clear to trade

eurex clearing *circular 060/12*

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Recipients: All Clearing Members of Eurex Clearing AG and Vendors
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High priority

EurexOTC Clear: Information prior Production Start

Related Eurex Clearing Circular: 041/12

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Content may be most important for:	**Attachment:**
Ü All departments	EurexOTC Clear IRS Fee Model

Summary:

In Eurex Clearing circular 041/12, Eurex Clearing informed about the start of its new EurexOTC Clear service for OTC interest rate swaps (IRS). With this circular, Eurex Clearing provides all relevant documents and forms in an updated preliminary version and the preliminary EurexOTC Clear IRS fee model.

Technical connection to the production environment of the Eurex Clearing FpML Interface has been possible since July 16, 2012. Distribution of the final Clearing Conditions for Eurex Clearing AG as well as the final forms and documents is planned for **September 2012**. The production launch of the new EurexOTC Clear service for OTC Interest rate swaps is planned for the beginning of Q4 2012.

The documents are available for download in the Member Section of the Eurex Clearing website www.eurexclearing.com under the following link:

Current CCP/OTC Releases > EurexOTC Clear > Interest Rate Swaps

For any questions you may have or additional information you require, please contact our OTC IRS Helpdesk on tel. +49-69-211-1 28 28 or via e-mail address: OTCClear.simulation@eurexclearing.com.

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HRB Nr. 44828
Amtsgericht Frankfurt/Main

EurexOTC Clear: Information prior to Production Start

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Eurex Clearing offers interested Members to test the Eurex Clearing FpML Interface in a so-called pre-connection phase. The pre-connection phase has been available for Members since July 16, 2012. For the connection to the optional Eurex Clearing FpML Interface, generating a certificate and uploading it in the Member Section of Eurex Clearing is required. The functionality for uploading the certificate is described in document "Eurex Clearing FpML Interface Specification – Volume 2: Connectivity" and is ready for immediate use.

These functions for uploading the certificates can be found in the Member Section of Eurex Clearing under the following link:

Technical Connection > Technical User Administration

respectively for Central Coordinators and their deputies:

User Administration & Central Coordinator > Create

Eurex Clearing extended its internal infrastructure for the Eurex Clearing FpML Interface in order to achieve higher availability and improve flexibility for further infrastructure upgrades. The following IP addresses and port information are used for the FpML Interface and are also contained in the "Network Access Information Sheet":

Environment	IP Address	Port	Certificate	Effective
Production	90.155.253.110 90.154.253.110	18475	fpmlp1.eurexclearing.com fpmlp2.eurexclearing.com	June 18, 2012 (deployment date)
Simulation	90.155.253.111 90.154.253.111	18575	fpmls1.eurexclearing.com fpmls2.eurexclearing.com	June 18, 2012 (deployment date)

The public keys ("Eurex Clearing FpML Interface – Certificates for Production") required for connecting to the AMQP Broker are available in the Member Section of the Eurex Clearing website under the following link:

Current CCP/OTC Releases > EurexOTC Clear > Interest Rate Swaps > Interfaces

EurexOTC Clear IRS fee model

With this circular Eurex Clearing announces the preliminary fee model which will be relevant for its new clearing service for OTC Interest Rate Swaps. For details, please refer to the attached document "EurexOTC Clear IRS Fee Model".

Forms relevant for admission

In order to be enabled for the clearing of Interest Rate Swaps as of the production start, companies have to submit the appropriate forms for admission and set-up as Clearing Members or Registered Customers. With

this circular Eurex Clearing is sending out a preliminary draft version and associated information memorandum of these forms. All forms relevant for admission are available in the Member Section of the Eurex Clearing website. To download these, please follow this link:

Current CCP/OTC Releases > EurexOTC Clear > Interest Rate Swaps > Forms

The following admission and setup forms are available in a draft version:

- Clearing Agreement Elementary Model (Appendix 2 to the Clearing Conditions – Agreement between CM, RC and Eurex Clearing)
- Clearing Agreement Individual Clearing Model (Appendix 3 to the Clearing Conditions – Agreement between CM, RC and Eurex Clearing)
- CM Agreement (Appendix 1 to the Clearing Conditions – Agreement between CM and Eurex Clearing)
- General Terms and Conditions to the Agreement on Technical Connection to the Clearing EDP of Eurex Clearing AG
- EurexOTC Clear Interest Rate Derivative Static Data form for Clearing Member
- EurexOTC Clear Interest Rate Derivative Static Data form for Registered Customer
- Application for the Granting of a Clearing License of Eurex Clearing AG incl. Information Memorandum
- Application for Set-up / Deletion / Change of Securities Accounts and Clearer Cash Accounts
- Application for Client Asset Protection for Set-up / Deletion / Change Collateral Accounts for segregated NCMs / RCs incl. Information Memorandum
- Emergency Contact Details
- EurexOTC Clear Interest Rate Swaps User Setup Form
- Request for Additional A-Accounts incl. Information Memorandum

The final admission documents will be published together with the final Clearing Conditions in September 2012.

The relevance of the required forms depends on the existing individual customer setup and further forms and evidences might be necessary (e.g. Power of Attorney for the cash account at the payment banks).

Each OTC IRS Clearing Member and OTC IRS Registered Customer will be supported by our Eurex Clearing Member Services & Admission Team during the admission process.

Updated functional documents

The documents mentioned below have been updated and published in the Member Section of the Eurex Clearing website:

- EurexOTC Clear Risk Methodology Description and External Communication Tool (Final Version)
- EurexOTC Clear Clearing Procedures
- EurexOTC Clear Service Description
- EurexOTC Clear Product Overview
- EurexOTC Clear Functional Release Notes
- EurexOTC Clear Simulation Guide

For download please follow this link:

Current CCP/OTC Releases > EurexOTC Clear > Interest Rate Swaps > Functional Manuals

Updated technical documents and interface descriptions

To support the Members, changes compared to the previous version are marked with a bar on the left-hand edge of the page. Accordingly, change marks form previous versions are deleted. The changes are also listed in the “change history”.

The technical documents are available on the Eurex Clearing website under the following link:

Current CCP/OTC Releases > EurexOTC Clear > Interest Rate Swaps > Technical Manuals

The following technical documents have been updated:

- EurexOTC Clear IRS GUI User Guide
- EurexOTC IRS Report Manual
- EurexOTC Clear XML Converter and Converter Release Notes
- EurexOTC Clear IRS XML Schemas

The interface descriptions are available for download on the Eurex Clearing website under the following link:

Current CCP/OTC Releases > EurexOTC Clear > Interest Rate Swaps > Functional Manuals

The following interface documents have been updated:

- Eurex Clearing FpML Interface Specification – Volume 1: Overview
- Eurex Clearing FpML Interface Specification – Volume 2: Connectivity
- Eurex Clearing FpML Interface Specification – Volume 2-A: Websphere MQ Programming Guide
- Eurex Clearing FpML Interface Specification – Volume 2-B: AMQP Programming Guide
- Eurex Clearing FpML Interface Specification – Volume 3: Trade Notification & Take-Up Confirmation
- EurexOTC Clear Network Access Information
- EurexOTC Clear API Error code list

EurexOTC Clear and Eurex sample reports

We have updated EurexOTC Clear and Eurex sample reports. The sample reports can be downloaded from the Eurex Clearing website under the following link:

Current CCP/OTC Releases > EurexOTC Clear > Interest Rate Swaps > Sample Reports

For any questions you may have or additional information you require, please contact our OTC IRS Helpdesk on tel. +49-69-211-1 28 28 or via e-mail to: OTCClear.simulation@eurexclearing.com.

July 27, 2012

Fee model - EurexOTC Clear for IRS

July, 2012

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- preliminary -

EurexOTC Clear IRS fee model - cornerstones

- **Competitive fees** with the models taking into consideration different netting efficiencies, shapes, maturities and holding periods
- **Attractive fees for different clients** with high turnover as well as buy and hold trading patterns taken into consideration with our two model approach - 'The Standard Model' and 'The High Turnover Model'
- **Annual fee cap for large Clearing Members**
- **No price jumps** with a fee model based on a linear approach

Standard Model

- Booking fee depending on trade size and residual maturity
- Maintenance fee based on outstanding trade notional

High Turnover Model

- Booking fee depending on trade size
- Maintenance fee based on IRS initial margin requirement

Clearing Member House account rebate plan

- Attractive rebates for House account
- Upfront payment of € 300,000
- Sliding scale rebates gives implied fee cap of € 2.97 million p.a.

Fee holiday for 2012

EurexOTC Clear for IRS fee models

Competitive fees for all clients, high turnover and directional based on a linear model without price jumps

Standard fee model	
Booking Fee*	
Booking fee per million in trade currency	0.25
Maturity premium per million per year in trade currency	0.75
Booking fee cap per million in trade currency	18.00
Maintenance Fee	
Maintenance fee per million notional per day in trade currency	0.007

A fee calculator is available on request

High turnover fee model	
Booking Fee*	
Booking fee in trade currency (per million)	0.10
Booking fee cap in EUR	€ 30.00
Booking fee floor in EUR	€ 10.00
Maintenance Fee	
Maintenance fee (in basis points) of initial margin requirement **	10 bps

* Booking fee discount for back loading will apply
** Calculated on a daily basis

- preliminary -

Other fee elements

- **Admission Fee***
  New clearing member joining Eurex Clearing attract an admission fee:
  - Admission Fee: 50,000 €
  - Licence Fee: 25,000 € p.a. (only applies for the first licence)
  - No additional fee for existing Eurex Clearing Members

- **Securities Collateral Management Charge**
  Securities collateral used to cover margin subject to a management charge of 5bp. Securities collateral exceeding the margin requirement is not charged

  Securities collateral management charge NOT applicable to IRS business of Registered Customers**

* Fee holiday for membership and licenses granted in 2012
** Segregated and non-segregated Registered Customers

Clearing Member House Account Rebate Plan

- **Clearing member can decide to participate in the rebate plan for their house account with a upfront fee of € 300,000.00**

House Account Rebate Plan				
Upfront Payment (annually)				€ 300,000.00
Overall Fees p.a. in EUR (booking + maintenance) from	to	Rebate in % applied to the respective interval	Maximum Fees After Rebate	Running Cost (inc. Upfront)
€ -	€ 200,000.00	0%	€ 200,000.00	€ 500,000.00
€ 200,000.00	€ 500,000.00	10%	€ 270,000.00	€ 770,000.00
€ 500,000.00	€ 1,000,000.00	20%	€ 400,000.00	€ 1,170,000.00
€ 1,000,000.00	€ 2,000,000.00	30%	€ 700,000.00	€ 1,870,000.00
€ 2,000,000.00	€ 3,000,000.00	50%	€ 500,000.00	€ 2,370,000.00
€ 3,000,000.00	€ 5,000,000.00	75%	€ 500,000.00	€ 2,870,000.00
€ 5,000,000.00	€ 6,000,000.00	90%	€ 100,000.00	€ 2,970,000.00
€ 6,000,000.00	∞	100%	€ -	€ 2,970,000.00

Standard Model: Example

Standard Model

Example – Single Trade in Registered Customer Account

Assumptions		
Maturity:	7.5 years	
Notional:	75 mn €	
Holding period:	2 years	

Booking Fee		
Booking Fee:	75 mn € * 0.25 €	18.75 €
Maturity Premium:	75 mn € * 0.75 € *7.5 years	421.87€
Total Booking Fee:	18.75 € + 421.87 €	**440.62 €**

+

Maintenance Fee		
Per day	75mn € * 0.007	0.525€
Per year	0.525 € * 365 days	**191.63 €**
Over holding period	191.63 € * 2	**383,26 €**

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