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e u r e x c l e a r i n g *circular 074/12*

Date: 14 September 2012
Recipients: All Clearing Members of Eurex Clearing AG and Vendors
Authorized by: Thomas Book

⚠ **Action required** ⚠ **High priority**

Amendments to minimum liable equity capital requirements, calculation of dynamic component and requirements for multiple Clearing Licenses

Related Eurex Clearing circular: 058/12

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Content may be most important for:

Ü Middle + Backoffice

Ü Auditing/Security Coordination

Attachments:

Updated section of the Clearing Conditions for Eurex Clearing AG

Summary:

The Executive Board of Eurex Clearing AG (Eurex Clearing) approved the following changes with regard to admission criteria for Clearing Members:

- Amendments to minimum liable equity capital requirements
- Amendments to the basis and calculation of the dynamic component of liable equity capital requirements
- Amendments to the calculation of minimum liable equity capital requirements for multiple clearing licenses.

This circular includes the changes to the Clearing Conditions for Eurex Clearing AG (Clearing Conditions) which were decided by the Executive Board of Eurex Clearing and will become effective on **1 October 2012**.

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Aktiengesellschaft mit Sitz in Frankfurt/Main
HRB Nr. 44828
Amtsgericht Frankfurt/Main

Amendments to minimum liable equity capital requirements, calculation of dynamic component and requirements for multiple Clearing Licenses

The Executive Board of Eurex Clearing AG (Eurex Clearing) approved the following changes with regard to admission criteria for Clearing Members:

- Amendments to minimum liable equity capital requirements
- Amendments to the basis and calculation of the dynamic component of liable equity capital requirements
- Amendments to the calculation of minimum liable equity capital requirements for multiple clearing licenses.

Eurex Clearing continually monitors its admission criteria to ensure fair, open and transparent access to market participants. In further strengthening its risk-based approach to admission criteria, the following minimum equity capital requirements and calculation of the dynamic component for equity capital will be introduced:

Cleared markets	**General Clearing Member/ Clearing Member minimum in EUR mn**	**Direct Clearing Member minimum in EUR mn**
Eurex Exchanges	50	12.5
EurexOTC Clear – Credit Default Derivatives (OTC CDS)	1,000	-
EurexOTC Clear – Interest Rate Derivatives (OTC IRS)	30	-
Eurex Bonds	30	7.5
Eurex Repo	200	50
Securities Lending	200	50
Frankfurt Stock Exchange/Xetra®	15	3.75
Frankfurt Stock Exchange/ Xetra® International Market (XIM)	15	3.75
Irish Stock Exchange (ISE)	15	3.75
European Energy Exchange (EEX)	50	12.5

Eurex Clearing calculates a dynamic component for liable equity capital requirements in order to scale the requirement based on the risk a Clearing Member represents to Eurex Clearing. The basis for the calculation of the dynamic component will be changed to Additional Margin plus Futures Spread Margin which is a more risk-sensitive measure than Total Margin. In addition, the percentage of margin for which liable equity capital must be maintained will increase to 20 percent for all cleared markets, except EurexOTC Clear – Credit Default Derivatives (OTC CDS) for which the amount will remain 25 percent. Therefore, irrespective of the minimum liable equity capital requirements, the actual amount of liable equity capital that a Clearing Member is required to provide evidence of and maintain is the highest of:

- 20 percent of the 30-day average of Additional Margin plus Futures Spread Margin (25 percent for OTC CDS)
- 20 percent of the 250-day average of Additional Margin plus Futures Spread Margin (25 percent for OTC CDS)
- the minimum requirement listed in the table above.

Requirements for multiple Clearing Licenses

The liable equity capital required for multiple Clearing Licenses will be the sum of the liable equity capital required for each Clearing Licence, unless specified otherwise in the Clearing Conditions. When calculating the minimum liable equity capital for Clearing Licenses in the same asset class, the minimum liable equity capital requirements will not be added, but only the highest relevant requirement will apply, i.e.:

- When calculating the liable equity capital for granting a Clearing License for Eurex Transactions (Chapter II of the Clearing Conditions), that liable equity capital shall be taken into account which the applicant has already provided evidence for when applying for a Clearing License for EEX Transactions (Chapter VII of the Clearing Conditions) and vice versa;
- When calculating the liable equity capital for granting a Clearing License for FWB® Transactions (Chapter V Part 1 and 2 of the Clearing Conditions), that liable equity capital shall be taken into account which the applicant has already provided evidence for when applying for a Clearing License for XIM Transactions (Chapter V Part 3) as well as ISE Transactions (Chapter VI of the Clearing Conditions) and vice versa.

This circular includes the changes to the Clearing Conditions which were decided by the Executive Board of Eurex Clearing and will become effective on 1 October 2012.

The complete documentation will be available as of the effective date on the Eurex Clearing website www.eurexclearing.com under the following links:

Resources > Rules and Regulations > Clearing Conditions

Resources > Admission requirements

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 2.1.4 Paragraph 1 of the Clearing Conditions shall remain unaffected.

14 September 2012

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CHAPTER I IS BEING ADJUSTED.

AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED.

DELETIONS ARE CROSSED OUT.

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Preamble

[…]

Chapter I
General Provisions

Part 1
General Clearing Provisions

1 General Rules

[…]

2 Clearing Members

2.1 Clearing License

2.1.1 Granting of Clearing License

[…]

2.1.2 General Prerequisites for Clearing Licenses

(1) […]

(2) […]

(3) The applicant for a Clearing License must have available a liable equity capital (*haftendes Eigenkapital*) in an amount determined by Eurex Clearing AG from time to time. Applicants not subject to the KWG must have available comparable capital equivalent to the liable equity capital.

(a) In case an applicant applies for multiple Clearing Licenses covering multiple Transaction Types, the required liable equity capital ~~available to it~~ is calculated as follows:

(aa) Unless specifically provided in (bb) and (cc) below, the liable equity capital required for multiple Clearing Licenses is the sum of the liable equity capital required for each Clearing Licence.

~~(aa)~~(bb) When calculating the liable equity capital for granting a Clearing License for Eurex Transactions (Chapter II), that liable equity capital shall be taken into account which the applicant has already provided evidence for when applying for a Clearing License for ~~Eurex Repo Transactions (Chapter IV),~~ EEX Transactions (Chapter VII)~~, OTC Credit Derivatives Transactions (Chapter VIII Part 2)~~ and vice versa~~Securities Lending Transactions (Chapter IX)~~.

~~Such liable equity capital which the applicant has already provided evidence for when applying for a Clearing License for Eurex Bonds Transactions (Chapter III), FWB Transactions (Chapter V Part 1 and 2), XIM Transactions (Chapter V Part 3) and ISE Transactions (Chapter VI) shall not be taken into account.~~

~~(bb) When calculating the liable equity capital for granting a Clearing License for Eurex Bonds Transactions (Chapter III), that liable equity capital shall be taken into account which the applicant has already provided evidence for when applying for a Clearing License for clearing Eurex Repo Transactions (Chapter IV), with respect to a Clearing License for OTC Credit Derivatives Transactions (Chapter VIII Part 2) and with respect to a Clearing License for Securities Lending Transactions (Chapter IX).~~

~~Such liable equity capital which the applicant has already provided evidence for when applying for a Clearing License for Eurex Transactions (Chapter II), FWB Transactions (Chapter V Part 1 and 2), XIM Transactions (Chapter V Part 3), ISE Transactions (Chapter VI) and EEX Transactions (Chapter VII) shall not be taken into account.~~

~~(cc) When calculating the liable equity capital for granting a Clearing License for Eurex Repo Transactions (Chapter IV), that liable equity capital which the applicant has already provided evidence for due to the granting of a Clearing License for Eurex Transactions (Chapter II), Eurex Bonds Transactions (Chapter III), EEX Transactions (Chapter VII), OTC Credit Derivatives Transactions (Chapter VIII Part 2) and Securities Lending Transactions (Chapter IX) shall be taken into account.~~

~~Such liable equity capital which the applicant has already provided evidence for when applying for a Clearing License for FWB Transactions (Chapter V Part 1 and 2), XIM Transactions (Chapter V~~

~~Part 3) and ISE Transactions (Chapter VI) shall not be taken into account.~~

~~(dd)~~(cc) When calculating the liable equity capital for granting a Clearing License for FWB Transactions (Chapter V Part 1 and 2), that liable equity capital shall be taken into account which the applicant has already provided evidence for when applying for a Clearing License for XIM Transactions (Chapter V Part 3) as well as ~~,~~ ISE Transactions (Chapter VI) and ~~OTC Credit Derivatives Transactions (Chapter VIII Part 2)~~vice versa.

~~Such liable equity capital which the applicant has already provided evidence for when applying for a Clearing License for Eurex Transactions (Chapter II), Eurex Bonds Transactions (Chapter III), Eurex Repo Transactions (Chapter IV), EEX Transactions (Chapter VII) and Securities Lending Transactions (Chapter IX) shall not be taken into account.~~

~~(ee) When calculating the liable equity capital for granting a Clearing License for XIM Transactions (Chapter V Part 3), the liable equity capital which the applicant has already provided evidence for when applying for a Clearing License for FWB Transactions (Chapter V Part 1 and 2), ISE Transactions (Chapter VI) and OTC Credit Derivatives Transactions (Chapter VIII Part 2) shall be taken into account.~~

~~Such liable equity capital which the applicant has already provided evidence for when applying for a Clearing License for Eurex Transactions (Chapter II), Eurex Bonds Transactions (Chapter III), Eurex Repo Transactions (Chapter IV), EEX Transactions (Chapter VII) and Securities Lending Transactions (Chapter IX) shall not be taken into account.~~

~~(ff) When calculating the liable equity capital for granting a Clearing License for ISE Transactions (Chapter VI), that liable equity capital shall be taken into account which the applicant has already provided evidence for when applying for a Clearing License for FWB Transactions (Chapter V Part 1 and 2), XIM Transactions (Chapter V Part 3) and OTC Credit Derivatives Transactions (Chapter VIII Part 2).~~

~~Such liable equity capital which the applicant has already provided evidence for when applying for a Clearing License for Eurex Transactions (Chapter II), Eurex Bonds Transactions (Chapter III), Eurex Repo Transactions (Chapter IV), EEX Transactions (Chapter VII) and Securities Lending Transactions (Chapter IX) shall not be taken into account.~~

~~(gg) When calculating the liable equity capital for granting a Clearing License for EEX Transactions (Chapter VII), that liable equity capital which the applicant has already provided evidence for due to the granting of a Clearing License Eurex Transactions (Chapter II), Eurex~~

~~Repo Transactions (Chapter IV), OTC Credit Derivatives Transactions (Chapter VIII Part 2) and Securities Lending Transactions (Chapter IX) shall be taken into account.~~

~~Such liable equity capital which the applicant has already provided evidence for when applying for a Clearing License for Eurex Bonds Transactions (Chapter III), FWB Transactions (Chapter V Part 1 and 2), XIM Transactions (Chapter V Part 3), ISE Transactions (Chapter VI) shall not be taken into account.~~

~~(hh) When calculating the liable equity capital for granting a Clearing License for OTC Credit Derivatives Transactions (Chapter VIII Part 2), such liable equity capital which the applicant has already provided evidence when applying for a Clearing License for Eurex Transactions (Chapter II), Eurex Bonds Transactions (Chapter III), Eurex Repo Transactions (Chapter IV), FWB Transactions (Chapter V Part 1 and 2), XIM Transactions (Chapter V Part 3), ISE Transactions (Chapter VI), EEX Transactions (Chapter VII) and Securities Lending Transactions (Chapter IX)shall be taken into account.~~

~~(ii) When calculating the liable equity capital for granting a Clearing License for Securities Lending Transactions (Chapter IX), that liable equity capital which the applicant has already provided evidence for due to the granting of a Clearing License for Eurex Transactions (Chapter II), Eurex Bonds Transactions (Chapter III), Eurex Repo Transactions (Chapter IV), EEX Transactions (Chapter VII) and OTC Credit Derivatives Transactions (Chapter VIII Part 2) shall be taken into account.~~

~~Such liable equity capital which the applicant has already provided evidence for when applying for a Clearing License for FWB Transactions (Chapter V Part 1 and 2), XIM Transactions (Chapter V Part 3) and ISE Transactions (Chapter VI) shall not be taken into account.~~

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