clear to trade

eurex clearing *circular 021/11*

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Recipients: All Clearing Members of Eurex Clearing AG and Vendors
Authorized by: Thomas Book

Corporate Action Processing for Additional Rights: Change of Settlement Status

Related Eurex Clearing Circular: 052/10

Contact: CCP Functional Helpdesk, tel. +49-69-211-1 19 40

Content may be most important for:

➲ All departments

Attachments:

none

Summary:

As of **March 14, 2011,** corporate action processing of additional rights will be changed. As of this date, the additional rights will not inherit the settlement status of the underlying trade any longer.

The change only affects Clearing Members with setup of “cash deferral - no”.

Eurex Clearing AG
Mergenthalerallee 61
65760 Eschborn
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

Corporate Action Processing for Additional Rights: Change of Settlement Status

With the introduction of CCP Release 6.0 Giovannini Barrier 3 was removed, i.e. Record Day processing was introduced depending on the issuing country.

In “Record Day Countries” the Central Securities Depositories (CSD´s) are processing corporate actions for any contractual settlement of the underlying trade. In case of pending late trades Eurex Clearing AG performs the corporate action.

In “Ex-Day Countries” Eurex Clearing AG performs the corporate action on ex day on all pending trades.
In case of additional rights, Eurex Clearing AG adds the additional rights to the entitled underlying trades. Currently the additional rights inherit all trade attributes of the underlying trade.

If the Clearing Member has chosen “cash deferral - no” underlying trades in the offset receive the status “closed” after netting indicating a settlement on level “CCP-Clearing Member”, but pending on level “Clearing Member-Customer”.

Currently each additional right that is added to underlying trades with status “closed” also inherits the status “closed”.

As of March 14, 2011, additional rights will not inherit the status “closed” anymore when initially added to the system, but “pending” (if the underlying trade is pending) or “blocked” (if the underlying trade is blocked).

However, the status of the pending additional rights can switch to “closed” after the next netting if the additional rights are assigned to an offset block.

The change only affects Clearing Members with setup of “cash deferral - no”.

March 9, 2011