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# e u r e x  c l e a r i n g  *circular 124/13*

**Date:** 31 October 2013
**Recipients:** All Clearing Members of Eurex Clearing AG and Vendors
**Authorized by:** Heike Eckert

## Eurex Bonds: Home market settlement for Danish bonds

**Contact:** Eurex Bonds Help Desk, T +49-69-211-1 12 22

**Content may be most important for:**

Ü All departments

**Attachments:**

1. Updated sections of the Clearing Conditions for Eurex Clearing AG
2. Updated sections of the Price List for Eurex Clearing AG


**Summary:**

Eurex Clearing will provide home market settlement for Danish bonds effective **18 November 2013**. The modification for clearing of Danish bonds traded at Eurex Bonds will enable Clearing Members and/or settlement institutions to solely settle Danish bonds at the local Danish central securities depository (CSD) VP Securities A/S. Hence, settlement at the international central securities depositories (ICSDs) will no longer be offered for those securities.

Value-based transaction fees originating from home market settlement for Danish bonds will be charged with 0.00050 per cent of the nominal value.

All securities other than Danish bonds traded at Eurex Bonds will not be affected by the settlement modification and will continue to be settled in the predefined (international) CSD as today.

By means of this circular, Eurex Clearing publishes the relevant amendments to the Clearing Conditions (attachment 1) as well as to the Price List (attachment 2) for Eurex Clearing AG that were decided by the Executive Board of Eurex Clearing AG and will become effective on **18 November 2013.**



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Executive Board: Thomas Book (CEO), Jürg Spillmann (Deputy CEO), Heike Eckert, Thomas Laux, Erik Tim Müller, Andreas Preuss

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

# Eurex Bonds: Home market settlement for Danish bonds

Eurex Clearing will provide home market settlement for Danish bonds. The international settlement service, which is based on trade date netting, was already technically implemented with CCP Release 8.2 on 27 May 2013 and will become effective on 18 November 2013.

As of that date standard settlement for Danish bonds traded on Eurex Bonds will solely be performed at the local Danish CSD VP Securities A/S.

Clearing Members with a Eurex Bonds clearing license who intend to participate in the home market settlement for Danish bonds have to provide evidence of a securities settlement account with VP Securities A/S, Denmark.

In order to reflect the Eurex Bonds home market settlement for Danish bonds, the Clearing Conditions for Eurex Clearing AG were amended by including an additional Part 3 “Transactions regarding Danish Securities with Settlement in the Home Market Denmark (“Homemarket-Transactions”)” into Chapter III.

The value-based monthly transaction fees for settlement of DKK transactions and positions regarding Danish securities with settlement in the home market Denmark are defined in Number 4.1 “Transaction Fees of Transactions regarding Danish Securities with Settlement in the Home Market Denmark (“Homemarket-Transactions”)” of the Price List for Eurex Clearing AG and calculated as 0.00050 per cent of the nominal transaction value.

The current three-tier volume model will not be applied anymore.

For further details regarding the pricing model, please refer to the current Price List for Eurex Clearing AG on the Eurex Clearing website www.eurexclearing.com under the following link:

**Resources > Rules and Regulations > Price list**

Clearing Members wishing to clear and settle Danish bonds or having any further questions, please contact the Eurex Bonds Help Desk at tel. +49-69-211-1 12 22.

All securities except Danish bonds traded at Eurex Bonds will not be affected by the settlement modification and will continue to be settled in the predefined (international) CSD as today.

Pursuant to Chapter I, Part 1, Number 17.2.2 of the Clearing Conditions for Eurex Clearing AG (Clearing Conditions), each Clearing Member (CM) or Non-Clearing Member (NCM) or Registered Customer (RC) 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 and Number 13 of the Clearing Conditions shall remain unaffected.

Pursuant to Number 16 Paragraph 3 of the Price List for Eurex Clearing AG (Price List), the amendments to the Price List as communicated with this circular shall be deemed to have been accepted by the respective Clearing Member unless such Clearing Member's written objection is submitted to Eurex Clearing AG within ten (10) business days after publication.

31 October 2013

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AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED

DELETIONS ARE CROSSED OUT

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# Chapter III Transactions at Eurex Bonds GmbH (Eurex Bonds)

## Part 1 General Provisions

[…]

### 1.1 Clearing Licenses

[…]

#### 1.1.2 Prerequisites for Clearing Licenses

[…]

(2) The applicant shall meet the following additional requirements:

(a) Evidence of technical connection to the systems of Eurex Clearing AG, and

(b) insofar as it intends to use the service of the Gross Delivery Management also optionally offered to the Clearing Members and settlement institutions (Chapter I Part 1 Number 2.1.2 Paragraph (7)~~Chapter I Part 1 Number 1.4.2 Paragraph (2) and Number 1.3.1 Paragraph (1) (b) – (e)~~) by Eurex Clearing AG in connection with the Clearing of Eurex Bonds Transactions (Chapter I Part 1 Number 1.4.2 Paragraph (2) and Number 1.3.1 Paragraph (1) (b) – (e)) ~~Chapter I Part 1 Number 2.1.2 Paragraph (7) –~~ evidence of a technical and functional connection to the respective interface of the technical systems used by Eurex Clearing AG according to the specifications determined by Eurex Clearing AG.

[…]

## Part 3 Transactions regarding Danish Securities with Settlement in the Home Market Denmark ("Homemarket-Transactions")

Eurex Clearing AG carries out the clearing of all Eurex Bonds Transactions with regard to Danish securities with settlement in the home market Denmark ("**Homemarket-Transactions**"). The following provisions contain special provisions for the settlement respectively clearing of these transactions.

### 3.1 General Provisions

#### 3.1.1 Applicable Regulations

(1) For the clearing of Homemarket-Transactions, the provisions of Part 1 and 2 shall apply, unless provided otherwise by Part 3.

(2) Chapter I Part 1 Number 1.4.2 Paragraph (2) and Number 1.3.1 Paragraph (1) (b) – (e) (Gross Delivery Management) shall not apply for Homemarket-Transactions.

#### 3.1.2 Prerequisites for the participation in Homemarket-Transactions

(1) For the participation in Homemarket-Transactions the applicant of a Clearing License according to Part 1 Number 1.1 shall additionally have to provide evidence that the settlement of the Homemarket-Transactions in the home market Denmark is ensured. This implies the evidence about establishment of a securities settlement account with VP Securities A/S, Denmark.

(2) For the participation in Homemarket-Transactions the granting of authorisations according to Chapter I Part 1 Number 2.1.2 Paragraph (5) (e) is not necessary.

### 3.2 Settlement of Homemarket-Transactions

#### 3.2.1 General Obligations

Clearing Members shall fulfil their delivery- and payment obligations upon instruction by Eurex Clearing AG. In deviation to what applies in Chapter I Part 1 Number 1.4.2 Paragraph (3) Clearing Members themselves shall give delivery instructions. The Clearing Member is obliged to give the necessary delivery instructions either him-/herself or through the commissioned settlement institution (Chapter I Part 1 Number 2.1.2 Paragraph (7)). Hereby, the deadlines for granting of delivery instructions applicable on the home market Danmark shall be complied with. However, delivery instructions shall be given at the latest on the Business Day preceding the valid delivery date.

#### 3.2.2 Corporate Actions

In case of corporate actions on securities from Homemarket-Transactions not yet fulfilled, the regulations pursuant to Chapter V Part 2 Number 2.3 shall apply accordingly.

### 3.2.3 Netting Agreement

(1) Sameday netting always takes place with regard to claims of Eurex Clearing AG and the Clearing Member from Homemarket-Transactions.The provisions of Chapter V Part 2 Number 2.5 shall apply accordingly. All claims arisen on the respective trading day which result from the Homemarket-Transactions shall be included in the sameday netting.

(2) The provisions of Chapter V Part 2 Number 2.5.2 to Number 2.5.5 shall apply accordingly to the netting pursuant to Paragraph (1) unless otherwise agreed upon according to Paragraph (3). Chapter V Part 2 Number 2.5.3 shall apply with the proviso that the summarised claims according to Number 3.2.1 shall be fulfilled.

(3) In deviation to Paragraph (1) in connection with Chapter V Part 2 Number 2.5.2, the Clearing Member may agree with Eurex Clearing AG upon the following netting alternatives, provided that Paragraph (b) and (c) only apply to a Standard Agreement under the Elementary Clearing Model Provisions:

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

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 (Own Transactions or Customer-Related Transactions) or allocation to a Non-Clearing Member,
- chosen settlement institution and
- chosen settlement account

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

(b) Netting on transaction account level

In case of this netting alternative, a netting unit shall be defined by the following characteristics of a transaction:

- allocation to a position account of the Clearing Member (Own Transactions or Customer-Related Transactions),
- chosen settlement institution and
- chosen settlement account

In case of this netting alternative, Own Transaction and Customer-Related Transactions of the Clearing Member are netted separately. Own transactions and customer transactions of the Non-Clearing Members are Customer-Related 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 by the following characteristics of a transaction:

- chosen settlement institution and
- chosen settlement account.

(4) In deviation to Chapter V Part 2 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 Sentence 5, 2nd and 3rd bullet point.

### 3.2.4 Margin Requirement

(1) If the Clearing Member agrees with Eurex Clearing AG upon the netting alternative described in Number 3.2.3 Paragraph (3) (a) with respect to Homemarket-Transactions under the Standard Agreement pursuant to the Elementary Clearing Model Provisions, margin requirements relating to Homemarket-Transactions determined for the Own Account and Customer Account shall, in deviation to Chapter I Part 2 Number 6.2.2 be summed up and assigned to the Own Account of the Non-Clearing Member.

(2) If the Clearing Member agrees with Eurex Clearing AG upon the netting alternative described in Number 3.2.3 Paragraph (3) (b), margin requirements relating to Homemarket-Transactions determined for the Own Account and Customer Account shall, in deviation to Chapter I Part 2 Number 6.2.2, be summed up and assigned to the Own Account of the Clearing Member.

(3) If the Clearing Member agrees with Eurex Clearing AG upon the netting alternative described in Number 3.2.3 Paragraph (3) (c), margin requirements relating to Homemarket-Transactions determined for the Own Account and Customer Account of each the Clearing Member and Non-Clearing Member shall, in deviation to Chapter I Part 2 Number 6.2.2, be summed up and assigned to the Own Account of the Clearing Member.

[...]

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**INSERTIONS ARE UNDERLINED.**

**DELETIONS ARE CROSSED OUT.**

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## 4. Transaction Fees of Eurex Bonds GmbH

For transactions pursuant to Chapter I Part 1 Number 5.1 of the Clearing Conditions in connection with transactions on Eurex Bonds GmbH pursuant to Chapter III Number 2.1 of the Clearing Conditions ("Eurex Bonds Transactions"), ECAG shall charge fees for the settlement of transactions and positions as follows:

| **Volume of transactions per month in million: (EUR and USD)** | **Fee based on the nominal value:** |
|---|---|
| ≤ 2,000 | 0.00050 % |
| > 2,000 ≤ 4,000 | 0.00025 % |
| > 4,000 | 0.00002 % |
| ~~**Volume of transactions per month in million: (DKK)**~~ | ~~**Fee based on the nominal value:**~~ |
| ~~≤ 2,000~~ | ~~0.00050 %~~ |
| ~~> 2,000 ≤ 4,000~~ | ~~0.00025 %~~ |
| ~~> 4,000~~ | ~~0.00015 %~~ |

## 4.1 Transaction Fees of Transactions regarding Danish Securities with Settlement in the Home Market Denmark ("Homemarket-Transactions")

For transactions pursuant to Chapter I Part 1 Number 5.1 of the Clearing Conditions in connection with transactions on Eurex Bonds GmbH pursuant to Chapter III Number 3.1 of the Clearing Conditions ("Transactions regarding Danish Securities with Settlement in the Home Market Denmark ("Homemarket-Transactions")), ECAG shall charge fees for the settlement of transactions and positions as follows:

| **Monthly fee based on the nominal transaction value (DKK)** |
|---|
| 0.00050 % |

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