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e u r e x c l e a r i n g *circular 012/12*

Date: February 27, 2012
Recipients: All Clearing Members of Eurex Clearing AG and Vendors
Authorized by: Jürg Spillmann

⚠ **High priority**

GC Pooling® Repo Transactions: Changes to the Clearing Conditions for Eurex Clearing AG in Connection with the Provision of Margin

Related Eurex Clearing circular: 092/11

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Content may be most important for:	**Attachments:**
Ü All departments	Updated sections of the Clearing Conditions for Eurex Clearing AG, effective March 15, 2012

Summary:

With regard to the provision of margin for GC Pooling® Repo transactions, the Clearing Conditions for Eurex Clearing AG (Clearing Conditions) have been changed.

With this circular you will receive the amendments and additions to the Clearing Conditions, approved by the Executive Board of Eurex Clearing AG on February 27, 2012, which will become effective as of **March 15, 2012**.

The complete document will be available as of the effective date on the Eurex Clearing website under the path:

www.eurexclearing.com > Documents > Rules & Regulations > Clearing Conditions

For direct access to the document, please click on the following link:
http://www.eurexclearing.com/documents/regulations/clearing_conditions_en.html

GC Pooling® Repo Transactions: Changes to the Clearing Conditions for Eurex Clearing AG in Connection with the Provision of Margin

With this circular you will receive the amendments and additions to the Clearing Conditions, approved by the Executive Board of Eurex Clearing AG on February 27, 2012, which will become effective as of March 15, 2012.

Attached to this circular you will find an extract from chapter IV of the Clearing Conditions, where all appropriate changes and amendments are marked.

The complete document will be available as of the effective date on the Eurex Clearing website under the path:

www.eurexclearing.com > Documents > Rules & Regulations > Clearing Conditions

For direct access to the document, please click on the following link:
http://www.eurexclearing.com/documents/regulations/clearing_conditions_en.html

Pursuant to Chapter I, Part 1, Number 16.2.2 of the Clearing Conditions, each Clearing Member or Non-Clearing Member or Registered Customer 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 2.1.3 Paragraph 1 of the Clearing Conditions shall remain unaffected.

February 27, 2012

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AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED

DELETIONS ARE CROSSED OUT

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Chapter IV
Clearing of Transactions at Eurex Repo GmbH (Eurex Repo)

Part 1
General Provisions

[…]

1.2 Provision of Margin

(1) In connection with GC Pooling Repo transactions, the determination of the margin requirement (including the Additional Margin), with regard to the securities assigned within the scope of the Front-Leg, also in case of cross-border collateral provision, shall be calculated directly by Xemac of CBF. During calculation, Xemac shall, according to the provisions of the Special Conditions for Collateral Management ("**SC Xemac**"), consider the respective currency in which the underlying transaction has been concluded. Also, the securities admissible as securities serving as collateral in connection with the delivery of GC Pooling Repo transactions shall be determined by Xemac on basis of the Special Conditions for "SC Xemac". Other than described in Clause 1, Eurex Clearing AG may demand that, in excess of the margin requirement calculated by Xemac, Additional Margin has to be provided in accordance with the calculation method published pursuant to Chapter I Part 1 Number 3.1.7. The possibility of requiring additional Margin pursuant to Chapter I Part 1 Number 3.3 together with Chapter I Part 2 Number 6.3 or Chapter I Part 3 Number 5.3, in particular for collateralisation of exchange rate risks in case of foreign currency transactions, remains unaffected. This in particular applies for the collateralisation of exchange rate risks in case of foreign currency transactions and as well for the delivery of securities as collateral which qualify as own issues in the meaning of the Terms and Conditions for Participation and Trading on Eurex Repo GmbH („**GTC´s Repo**") in relation to the Clearing Member. With regard to securities which become own issues during the term of the Transaction, this provision applies also. The Clearing Members are obliged to refrain from provisioning of such own securities as collateral. For the provision respectively collection of Margin, the

provisions of Chapter I Part 1 Number 3.2 together with Part 2 Number 6 or Part 3 Number 5 apply.

(2) With regard to GC Pooling Equity Repo transactions, Eurex Clearing AG shall – in deviation to Paragraph (1) Clause 3 – define a list of equities included in the HDAX® which are eligible as securities serving as collateral ("**eligibility list**") and shall review such list on a monthly basis. The equities are admitted to this list in accordance with a catalogue of criteria which takes into account the turnover volumes and risk aspects. Any changes resulting from the regular review shall be announced by Eurex Clearing AG by way of electronic circular no later than 5 Business Days prior to their effectiveness. As a rule, such changes shall take effect on the 15th day of a calendar month. If such day is not a Business Day, the changes shall take effect on the next Business Day. Irrespective of the regular review, Eurex Clearing AG shall – due to risk management reasons – be entitled at any time to exclude individual securities from the eligibility list with effect to the next Business Day. Such changes shall be announced to Clearing Members via the Eurex Clearing Newsboard at http://www.eurexchange.com/production_newsboards/eurex/newsboard_en.html. The eligibility list will be made available in Xemac on a daily basis.

Regarding the selection of securities serving as collateral to be transferred from the GC Pooling Equity Basket, concentration limits of Eurex Clearing AG shall apply.

To the extent a Clearing Member which has available an insufficient amount of eligible securities serving as collateral for the GC Pooling Equity Basket is instead allowed to transfer ownership of securities eligible for the GC Pooling ECB Basket, the rules for settlement of GC Pooling ECB Basket Repo transactions shall apply to such securities serving as collateral.

(3) In addition to the provisions of Paragraph 1 and 2, the provisions of Chapter I Part 1 Number 3 together with Part 2 Number 6 or Part 3 Number 5 shall apply with regard to the basic principles of the margin requirement and – unless aforementioned paragraphs state otherwise – the obligation to provide margin. The provisions of Paragraph (1) Clause 4 - 10~~9~~ apply to Special and GC Repo accordingly. In the case securities collateral are qualified as own issues after the settlement of the Front-Leg, Eurex Clearing may apply an adequat haircut to cover a higher liquidation risk for Eurex Clearing AG. No automatic substitution is processed. With regard to Clearing Members according to Chapter IV Number 1.1.1 Paragraph (2), Eurex Clearing AG may decide – upon application and with the option of revoking such decision at any time – that the provisions of Chapter I Part 1 Number 3 together with Part 2 Number 6 or Part 3 Number 5, as applicable, shall not apply.

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