X-pand into the Future

e u r e x *circular 013/03*

Date: Frankfurt, February 10, 2003
Recipients: All Eurex members and vendors
Authorized by: Daniel Gisler

High Priority

Payment of Interest on Cash Amounts Deposited as Collateral

Related Eurex Circulars: 059/02

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

The Management Board of Eurex Clearing AG has taken the decision to introduce the payment of interest on cash amounts deposited as collateral with Eurex Clearing AG, with effect from March 1, 2003. Eurex Clearing Members are thereby offered an additional attractive possibility related to covering margin requirements which simplifies the management of collateral deposits.

The attractiveness of depositing cash as collateral is enhanced by the payment of a reasonable rate of interest. Cash is recognized at 100% of its value as deposited collateral and can thus be used quickly against margin requirements without costly securities transactions.

From March 1, 2003 interest payments will be made on total cash amounts above the base amounts of EUR 200,000 or CHF 300,000 which a Clearing Member has deposited to cover open positions. For this, a snapshot of the cash balances of each Clearing Member will be taken at 10:00 CET. Cash amounts which a Clearing Member has deposited as a contribution to the Clearing Fund will also be taken into account.

The basis for the interest payment will be an interest rate established daily by Eurex, the so-called Eurex Deposit Rate (EDR). This interest rate will be published on our web-site "www.eurexchange.com > info for members > deposit rate" around 12:00 CET on each exchange day.

The sum of the daily interest payments will be calculated automatically by Eurex Clearing AG at the end of each month and will be credited to Clearing Members' cash accounts according to the currency. The transaction will be shown on the Clearing GUI window Cash Account Detail Overview. In addition, the interest amount calculated using the EDR can be seen on the new report RPTCD230 – Monthly Interest Report. Detailed information on the interest calculation can be found in the Functional Release Notes for Eurex Release 6.0, published with Circular 059/02, or in Chapter 3.7.8 of the Clearing User Guide.

In contrast to the use of securities as collateral, the deposit of cash simplifies the process of reclaiming surplus collateral for Clearing Members since the surplus cash collateral is automatically made available for the Clearing Member in the appropriate cash accounts.

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