property Segment Futures							
Eurex-ID	Product name	Futures ISIN	Contract value in GBP	Tick size	Tick value	Currency	Product group
PSOP	IPD UK **Quarterly** Shopping Centre Index Futures Calendar Year Returns	DE000A1PH993	50.000	0,05	25	GBP	XNCHHG
PREW	IPD UK **Quarterly** Retail Warehouse Index Futures Calendar Year Returns	DE000A1PJAA5	50.000	0,05	25	GBP	XNCHHG
PCOF	IPD UK **Quarterly** City Office Index Futures Calendar Year Returns	DE000A1PJAB3	50.000	0,05	25	GBP	XNCHHG
PWOF	IPD UK **Quarterly** Westend & Midtown Office Index Futures Calendar Year Returns	DE000A1PJAC1	50.000	0,05	25	GBP	XNCHHG
PSEI	IPD UK **Quarterly** South Eastern Industrial Index Futures Calendar Year Returns	DE000A1PJAD9	50.000	0,05	25	GBP	XNCHHG

Pursuant to Chapter I, Part 1, Number 17.2.2 of the Clearing Conditions for Eurex Clearing AG (Clearing Conditions), each Clearing Member (CM) or Non-Clearing Member (NCM) or Registered Customer (RC) accepts each amendment and addition to the Clearing Conditions, unless it objects by written notice to Eurex Clearing AG before the end of the business day prior to the actual effective date of such amendment or addition to the Clearing Conditions. The right to terminate the Clearing Agreement and the clearing license according to Chapter I, Part 1, Number 2.1.4 Paragraph 1 and Number 13 of the Clearing Conditions shall remain unaffected.

29 November 2013

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AMENDMENTS ARE MARKED AS FOLLOWS:
INSERTIONS ARE UNDERLINED
DELETIONS ARE CROSSED OUT
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Chapter II Transactions Concluded at Eurex Deutschland and Eurex Zürich (Eurex Exchanges)

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Part 1 Part 2
Clearing of Futures Contracts

The following provisions shall apply to the Clearing of futures contract transactions specified in Number 1 of the Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich ("**Eurex Contract Specifications**").

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2.11 Clearing of Property Index Futures Contracts

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2.11.2 Final Settlement Price

The final settlement price of the Property Index Futures contracts will be determined by Eurex Clearing AG on the final settlement day of a contract (Number 1.1~~1~~0.4 ~~Paragraph (1)~~ of the Contract Specifications for Futures Contracts and Options Contracts at the Eurex Deutschland and Eurex Zürich).

The final settlement price of a Property Index Futures contract shall be determined under inclusion of the index values respectively published by the index provider as at the final settlement day.

In case Eurex Clearing AG does not possess index data underlying a Property Index Futures contract or if, due to other reasons, the final settlement price on basis of the relevant index cannot be determined, Eurex Clearing AG may determine the final settlement price by means of another procedure. The value of a similar index may be used therefore. When choosing an alternative procedure, Eurex Clearing AG shall, as far as possible, take into account the similarity to the original index.

For IPD® UK Annual All Property (Excluding Residential Specialist Funds), IPD® UK Annual All Retail, IPD® UK Annual All Office and IPD® UK Annual All Industrial Futures Contracts, the final settlement price shall be determined in percent; the decimal places shall commercially be rounded to the next possible interval of 0.005, or 0.01, or multiples thereof.

The final settlement price shall reflect a nominal value of 100 plus the Annual Total Return or minus a loss during the calculation period (one calendar year) of the index.

The formula is as follows:

$$\text{Final Settlement Price} = 100 * [TRI_t / TRI_{(t-1)}]$$

TRI_t = Total Returns Index Value at the end of the Annual Index Calculation Period

$TRI_{(t-1)}$= Total Returns Index Value at the beginning of the Annual Index Calculation Period

For IPD® UK Quarterly Shopping Centre Index Futures Calendar Year Returns, IPD® UK Quarterly Retail Warehouse Index Futures Calendar Year Returns, IPD® UK Quarterly City Office Index Futures Calendar Year Returns, IPD® UK Quarterly Westend & Midtown Office Index Futures Calendar Year Returns and IPD® UK Quarterly South Eastern Industrial Index Futures Calendar Year Returns Contracts, the final settlement price shall be determined in percent; the decimal places shall commercially be rounded to the next possible interval of 0.005, or 0.01, or multiples thereof.

The final settlement price shall reflect a nominal value of 100 plus the compound Quarterly Total Returns in a calendar period or minus a loss during the calculation period of one calendar year. For this computation the latest relevant four Quarterly Total Returns in a calendar period as published by IPD, that are valid on the Final Settlement Day are used.

The formula is as follows:

Final Settlement Price = $100 * [TRI_{tQ} / TRI_{(tQ-4)}]$

TRI_{tQ} = Total Returns Quarterly Index Value at the end of the fourth quarter of a calendar period valid on the Final Settlement Day.

$TRI_{(tQ-4)}$= Total Returns Index Value at the beginning of the first quarter of a calendar period valid on the Final Settlement Day.

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