X-pand into the Future

e u r e x *circular 038/06*

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Recipients: All Eurex Members and vendors
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High Priority

Cross Trades: Clarification to the Conditions for Utilization of the OTC Trade Entry Facilities

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Content may be most important for:

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

Attachment:

Section 2.4 of the Conditions for Utilization of the OTC Trade Entry Facilities

Summary:

With the present circular we would like to advise you that, according to the Conditions for Utilization of the OTC Trade Entry Facilities (General Conditions for Participation), it is not permitted to use these facilities for transactions of which the beneficial owners are identical (Cross Trades).

Cross Trades: Clarification to the Conditions for Utilization of the OTC Trade Entry Facilities

The Executive Board of Eurex Clearing AG has been informed that participants of the Eurex Exchanges, in individual cases, have executed transactions against themselves via two own Market Maker accounts using the Block Trade Facility made available by Eurex Clearing AG in the scope of the OTC Trade Entry Facilities.

For this reason we would like to draw your attention once again to section 2.4, in particular section 2.4.2 of the General Conditions for Participation. Pursuant to this section a “Block Trade” within the meaning of this regulation is only given, if a participant has agreed upon off-exchange **with another participant or another customer** to purchase/sell, on its own account or on behalf of a customer, one of the products listed in section 9.3 of the General Conditions for Participation provided the number of contracts is not less than the minimum number specified in section 9.3 and provided further that the specifications of such contract correspond to the appropriate contract specifications of these products according to the Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich.

In clarification of the above, we would like to point out in this context that according to above regulation of the General Conditions for Participation it is **not permitted** to use the Block Trade Facility for transactions of which the beneficial owners are identical (Cross Trades).

The same applies to all other OTC Trade Entry Facilities for which sections 2.1.2, 2.2.2, 2.3.2, 2.5.2 and 2.6.2 of the General Conditions for Participation require as well that in each case only those transactions may be entered which were executed by a participant on its own account or on behalf of a customer against another participant or another customer.

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[...]

2.4 Block Trades

2.4.1 The Block Trade Facility provides Participants, for their own account or on behalf of a customer, with the possibility to enter, pursuant to the provisions set out below, transactions concluded off-exchange concerning futures and options contracts which are tradable on Eurex and which are admitted to the Block Trade Facility pursuant to section 9.3, into the Eurex Clearing System by means of a request to be sent to the respective Participant's interface, and to have them cleared. In future, Eurex Clearing AG may include additional contracts in the Block Trade Facility, or may exclude previously included contracts.

2.4.2 A "Block Trade" within the meaning of these Conditions shall have occurred if a Participant, for its own account or on behalf of a single customer, has agreed, off-exchange, with another Participant or another single customer, on the purchase/sale of one or more of the products set out in section 9.3, provided that the number of contracts is not less than the minimum number specified in section 9.3, and provided further that the specifications of such contracts correspond to the contract specifications for these products pursuant to the Eurex Contract Specifications. Furthermore, the contract price of Block Trades must fulfil the requirements set out in section 5 of these General Conditions for Participation.

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