clear to trade

eurex clearing *circular 088/10*

Date: November 16, 2010
Recipients: All Clearing Members of Eurex Clearing AG and Vendors
Authorized by: Thomas Book

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

Redemption of Bank Guarantees as accepted Contribution to the Clearing Fund

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Content may be most important for:

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

Attachment:
Updated sections of the Clearing Conditions for Eurex Clearing AG, effective January 31, 2011

Summary:

In its meeting on November 10, 2010, the Executive Board of Eurex Clearing AG decided to amend Chapter I, section 6.1.2 of the Clearing Conditions for Eurex Clearing AG for the purpose of abolishing bank guarantees as accepted contribution to the Clearing Fund. This decision will take effect on **January 31, 2011**. Until then the affected Clearing Members have the opportunity to exchange their bank guarantees against accepted securities or cash collateral where omission of the bank guarantees would result in a deficit in their Clearing Fund contribution.

We recommend all Guarantees who have not yet been contacted personally via e-mail to contact our Member Services & Admission team in order to clarify the details for returning the bank guarantee documents. Please clarify any further questions with your account manager at Member Services & Admission.

Redemption of Bank Guarantees as accepted Contribution to the Clearing Fund

Within Eurex Clearing AG, all Clearing Members' bank guarantees were subjected to a scrutiny with respect to the possible risks and claiming processes in case of default. The results have been presented and discussed in the "Derivatives" and "Risk" working committees. In this context, the Executive Board of Eurex Clearing AG has decided to no longer accept bank guarantees as a contribution to the Clearing Fund. Thus, only accepted securities and cash may be contributed to the Clearing Fund.

This decision will take effect on January 31, 2011. Until then the affected Clearing Members have the opportunity to replace the required bank guarantees by accepted securities or cash. In doing so, Clearing Members can make substitutions any time before the expiration of this deadline. Information about accepted securities and collateral can be found under this link:

http://www.eurexclearing.com/risk/parameters_en.html

Upon fulfillment of the required collateral in securities or cash, the corresponding bank guarantees will be returned to the respective Clearing Member. The Clearing Members can then return them to the guarantors accordingly.

After January 31, 2011, all bank guarantees still deposited will no longer be accepted as contributions to the Clearing Fund. As of this date, these bank guarantees will be evaluated with zero. Should additional collateral be required, a cash call in the clearing currency of the affected Clearing Member will take place. The Clearing Member has to fulfill the cash call within the next five days, otherwise it will no longer fulfill the prerequisites for Clearing Members and thus be excluded from clearing.

After fulfillment of the cash call, the bank guarantees will be returned to the Clearing Member.

Bank guarantees for sufficient liable equity capital of the Clearing Member according to Chapter I, section 2.2 paragraph 3 of the Clearing Conditions remain unaffected.

Necessary information about the current contribution to the Clearing Fund and its current composition can be retrieved as follows: The currently pledged collateral is shown in report CD090, distinguished by cash, securities and bank guarantees. Report CD031 lists the itemized collateral on an ISIN level. The required contribution to the Clearing Fund can be retrieved from report CD090 as of the last trading day of the last quarter (this is the day on which Eurex Clearing AG determines the required contribution to the Clearing Fund for the next quarter for the individual Clearing Member). Thus, the necessary additional collateral to be pledged once bank guarantees are no longer accepted can be derived from these figures.

We recommend that all Guarantees contact our Member Services & Admission team in order to clarify the details for returning the bank guarantee documents. For this purpose, please contact your designated account manager by sending an e-mail to: person.admission@deutsche-boerse.com.

November 16, 2010

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MODIFICATIONS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED

DELETIONS ARE CROSSED OUT

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[…]

Chapter I
General Provisions

[…]

Part 6
Clearing Fund

6.1 Contribution to the Clearing Fund

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6.1.2 Provision of the Contribution to the Clearing Fund

~~(1)~~ This contribution to the clearing fund shall be provided by ~~bank guarantees and / or~~ cash or securities collateral. Chapter I Number 2.2 Paragraph 3~~, Clause 2 to 4 and~~ Clause 6 and 7~~to 8~~ shall apply accordingly. ~~In addition, the bank guarantee must include the absolute obligation of the bank to provide the guaranteed amount upon Eurex Clearing AG's first request on an account named by such company.~~

~~(2) In the case that the relevant Clearing Member should not have replaced a bank guarantee five trading days valid for the respective market before the expiration of its effectiveness by another bank guarantee and / or cash or securities collateral pursuant to Paragraph 1, Eurex Clearing AG shall collect the contribution to the Clearing Fund determined according to Paragraph 1 from the relevant Clearing Member respectively within the scope of the daily cash clearing procedure. If it is not possible for Eurex Clearing AG to collect from the relevant Clearing Member the contribution determined pursuant to Number 6.1.1 or if such collection fails, the relevant Clearing Member automatically defaults according to Number 7.1 of the Clearing Conditions.~~

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