



## eurex clearing circular 007/14

**Date:** 20 January 2014  
**Recipients:** All Clearing Members of Eurex Clearing AG and Vendors  
**Authorized by:** Heike Eckert



Action required

### **GC Pooling®: Introduction of clearing services for the GC Pooling® International Maximum Quality Basket ("INT MXQ Basket")**

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**Content may be most important for:**

- Middle + Backoffice
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**Attachments:**

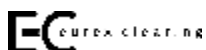
None

**Summary:**

With this circular, Eurex Clearing announces the introduction of clearing services for the GC Pooling® International Maximum Quality Basket („INT MXQ Basket“), ISIN: DE000A1PHUP5, traded on Eurex Repo's GC Pooling® market, effective **3 February 2014**.

The basket will consist of bonds from 16 sovereign and seven supranational issuers, which can be denominated in ten different currencies.

This circular contains detailed information on trading, clearing and settlement services, fees and simulation for the GC Pooling® INT MXQ Basket.



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Aktiengesellschaft mit  
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 HRB Nr. 44828  
 USt-IdNr. DE194821553  
 Amtsgericht  
 Frankfurt/Main

**GC Pooling®: Introduction of clearing services for the GC Pooling® International Maximum Quality Basket (“INT MXQ Basket”)**

Effective 3 February 2014, Eurex Clearing will introduce clearing services for the new Eurex Repo GC Pooling® International Maximum Quality Basket (“INT MXQ Basket”).

The basket (ISIN code: DE000A1PHUP5) may consist of bonds issued by the following issuers:

WM – issuer number <sup>1</sup>	Sovereign issuers
450063	Kingdom of Belgium
110000	Federal Republic of Germany
463223	Government of Canada
466789	Commonwealth of Australia <sup>2</sup>
450235	Kingdom of Denmark
453568	Republic of Finland
456389	United Kingdom Great Britain and Northern Ireland
450287	Republic of France
464374	Japan
452875	Grand Duchy of Luxembourg
456326	Kingdom of Netherlands
473271	Kingdom of Norway
462186	Republic of Austria
460070	Kingdom of Sweden
453524	Swiss Confederation
452002	United States of America

WM – issuer number	Supranational issuers
456165	Council of Europe Development Bank (CEB)
405290	European Bank for Reconstruction and Development (EBRD)
458509	European Investment Bank (EIB)
453635	Inter-American Development Bank (IDB)
475909	International Finance Corporation (IFC)
464275	Nordic Investment Bank (NIB)
457729	World Bank (International Bank for Reconstruction and Development - (IBRD))

which are

- admitted to cover Eurex Clearing’s margin requirements (“admissible instruments”),
- denominated in the currencies Australian dollar (AUD), Canadian dollar (CAD), Swiss francs (CHF), Danish Kroner (DKK), British pound (GBP), Japanese yen (JPY), Norwegian Kroner (NOK), Swiss Kroner (SEK) or U.S. dollar (USD),
- denominated in euro (EUR) but exempted from refinancing at the European Central Bank (ECB).

The composition of the basket will be reviewed daily and will become effective on the respective following business day. Considering the system stability, i.e. due to risk management, liquidity, evaluation or tax reasons, Eurex Clearing reserves the right to exclude certain ISINs from the basket even if they comply with the above definitions.

Initially, the GC Pooling® INT MXQ Basket will be settled against euro. Based on demand, additional settlement currencies are planned to be introduced.

<sup>1</sup> According to Wertpapiermitteilungen WM-GD240/WM-GD245, respectively Deutsche Börse WSS WS-GS265

<sup>2</sup> According to the credit framework, a maximum allocation amount is applicable per Clearing Member

All transactions resulting from the GC Pooling<sup>®</sup> INT MXQ Basket will be processed via the existing GC Pooling<sup>®</sup> infrastructure of Eurex Repo, Eurex Clearing and Clearstream Banking. The same processes apply as for the existing GC Pooling<sup>®</sup> products. However, the new basket will only be set up for trading, clearing and settlement upon request of the GC Pooling<sup>®</sup> participant to Clearstream Banking.

### Trading

The GC Pooling<sup>®</sup> INT MXQ Basket will be tradable at Eurex Repo under the trading symbol "GCPINT" during the usual trading hours (07:30 to 18:00 CET). However, trading with same-day front-leg settlement is only possible until 15:30 CET.

### Settlement

The delivery management in the CCP system for the GC Pooling<sup>®</sup> INT MXQ Basket is unchanged and identical to the processes for the existing GC Pooling<sup>®</sup> baskets, i.e. it is geared towards SDS and RTS processes for settlement through CASCADE/Creation. At the start of the service, the shaping block size will be set at EUR 50 million. The transaction details for the new basket will appear in the existing CCP reports.

### Cash settlement

For cash settlement of GC Pooling<sup>®</sup> INT MXQ Basket transactions, the same TARGET2 cash accounts for Clearstream Banking Frankfurt (CBF) customers and the same TARGET2 cash accounts or dedicated cash accounts for Clearstream Banking Luxembourg (CBL) customers will be used as for the existing GC Pooling<sup>®</sup> baskets.

### Collateral management

The conclusion of a new Xemac<sup>®</sup> or CmaX contract needs to be initiated by each Member who wants to clear the GC Pooling<sup>®</sup> INT MXQ Basket. For setup of the GC Pooling<sup>®</sup> INT MXQ Basket, participants are requested to send a SWIFT MT 599 message with the following content:

**To: CEDELULL**

**ATTN: TRIPARTY OPS, OBR CONTRACTS, RUTA DRAKSAITE / SARAH HAUSER  
WE HEREBY ACCEPT EUREX CLEARING AG (CCP) AS COLLATERAL GIVER AND RECEIVER WITH BASKET REFERENCE  
INTL\_MAXQ FOR OUR EUREX GCP RESERVATION AND SEGREGATION ACCOUNTS AND REQUEST OPERATIONAL  
SETUP.**

**CONTACT DETAILS:** <please provide your individual contact details>

For Xemac<sup>®</sup> participants, Eurex Clearing will enter a new contract in Xemac<sup>®</sup>, which needs to be confirmed by the Member for each member reference (Clearing Member ID/Trading Member ID). Directly after conclusion of the Xemac<sup>®</sup> contract, the initial claim with value "0" will be entered by Clearstream.

Securities collateral which was transferred to the cash provider by means of a GC Pooling<sup>®</sup> INT MXQ Basket transaction can be re-used in Xemac<sup>®</sup> as margin collateral towards Eurex Clearing. Usage for the benefit of Deutsche Bundesbank/European Central Bank (ECB) or other third parties, however, is not possible.

### Risk management

Eurex Clearing will provide Clearstream with the margin parameters, who will apply them in Xemac<sup>®</sup>/CmaX to perform the respective evaluations. Evaluation and settlement of the collateral is identical to the processes applied to the other GC Pooling<sup>®</sup> baskets.

The Total Margin Requirement resulting from the cash claim calculated in Xemac<sup>®</sup>/CmaX will be considered by Eurex Clearing in its risk-based margining. There is no cross-margining with other Eurex Clearing products. The margin requirements for the GC Pooling<sup>®</sup> INT MXQ are reported under the margin class „XEIQ“.

### Fees

Fees for transactions concluded in the EUR GC Pooling<sup>®</sup> Basket are in line with the current regulations for EUR GC Pooling<sup>®</sup> trades. For details, please refer to the Price List for Eurex Clearing AG.

**Simulation**

Testing will be possible in the permanent simulation environments of Eurex Repo and Eurex Clearing. For Xemac® or CmaX, simulation is not planned to take place.

For more information please contact the Helpdesk Securities Clearing on tel. +49-69-211-1 19 40, fax +49-69-211-1 43 34 or e-mail [clearing@eurexclearing.com](mailto:clearing@eurexclearing.com).

20 January 2014