X-pand into the Future

eurex circular 032/08

Date: Frankfurt, February 18, 2008
Recipients: All Clearing Members of Eurex Clearing AG and Vendors
Authorized by: Thomas Book

Collateral: Interest Payments on Cash Collateral Deposits

Related Eurex Circulars: 013/02, 217/05, 236/06, 113/07

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Content may be most important for:	**Attachments:**
➲ Middle + Backoffice	none

Summary:

The Executive Board of Eurex Clearing AG decided on further improvements with regard to deposits and payments of interest on cash amounts deposited as collateral in U.S. dollar (USD) and British pounds (GBP). By means of this step it is intended to increase attractiveness of these additional margin currencies. The measures will become effective on **March 1, 2008**. According to the decision, the respective interest rate for USD will improve by 50 basis points. Also, cash amounts in GBP deposited as collateral will, in the future, entitle to draw interest.

This circular contains a detailed description of the interest policy of Eurex Clearing AG as well as essential deadlines for delivery of cash deposits.

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

Collateral: Interest Payments on Cash Collateral Deposits

In order to protect the Clearing House and its Clearing Members, Eurex Clearing AG applies a restrictive investment policy for cash deposits:

- The cash investment only takes place on a short term basis (overnight)
- The cash investment takes place mostly as secured investment
- The securities to be deposited have first class credit rating
- The cash investment only takes place at counterparts with high creditworthiness, whereby the rating is closely monitored on an ongoing basis by Eurex Clearing AG.

Eurex Clearing AG will pass on interest gained from cash investments to its Clearing Members, although a deduction from the interest rate gained is withheld. For clearing currencies euro and Swiss francs, the deduction currently is 25 basis points. Furthermore, the Executive Board of Eurex Clearing AG decided that effective March 1, 2008, a deduction of 50 basis points will be applied to the new margin currencies U.S. dollar and British pounds.

Please note the following currency-specific deadlines for cash collateral deposit:

Currency	Former interest deduction	Interest deduction as of Mar. 1, 08	Determination of the credit balance for interest to be paid on through entry as collateral in the Eurex® system in CET (cash receipt in the account of Eurex Clearing AG)	Deadline for release on the next business day in CET (receipt of fax avis at Eurex Clearing AG)	Deadline for the optional deposit of additional cash collateral	
					Receipt of fax avis at Eurex Clearing AG in CET	Cash entry in the account of Eurex Clearing AG in CET
EUR	25 BP	25 BP	15:00	18:00	14:00	14:30
CHF	25 BP	25 BP	10:00	18:00	09:00	09:30
GBP	n/a	50 BP	10:00	18:00	09:00	09:30
USD	100 BP	50 BP	21:00	21:00	17:30	18:00

Furthermore, we would like to ask our Clearing Members to follow the below stated procedures:

- It is mandatory to advice the deposit of cash collateral via fax to Eurex Clearing AG, as an interest-bearing investment cannot be guaranteed otherwise
- As a general rule, cash collateral is always released on the next business day
- As a general rule, cash collateral always needs to be deposited from the cash account that the Clearing Member has nominated to Eurex Clearing AG as its relevant cash settlement account. If a Clearing Member wishes to use a different account or if an account for U.S. dollar and/or British pounds has not been reported so far, detailed account information needs to be submitted on the fax advice.

The general process for depositing cash collateral and the intraday margin call, as described in the Eurex circulars listed above, will remain unchanged.

If you have any questions, please contact our Functional Helpdesk Clearing at tel. +49-69-211-1 12 50.

Frankfurt, February 18, 2008