clear to trade

eurex clearing *circular 064/09*

Date: Frankfurt, November 4, 2009
Recipients: All Clearing Members of Eurex Clearing AG and Vendors
Authorized by: Peter Reitz

Change of Conditions for Utilization of the OTC Trade Entry Facilities/ Determination of admissible Trade Entry Interval

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Content may be most important for:

- Front Office/Trading
- Middle + Backoffice
- Auditing/Security Coordination

Attachment:
Updated sections of the Conditions for Utilization of the OTC Trade Entry Facilities (General Conditions for Participation), effective November 16, 2009

The Executive Board of Eurex Clearing AG decided effective **November 16, 2009**,

1. to change the procedure for validation of the admissible contract price of an OTC trade which was entered into the Eurex® Clearing System by means of the OTC Trade Entry Facility, as described in the attachment and
2. in order to implement this decision, the Conditions for Utilization of the OTC Trade Entry Facilities (General Conditions for Participation) will be adjusted effective November 16, 2009, as documented in the attachment.

If you have any questions, please call Holger Stürtz at tel. +49-69-211-1 72 51.

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CHANGES ARE MARKED AS FOLLOWS:

AMENDMENTS ARE UNDERLINED

DELETIONS ARE CROSSED OUT

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5 Contract Price of OTC Trades

5.1 The contract price of OTC Trades entered into the Eurex Clearing System using one of the OTC Trade Entry Facilities must lie within an interval determined by Eurex Clearing AG pursuant to subsection 5.2 and 5.3. If such interval cannot be determined pursuant to subsection 5.2 and 5.3, Eurex Clearing AG shall determine it at its own discretion.

5.2 For Futures Contracts, the intervals within the meaning of subsection 5.1 are generally determined as follows:

5.2.1 ~~As a general rule, the interval for futures contracts is between the daily high and low values of the respective futures contracts determined on the Eurex Exchanges on the respective exchange day, up to the time of entry of an OTC Trade.~~

The upper limit of the admitted entry interval results from the daily settlement price of the respective futures contract of the previous trading day pursuant to Chapter II Number 2.1.2 (2) d) of the Clearing Conditions plus an amount of 20 % of the margin parameter (available on the internet website www.eurexclearing.com) respectively defined for this contract by Eurex Clearing AG. If the daily high of the futures contract, at which the contract is actually traded, or the synthetic daily high of the futures contract exceeds the value pursuant to Clause 1, the upper limit of the admitted entry interval results from the respectively higher value of these two. In order to determine the upper limit of the admitted entry interval, the highest value determined pursuant to Clause 1 and 2 shall respectively be increased by 5 % of the value pursuant to Clause 1 in case of futures contracts on shares, by 2 % of the value according to Clause 1 in case of MSCI Japan-Index-Futures contracts and by 0.2 % of the value pursuant to Clause 1 in case of other futures contracts.

The lower limit of the admitted entry interval results from the daily settlement price of the respective futures contract of the previous trading day pursuant to Chapter II Number 2.1.2 (2) d) of the Clearing Conditions minus an amount of 20 % of the margin parameter respectively defined for this contract by Eurex Clearing AG (available on the internet website www.eurexclearing.com). If the daily low of the futures contract, at which the contract is actually traded, or the synthetic daily low of the futures contract underlies the value pursuant to Clause 1, the lower limit of the admitted entry interval results from the respectively lower value of these two. In order to determine the lower limit of the admitted entry interval, the lowest value determined pursuant to Clause 4 and 5 shall respectively be diminished by 5 % of the value pursuant to Clause 4 in case of futures contracts on shares and by 0.2 % of the value pursuant to Clause 4 in case of other futures contracts

~~The daily high value is defined by the higher value of the actually traded daily high value and synthetic daily high value.~~ The synthetic daily high shall be determined by Eurex Clearing AG through the actually traded daily highs in all expiry months and the price margins between the daily settlement prices of the different expiration months of the respective futures contract.

~~The daily low value is defined by the lower value of the actually traded daily low value and synthetic daily low value.~~ The synthetic daily low ~~values~~ shall be determined by Eurex Clearing AG through the actually traded daily low ~~values~~ in all expiry months and the price margins between the daily settlement prices of the different expiration months of the respective futures contract.

~~In case there are no settlement prices for the Exchange day pursuant to Clause 1, the settlement prices of the preceding Exchange day shall be used for determination of the synthetic daily high and daily low values.~~

~~5.2.2 For Futures Contracts on shares, stock indices and on agricultural indices, the interval results from the daily high and daily low values of the respective underlying. The difference from the settlement price of the Future of the preceding trading day and the closing price of the preceding day of the respective underlying shall be added to these values. When calculating the interval, a premium of 0.2 % shall be added to the highest value so determined and a reduction of 0.2 % shall be subtracted from the lowest value.~~

~~5.2.3For Futures contracts on shares with group ID US01 and US02 assigned pursuant to the Eurex Contract Specifications, the interval results from the daily high and daily low values of the respective underlying. The difference from the daily settlement price of the Futures of the preceding trading day pursuant to Chapter II Number 2.1.2 (2) d) of the Clearing Conditions and the price pursuant to Chapter II Number 2.1.2 (2) d) Clause 1 of the Clearing Conditions of the preceding trading day shall be added to such values. The upper limit of the interval is 5 % above the high value determined pursuant to Clause 1 and 2; the lower limit of the interval is 5 % under the low value pursuant to Clause 1 and 2. Provided that the daily high and daily low value of the underlying of the relevant cash market cannot be determined, the daily settlement price of the Futures contracts of the preceding trading day (Chapter II Number 2.1.2 (2) d) of the Clearing Conditions) shall be used. The upper limit of the interval is 5 % above this value, the lower value of the interval is 5 % under this value.~~

~~5.2.4~~5.2.2 In deviation to Number 5.2.1, the interval f~~F~~or Futures contracts on short-, mid- and long-term debt securities of the Federal Republic of Germany, the Republic of Italy respectively the Swiss Confederation~~, the interval~~ results from the daily high and daily low ~~values~~ of the respective Futures contract. When calculating the interval, the following premiums and reductions shall be added respectively deducted:

Euro-Schatz Futures: +/- 0.02
Euro-Bobl Futures: +/- 0.05
Euro-Bund Futures : +/- 0.08
Euro-Buxl Futures: +/- 0.30
Euro-BTP Futures: +/- 0.08
Conf-Futures: +/- 0.25

~~5.2.5For Gold-Futures contracts, the interval results from the daily high and daily low values of the gold price published on the Reuters' website XAU=. The difference from the daily settlement price of the Gold-Futures contracts of the preceding trading day pursuant to Chapter II Number 2.1.2 (2) of the Clearing Conditions and the afternoon fixing of the preceding trading day pursuant to Chapter II Number 2.1.2 (5) of the Clearing Conditions shall respectively be added to aforementioned values. The upper limit of the interval shall be 5% above the highest value determined pursuant to Clause 1 and 2; the lower limit of the interval shall be 5% below the lowest value determined pursuant to Clause 1 and 2.~~

~~For Silver-Futures contracts, the interval results from the daily high and daily low values of the silver price published on the Reuters' website XAG=. The difference from the daily settlement price of the Silver-Futures contracts of the preceding trading day pursuant to Chapter II Number 2.1.2 (2) of the Clearing Conditions and the silver fixing of the preceding trading day pursuant to Chapter II Number 2.1.2 (5) of the Clearing Conditions shall respectively be added to aforementioned values. The upper limit of the interval shall be 5% above the highest value determined pursuant to Clause 1 and 2; the lower limit of the interval shall be 5% below the lowest value determined pursuant to Clause 1 and 2.~~

~~5.2.6For Commodity Index Futures Contracts, the interval results from the traded daily high and daily low values of the Futures, making a premium of 5% to the daily high value and a reduction of 5% from the daily low value. As long as no trading has taken place, the interval shall be determined by adding 5% to or reducing 5% from the settlement price of the previous day.~~

~~5.2.7For Hurricane-Futures contracts, the upper limit of the interval results from the maximum of the traded daily high values of the Futures and the settlement price of the previous day extended by 20 % of the margin requirement; a surcharge of 9.99 % shall thereby be levied. The lower limit of the interval results from the minimum of the traded daily low values of the Futures and the settlement price of the previous day reduced by 20 %; a discount of 9.99 % shall thereby be taken from the minimum.~~

5.3 For options contracts, theoretical maximum and minimum values for the option price of a Block Trade are determined during the trading day on the basis of the daily high and daily low values ~~pursuant to number 5.2~~ of the respective underlying instrument, as recorded up to the time of entry of the Block Trade, and the respective implied volatilities established within the options market of the Eurex Exchanges. The interval thus determined is extended on all trading days except the expiration days at its extreme values by 50 per cent of the maximum Quote Spread permissible for the respective product. On the expiration days, the interval will be extended by the whole valid maximum quote spread, resulting in the range of permissible option prices for Block Trades. If options strategies and options volatility strategies are entered, the sum of daily high and daily low values contained in the options strategy shall apply to the determination of the strategy daily high and daily low values.

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