X-pand into the Future

e u r e x *circular 045/06*

Date: Frankfurt, March 6, 2006
Recipients: All Clearing Members of Equity and Fixed Income CCP
Authorized by: Daniel Gisler

VAT Treatment of Central Counterparty (CCP) Services

Contact: Information and Billing Team, tel. +49-69-211-1 33 88

Content may be most important for:	**Attachments:**
➲ Front Office / Trading ➲ Middle + Back Office ➲ Auditing / Security Coordination	none

Following intensive consultation with the Ministry of Finance in Hessen (Hessisches Ministerium der Finanzen) we have managed to obtain the authority's approval to charge CCP clearing fees without value-added tax as of January 1, 2006, for the benefit of all CCP clearing members as well as trading members on Xetra and the Frankfurt Trading Floor.

After the introduction of the Automated Trading program on Xetra and the new pricing model for trading and clearing fees for the cash market at the beginning of 2005, the reduction of clearing fees by 16 percent results in a noticeable decrease of transaction fees for all trading and clearing members as well as in a considerably increased market efficiency.

Information for Finance Departments:

Effective January 1, 2006 CCP clearing fees are to be considered exempt value-added tax pursuant to Art. 4, no. 8, letter e UStG (Value-added Tax Act of the Federal Republic of Germany).