clear to trade

eurex clearing *circular 042/11*

Date: May 6, 2011
Recipients: All Clearing Members of Eurex Clearing AG and Vendors
Authorized by: Thomas Book

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

CCP 6.0 Enhancements: Important Information about Production Introduction: Xetra International Market: Netting Enhancements, Migration from XONTRO Frankfurt to Xetra Frankfurt Specialist (Xetra Frankfurt 2)

Related Eurex Clearing Circulars: 009/11, 019/11

Contact: Member Services & Admission Team, tel. +49-69-211-1 17 00, fax +49-69-211-1 17 01

Content may be most important for:	**Attachment:**
➲ All departments	Updated sections of: 1. Price List for Eurex Clearing AG 2. Clearing Conditions for Eurex Clearing AG

Summary:

With this circular Eurex Clearing provides information for production launch of the CCP system enhancements announced on February 7, 2011. These enhancements will be implemented in several steps.

The migration of the current floor trading on XONTRO Frankfurt to Xetra Frankfurt Specialist (Xetra Frankfurt 2) will be performed on **May 23, 2011**.

Netting enhancements for Xetra International Market and the clearing model extensions for trades originating from Xetra Frankfurt Specialist will be offered in production from **July 1, 2011**.

No production front-end kit will be distributed and therefore no connection test is required.

The updated Price List for Eurex Clearing AG will become effective on **May 23, 2011** and the updated Clearing Conditions for Eurex Clearing AG will become effective as of **July 1, 2011**.

Kindly forward this announcement to all involved departments in your company.

Eurex Clearing AG
Neue Börsenstraße 1
60487 Frankfurt/Main
Mailing address:
60485 Frankfurt/Main
Germany

T +49-69-211-1 17 00
F +49-69-211-1 17 01
customer.support@eurexchange.com
Internet:
www.eurexclearing.com

Chairman of the Supervisory Board:
Prof. Dr. Peter Gomez

Executive Board:
Andreas Preuss (CEO), Jürg Spillmann, Thomas Book, Gary Katz, Michael Peters, Peter Reitz

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

CCP 6.0 Enhancements: Important Information about Production Introduction: Xetra International Market: Netting Enhancements, Migration from XONTRO Frankfurt to Xetra Frankfurt Specialist (Xetra Frankfurt 2)

With this circular Eurex Clearing provides information about the introduction of the CCP Release 6.0 enhancements in production.

As the new enhancements to the CCP system affect the CCP back-end only, no new production front-end kit will be distributed.

Xetra Frankfurt Specialist (trading location "XFRA") will be connected to the CCP environment starting on May 23, 2011. In line with the existing processing of Xetra transactions in non-euro denominated instruments (trading location "XETR"), the CCP system will support non-euro denominated transactions from Xetra Frankfurt Specialist.

The updated Price List for Eurex Clearing AG effective May 23, 2011 includes Xetra Frankfurt Specialist as trading location and the respective non-euro fees. No price level modifications or other material changes have been made.

The changes introduced due to new netting enhancements for Xetra International Market and the CCP service level for Xetra Frankfurt Specialist are available in production from July 1, 2011 onwards.

The accordingly updated Clearing Conditions for Eurex Clearing AG will become effective as of July 1, 2011.

Xetra International Market: Netting Enhancements

For Eurex Clearing International Service (EC-IS) two additional netting levels are offered which can currently be used for Xetra International Market UK & Ireland:

- **Netting level "Optimization on account type across all NCMs"**

  Trades from all Trading Members (NCMs) of a Clearing Member (CM) are netted together per account type and separated from the Clearing Member's trades that are also netted per account type.

  -> NCMs (A) / NCMs (P) / CM (A) / CM (P)

- **Netting level "Optimization on account type across all NCMs and CM"**

  All trades of one single Clearing Member's Trading Members as well as Clearing Member trades are netted per account type, i.e. trades with same Clearing Member are netted per account type, irrespective of the Trading Member.

  -> NCMs (A) + CM (A) / NCMs (P) + CM (P)

For details please refer to Eurex clearing circular 009/11 published on February 7, 2011.

The netting enhancements for Xetra International Market UK & Ireland will be introduced into production on July 1, 2011.

Members interested in using these netting enhancements are requested to provide the appropriate CCP setup forms to Member Services & Admission by June 24, 2011.

If no setup forms are provided the current processing/netting level will be used further on (TM A / TM P).

Migration from XONTRO Frankfurt to Xetra Frankfurt Specialist

Due to the migration of the current floor trading on XONTRO Frankfurt to Xetra Frankfurt Specialist the CCP also receives trades from Xetra Frankfurt Specialist. Trades from this environment are reported with the value "7540" in the originator ID field, as currently used for Scoach. Depending on the trading location, the originator ID field will be filled with the following values:

- Trading location Xetra (identifier "XETR"): 7501 (as is today)
- Trading location Xetra Frankfurt Specialist (identifier "XFRA"): 7540
- Trading location used in cross trading location netted position (identifier "ECAG"): 7521 (used from July 1, 2011)

This change will be active in production from May 23, 2011 onwards. All Members clearing trades from Xetra Frankfurt Specialist have to consider the new value "7540".

In addition, the clearing model extension for trades originating from Xetra and Xetra Frankfurt Specialist is offered, i.e. trade date netting for Xetra Frankfurt Specialist and "cross trading location netting". With the introduction of the "cross trading location netting" option, additional values have to be considered in the reports. The clearing model extension will be introduced in CCP production on July 1, 2011.

Further details for both enhancements are described in Eurex Clearing circular 019/11.

Please be aware that Member-specific CCP accounts already set up for Xetra will also be used for the Xetra Frankfurt Specialist environment. In case the CCP setup for Xetra Frankfurt Specialist shall be amended, please use the published Xetra/CCP setup forms.

Members interested in using Basic or Extended Net Service for trades from Xetra Frankfurt Specialist or netting of trades from different trading locations have to provide the below-mentioned setup forms to Member Services & Admission by June 24, 2011. For the initial change of CCP Service Level from Full Service to Basic or Extended Net Service in Xetra Frankfurt Specialist with effect from July 1, 2011, the service fee for master data management of EUR 100.00 per account will be waived.

If no setup forms are provided, trades with trading location identifier "XFRA" will be processed as today, i.e. the Full Service Model is used and those trades will not be netted together with trades with trading location identifier "XETR" during trade date netting.

For further information please refer to Eurex Clearing circulars 009/11 or 019/11.

For additional information regarding trading on Xetra Frankfurt Specialist, please check Xetra circular 022/11 published on February 21, 2011.

Please be advised that documentation concerning the migration of the current floor trading on XONTRO Frankfurt to Xetra Frankfurt Specialist is published by Xetra in the context of Xetra Release 11.1.

The CCP setup forms regarding the Netting Enhancements for Xetra International Market (Application for Set up/Deletion/Change of CCP Settlement Accounts) and the CCP Service Level for Xetra Frankfurt Specialist (Net Clearing Service) have been published on March 7, 2011.

If you have any questions or require additional information, please contact the Member Services & Admission at tel. +49-69-2 11-1 17 00 or fax +49-69-2 11-1 17 01.

May 6, 2011

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CHANGES ARE MARKED AS FOLLOWS:

AMENDMENTS ARE UNDERLINED

DELETIONS ARE CROSSED OUT

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6. Transaction Fees of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse, FWB)[1]

For activities of ECAG pursuant to Chapter I subsection 5.2 of the Clearing Conditions being in connection either with transactions concluded on the Frankfurt Stock Exchange (FWB) pursuant to Chapter V Part 1 and 2 of the Clearing Conditions (hereafter referred to as ”FWB transactions”) or with off-exchange entries in the electronic trading system of FWB pursuant to Chapter V subsection 1.3 of the Clearing Conditions (hereafter referred to as “Xetra OTC transactions”), ECAG shall charge transaction fees. ECAG shall also charge fees pursuant to Number 6.1 and 6.2 for settlement of FWB transactions performed by Clearstream Banking AG, Frankfurt and of Xetra OTC transactions pursuant to Number 6.3.

For services according to Chapter I Number 5.2 of the Clearing Conditions of ECAG ~~either~~ in connection with transactions on Frankfurter Wertpapierbörse (FWB) pursuant to Chapter V Part 3 of the Clearing Conditions (transactions from the Xetra International Market, “XIM Transactions”) ~~or with off-exchange entries in the electronic trading system~~

[1] ~~Part~~ Number 6 as well as the other provisions of the Price List shall also apply mutatis mutandis to the clearing of transactions concluded on the Stock Exchange Düsseldorf, which correspond to the characteristics of the transactions concluded on the Frankfurt Stock Exchange described in Chapter V of the Clearing Conditions and which are included in the clearing process performed by Eurex Clearing AG.

~~of FWB pursuant to Chapter V Number 3.1.4 of the Clearing Conditions ("XIM-OTC Transactions",~~ ECAG charges transaction fees pursuant to Number 6.4.

The service fees additionally occurring for aforementioned transactions are regulated in Number 9.

6.1 Clearing Fees

The fees shall be charged once per executed order and day, irrespective of the number of (partial) executions of the respective order and any different execution prices.

6.1.1 Xetra ~~Clearing Fees FWB~~ transactions ~~on Xetra and Xetra OTC transactions~~

For the clearing of FWB transactions ~~on Xetra~~ (orders) and Xetra OTC transactions (entries), fixed and value-based fees according to the following charts shall be paid, which are accordingly marked with the Market Identifier Code "XETR" in the electronic Clearing system of Eurex Clearing AG ("Xetra transactions").

Fixed Fee for Transactions denominated in EUR

Number of same-day executed orders and entries (monthly per trading participant and Clearing Member)	Fixed Fee per same-day executed order respectively entry [2] …	… equates rebate on fixed clearing fee
0 – 50,000	EUR 0.03	0%
50,001 – 100,000	EUR 0.025	16 $^{2}/_{3}$ %
100,001 – 200,000	EUR 0.02	33 $^{1}/_{3}$ %
200,001 – 400,000	EUR 0.015	50%
400,001 – 750,000	EUR 0.01	66 $^{2}/_{3}$ %
750,001 – 1,500,000	EUR 0.005	83 $^{1}/_{3}$ %
> 1,500,000	EUR 0.00	100%

[2] For FWB transactions concluded by the Xetra BEST facility and booked in the A-Account of an Order Flow Provider or the E-Account of BEST Executors, the fixed clearing fee per executed orders does not apply.

Fixed Fee for Transactions not denominated in EUR

Transactions	Fixed fee per same-day executed order respectively entry	
Denominated in AUD	AUD	0.04
Denominated in CAD	CAD	0.04
Denominated in CHF	CHF	0.04
Denominated in GBP	GBP	0.03
Denominated in JPY	JPY	3.0
Denominated in SEK	SEK	0.28
Denominated in USD	USD	0.04

Value-based Fee for Transactions denominated in EUR

Volume of executed orders and entries in mn EUR (monthly per trading participant and Clearing Member)	Value-based fee …	… equates rebate on value-based clearing fee
0 – 1,000	0.0010 %	0%
1,000 – 2,000	0.0009 %	10%
2,000 – 4,000	0.0008 %	20%
4,000 – 8,000	0.0007 %	30%
8,000 – 15,000	0.0006 %	40%
> 15,000	0.0005 %	50%

The value-based fee per same-day executed order respectively entry is limited insofar as a maximal value of 500,000 EUR is assumed for same-day executed orders respectively entries.

Value-based Fee for Transactions not denominated in EUR

	Value-based Fee
Orders respectively entries in AUD, CAD, CHF, GBP, JPY, SEK and USD	0.0010 %

The value-based fee per same-day executed order respectively per entry is limited insofar as a maximal value is assumed for same-day executed orders respectively entries according to following chart:

Transactions	Maximal Value for Fee Calculation	
Denominated in AUD	AUD	700,000
Denominated in CAD	CAD	700,000
Denominated in CHF	CHF	700,000
Denominated in GBP	GBP	450,000
Denominated in JPY	JPY	55,000,000
Denominated in SEK	SEK	4,500,000
Denominated in USD	USD	700,000

6.1.2 Xetra Frankfurt Specialist ~~Clearing Fees FWB~~ transaction ~~on XONTRO~~

For the clearing of FWB transactions (orders) and of Xetra-OTC transactions (entries) ~~on XONTRO~~, fixed and value-based fees according to the following charts shall be paid, which are accordingly marked with the Market Identifier Code "XFRA" in the electronic Clearing system of Eurex Clearing AG ("Xetra Frankfurt Specialist transactions"):

~~FWB transactions on XONTRO~~			
Transactions	**Fixed Fee per same-day executed order respectively entry**		**Value-based fee per same-day executed order respectively entry**
Denominated in EUR	EUR	0.06	0.0010 %

The value-based fee per same-day executed order respectively entry is limited insofar as a maximal value of 500,000 EUR is assumed for same-day executed orders respectively entries.

Fixed Fee for Transactions not denominated in EUR

Transactions	Fixed Fee per same-day executed order respectively entry
Denominated in AUD	AUD 0.08
Denominated in CAD	CAD 0.08
Denominated in CHF	CHF 0.08
Denominated in GBP	GBP 0.06
Denominated in JPY	JPY 6.0
Denominated in SEK	SEK 0.56
Denominated in USD	USD 0.08

Value-based Fee for Transactions not denominated in EUR

	Value-based Fee
Orders or respectively entries in AUD, CAD, CHF, GBP, JPY, SEK and USD	0.0010 %

The value-based fee per same-day executed order respectively entry is limited insofar as a maximal value is assumed for same-day executed orders respectively entries with the maximum value according to the following charts:

Transactions	Maximal Value for Fee Calculation
Denominated in AUD	AUD 700,000
Denominated in CAD	CAD 700,000
Denominated in CHF	CHF 700,000
Denominated in GBP	GBP 450,000
Denominated in JPY	JPY 55,000,000
Denominated in SEK	SEK 4,500,000
Denominated in USD	USD 700,000

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6.4 Transaction Fees for Transactions from the Xetra International Market ("XIM Transactions")

6.4.1 Clearing Fee

For the clearing of XIM Transactions ~~and XIM-OTC Transactions~~, fees according to below-listed chart shall be paid:

~~Transactions from Xetra International Market~~			
Transactions	**Fixed fee per executed order respectively entry**		**Value-based fee per executed order respectively entry**
Denominated in EUR	EUR	0.00	0.0006 %
Denominated in CHF	CHF	0.00	0.0006 %
Denominated in GBP	GBP	0.00	0.0006 %

[…]

11.1 Clearing Fees

The fees outlined in ~~this section~~number 11.1 to 11.10 apply to Index Credit Default Swap Transactions (Chapter VIII ~~Subpart~~Number 2.2 Clearing Conditions) and Single Name Credit Default Swap Transactions (Chapter VIII ~~Subpart~~Number 2.3 Clearing Conditions). The underlying basis for the price determination is the underlying cleared notional value and currency of the respective transaction ("Notional Amount").

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11.9 Cancellation Fee

In case of a cancellation pursuant to Chapter VIII Sub-Part 1.2.5 of the Clearing Conditions the same pricing as outlined in ~~sections~~ number 11.2 to 11.5 shall apply for the Notional Amount for the respective CCP Transaction which has been cancelled.

11.10 Rebates

Rebates shall be given on a monthly basis per Clearing Member. The rebate mechanism shall be applied for the revenues generate out of the pricing positions outlined in ~~sections~~ number 11.2 to 11.9 of this document.

Rebates will apply for CCP Transactions denominated EUR.

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AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED

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Chapter V
Transactions Concluded at the Frankfurter Wertpapierbörse

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Part 2

Clearing of transactions concluded at the Frankfurter Wertpapierbörse (FWB)

[…]

2.5 Netting Agreement

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2.5.1 Included Claims

All claims occurred on the respective trading day which have resulted from the transactions concluded ~~in the electronic trading system of~~ at the Frankfurter Wertpapierbörse pursuant to Chapter 5 shall be included in the same-day netting pursuant to Number 2.5. Clearing Members may net or separately process transactions which are concluded at the different trading locations of the Frankfurter Wertpapierbörse. The claims are required to be able to be netted.

A receivable can be netted if the transaction underlying the receivable had been defined for netting by the respective Clearing Member. The definition of the transactions shall take place pursuant to Number 2.5.2 by the Clearing Members with determination of the netting units. The aforementioned declaration shall be submitted in a form and within a deadline determined by Eurex Clearing AG.

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Part 3
Transactions regarding foreign Securities and Rights with Settlement on the Home Market ("XIM-Transactions")

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3.2.4 Netting Agreement

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(5) In deviation to Number 2.5.2, the Clearing Member may agree with Eurex Clearing AG upon the following netting alternatives:

(a) Netting on position account level and per single Non-Clearing Member

If this netting alternative is chosen, a netting unit shall be defined ~~in deviation to Number 2.5.2~~ by the following characteristics of a transaction:

- allocation to a ~~concerned~~ position account of the Clearing Member (principal or customer transactions) or allocation to a Non-Clearing Member,

- ~~concerned Non-Clearing Member,~~

- chosen settlement institution and

- chosen settlement account

In case of this netting alternative, the receivables ~~arising~~resulting from transactions of Non-Clearing Members shall not be netted with the receivables resulting from ~~of~~ transactions of other Clearing Member's customers. A netting of receivables ~~arising~~ resulting from transactions of different Non-Clearing Members of the Clearing Member does not take place.

(b) Netting on Position Account Level

In case of this netting alternative, a netting unit shall~~, in deviation to Number 2.5.2,~~ be defined by the following characteristics of a transaction:

- ~~concerned~~ allocation to a position account of the Clearing Member (principal or customer transactions),

- chosen settlement institution and
- chosen settlement account

In case of this netting alternative, principal- and customer transactions of the Clearing Member are netted separately. ~~d. Receivables from principal transactions shall not be netted with receivables from customer transactions.~~ Principal- and customer transactions of Non-Clearing Members of the Clearing Member are customer transactions within the meaning of this provision.

(c) Netting on Clearing Member level

In case of this netting alternative, a netting unit shall be chosen ~~in deviation to Number 2.5.2~~ by the following characteristics of a transaction:

- chosen settlement institution and
- chosen settlement account

(6) For XIM Transactions with settlement in Great Britain via Euroclear UK & Ireland the netting alternatives in Number 3.2.4 Clause 5 cannot be chosen. Instead, in deviation to Number 2.5.2, the Clearing Member may agree with Eurex Clearing AG upon the following netting alternatives:

(a) Netting on position account level for the Clearing Member and per position account level for all its Non-Clearing Members

If this netting alternative is chosen, a netting unit shall be defined by the following characteristics of a transaction:

- allocation to a position account of the Clearing Member (principal or customer transactions) or allocation to a position account of all its Non-Clearing Members (principal or customer transactions)
- chosen settlement institution and
- chosen settlement account

In case of this netting alternative, principal and customer transactions of the Clearing Member are netted separately. In addition, principal and customer transactions of the Non-Clearing Members are netted separately.

(b) Netting on position account level for the Clearing Member and on position account level for all its Non-Clearing Members

If this netting alternative is chosen, a netting unit shall be defined by the following characteristics of a transaction:

- allocation to a position account of the Clearing Member (principal or customer transactions) and allocation to a corresponding position account of all its Non-Clearing Members (principal or customer transactions)
- chosen settlement institution and
- chosen settlement account

In case of this netting alternative, the receivables resulting from principal transactions of the Clearing Member shall be netted with the receivables resulting from principal transactions of its Non-Clearing Members. In addition, the receivables resulting from customer transactions of the Clearing Member shall be netted with the receivables resulting from customer transactions of its Non-Clearing Members.

(~~6~~7) In deviation to Number 2.5.3, the Clearing Member may agree with Eurex Clearing AG upon a netting taking place also in cases mentioned in Number 2.5.3 Clause 5, 2nd and 3rd bullet point. XIM transactions with settlement in Great Britain, Ireland and Switzerland are exempted.