clear to trade

e u r e x c l e a r i n g *circular 059/10*

Date: Frankfurt, August 17, 2010

Recipients: All Clearing Members of Eurex Clearing AG, all Trading Members of Eurex Deutschland and Eurex Zürich and Vendors

Authorized by: Peter Reitz

Amendment of Conditions for Utilization of the OTC Trade Entry Facility Exchange for Physicals for Index Futures (EFPI)

Related Eurex Clearing Circular: 040/10

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Content may be most important for:

Ü All Departments

Attachment:

Amended sections of the Conditions for Utilization of the OTC Trade Entry Facilities (General Conditions for Participation)

The Executive Board of Eurex Clearing AG decided to amend the Conditions for Utilization of the OTC Trade Entry Facility Exchange for Physicals for Index Futures (EFPI). The enhancement will be valid for all Eurex stock index futures that are admitted for the EFPI facility. In this connection, please take note of the amendments in the General Conditions for Participation, which will become effective on **August 30, 2010**. The amended sections of the General Conditions for Participation are also attached to this circular. The complete document will be available on our website under the following path:

www.eurexchange.com > Trading > Wholesale Trading

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CHANGES ARE MARKED AS FOLLOWS:

AMENDMENTS ARE UNDERLINED

DELETIONS ARE CROSSED OUT

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[…]

2 Subject Matter

2.1 Exchange for Physicals Trades

[…]

2.2 Exchange for Physicals (for Index Futures) Trades

2.2.1 The Exchange for Physicals (for Index Futures) Trade ("EFPI") facility allows participants - after OTC conclusion of cash transactions according to Number 11 for their own account or on behalf of a customer concerning the purchase of an object of purchase as defined in section 11 and the simultaneous sale of index futures contracts, or vice versa, to enter, pursuant to the provisions set out below, the futures contracts into the Eurex® clearing system of Eurex Clearing AG (hereinafter, "Eurex Clearing System") by means of a request to be sent to the respective Participant's interface, and to have them cleared.

Basically, in this context the system allows for entry of the following constellations:

- Two participants conclude both the OTC cash transaction as well as the futures transaction with one another or
- Two participants conclude the futures transaction with one another. One participant is an official Exchange Traded Fund (ETF) Marked Maker ("Authorized Participant") who concludes the respective cash transaction with the ETF-issuer. The second participant concludes the respective cash transaction with one or more (auction) third party/ies.
- The cash transactions concluded by the contractual parties of a futures transaction do not have to relate to an identical transaction object. However, each transaction has to satisfy the prerequisites as set forth in Number 11 below.

In future, Eurex Clearing AG may include additional contracts in the EFPI Trade Facility, or may exclude previously included contracts. A combination of two futures trades of the same product shall be admitted.

[…]

4 Evidence of the Underlying in Case of Utilization of the EFP, EFPI Trade Facility and the EFS Trade Facility

4.1 Participants using the EFP or EFPI Trade Facility or the EFS Trade Facility are obliged to provide evidence to Eurex Clearing AG that, for futures contracts cleared on their behalf, there is an opposite basis transaction in an underlying determined pursuant to Number 10 to 12.

The participant has to implement appropriate arrangements to secure that the party performing the opposite basis transaction is able to comply with this obligation to provide evidence.

[…]

11 Cash transaction within the scope of the EFPI trade facility

11.1 Stock Index Futures Contracts

The following combinations of underlying instruments and Stock Index Futures contracts have been admitted by Eurex Clearing AG:

Admitted underlying instruments (reporting transaction)	Position-creating transaction
Share Basket	Stock Index Futures contracts
Exchange-traded index fund share	Stock Index Futures contracts

Cash transactions which are part of an EFPI trade pursuant to number 2.2 must fulfill the prerequisites listed below.

The contract number of the traded futures contracts must be in a specified ratio to the market value of the shares basket or the Share of Exchange-Traded Funds. The market value of the share basket or the Share of Exchange-Traded Funds, at minimum, has to amount to one third of the transaction value of the minimum transaction volume for a block trading transaction in the respective index future (i.e. index level multiplied by contract value multiplied by minimum block trades transaction volume divided by 3) ~~must amount to 1 Mio. EUR, 1.5 Mio CHF or 1 Mio. USD~~ and must not deviate from the contract value of the futures position by more than 20 % at maximum.

The share basket or Share of Exchange-Traded Funds has to consist of at least 10 different index components or a number of share titles which represent at least half of the share index underlying the futures contract. The market value of the part of the share basket or Share of Exchange-Traded Funds whose values are part of the share index underlying the futures contract, must be at least 20 % of the market value of the entire cash transaction. All share values in the share basket or Share of Exchange-

Traded Funds must be part of the STOXX Europe TMI Index, DJ Global Titans 50^{SM}, (EUR), the Dow Jones Global Titan 50^{SM} Index (USD), the Dow Jones Sector Titans Indices, the MSCI Russia Index, MSCI Japan Index or RDXxt® USD-RDX Extended Index.