X-pand into the Future

e u r e x *circular 170/07*

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Recipients: All Clearing Members of Eurex Clearing AG and Vendors
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Euro GC Pooling®Repo: Extension of Securities Pool

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Content may be most important for:	**Attachment:**
Ü Front Office/Trading Ü Middle + Backoffice	Updated sections of Clearing Conditions for Eurex Clearing AG

Please find attached for your information the updated sections of the Clearing Conditions for Eurex Clearing AG as approved by the Executive Board of Eurex Clearing AG in its session on August 8, 2007. The changes will become effective on **September 1, 2007**.

Cause for the adjustment of Clearing Conditions is an extension of the pool of securities which may be used in future for delivery of Euro GC Pooling® Repo transactions. Consequently, delivery for settlement of collateral transactions with regard to Euro GC Pooling® Repo transactions may in future be made to accounts of Clearstream Banking AG, Frankfurt, as well as to accounts of Clearstream Banking S.A., Luxemburg, by means of assets which are kept at these depositories and are admitted for such transactions. Object is to connect and mobilise the assets held at certain foreign custodians in favour of national and international trading participants of Eurex Repo GmbH in order to create even higher liquidity in this market.

In the scope of the adjustment of Clearing Conditions for Eurex Clearing AG, the Special Conditions for the Collateral Management System (SB Xemac®) of Clearstream Bank AG, Frankfurt, (CBF) were adjusted accordingly.

Clearing Conditions in their valid version are published on the Eurex website under the path:

www.eurexchange.com > Documents > Rules & Regulations > Clearing Conditions

[….]

Chapter IV
Clearing of Transactions at Eurex Repo GmbH

Part 1
General Provisions

[….]

1.1 Clearing Licenses

[….]

1.1.2 Prerequisites for Clearing Licenses

(1) With regard to the prerequisites to be fulfilled within the scope of granting of the clearing license, Chapter I Number 2.1 and 2.2 applies.

(2) The applicant shall fulfil the following additional prerequisites:

(a) Evidence of technical connection to the systems of Eurex Clearing AG,

(b) in the event of participation in the clearing for Euro GC Pooling® Repo transactions, of the participation admission and technical connection to the Collateral Management System Xemac® of Clearstream Banking AG, including the possibility of participation in the international Collateral Management, i.e. ~~and~~

aa) either via own participation authorization in the Collateral Management System Xemac® or

bb) via a respective settlement agreement with another institute which is authorized to participate in the Collateral Management System Xemac®.

(c) in the event of participation in the clearing for Triparty Euro GC Basket Repo transactions, evidence of participation admission and technical connection to the Collateral Management System CmaX of Clearstream Banking S.A.

(3) The applicant shall – insofoar as it intends to use the gross delivery management service (Chapter I Number 1.6) also optionally offered by Eurex Clearing AG vis-à-vis Clearing Members and settlement institutions (Chapter I Number 2.2 Paragraph 6) in connection with the implementation of the clearing of Eurex Repo Transactions – provide evidence of a technical and functional connection to the respective interface of the technical systems used by Eurex Clearing AG pursuant to the specifications set forth by Eurex Clearing AG.

(4) In case the gross delivered management service offered by Eurex Clearing AG (Chapter I Number 1.6) is supposed to be used by a settlement institution within the meaning of Chapter I Number 2.2 Paragraph 6 on behalf and for the applicant or the Clearing Member, the standard agreement provded by Eurex Clearing AG pursuant to Chapter I Number 2.2 Paragraph 6 shall be concluded. Chapter I Number 2.2 Paragraph 6 and 7 apply mutatis mutandis.

1.2 Provision of Margin

(1) In connection with Eurc GC Pooling Repo transactions, the provision of margin (including the Additional Margin), with regard to the securities assigned within the scope of the Front-Leg, also in case of cross-border collateral provision, shall be calculated directly by the Collateral Management System Xemac® of Clearstream Banking AG. The possibility of requiring additional collateral pursuant to Chapter I Number 3.2 remains unaffected. For the provision respectively collection of margin, the provisions of Chapter I Number 3.1 and 3.2 apply.

(2) In connection with Triparty Euro GC Basket Repo transactions, the provision of margin shall be calculated directly through the Collateral Management System CmaX of Clearstream Banking S.A. with reference to the securities assigned within the scope of the front-leg; the provisions of the underlying Collateral Management Service Agreements shall form the basis for such calculation. Furthermore, an Additional Margin shall be calculated by Eurex Clearing AG pursuant to the provisions of Chapter I Paragraph 3. The possibility to require additional margin according to Chapter I Number 3.2 remains unaffected. The provisions of Chapter I Number 3.1 and 3.2 apply to the provision respectively the collection of margin.

(3) In addition to the provisions of Paragraph 1 and 2, the provisions of Chapter I Number 3 shall apply with regard to the basic priniciples of the provision of margin and - unless aforementioned paragraphs state otherwise - the obligation to provide margin.

Part 2
Clearing of Transactions at Eurex Repo GmbH

[….]

2.2 General Provisions

(1) For the settlement of Eurex Repo Transactions, Chapter I Number 1.5 applies, unless otherwise provided in Paragraph 2. With regard to the securities admitted to delivery of Triparty Euro GC Basket Repo transactions, the participating Clearing Members shall receive a report on the available assets respectively held in their depositories; such report is divided into rating categories and shall be provided by Clearstream Banking S. A. on a daily basis.

(2) The procedure for delivery and payment resulting from Eurex Repo Transactions, the following provisions shall apply in addition to Chapter I Number 1.5:

a) Purchase Agreement (Front Leg):

All physical deliveries and payments shall be concurrently performed between the Clearing Member obligated to deliver and Eurex Clearing AG, and, accordingly, between Eurex Clearing AG and the Clearing Member which is to receive delivery on the agreed delivery day of the Front Leg. Physical deliveries shall be made through a bank for central depository of securities determined by Eurex Clearing AG or respectively through a Custodian or Central Securities Depository, and payments shall be made through the corresponding account determined by such bank for central depository of securities or respectively by such Custorian or Central Securities Depository.

b) Repurchase Agreement (Term Leg):

All physical deliveries and payments shall be concurrently performed between the Clearing Member obligated to deliver and Eurex Clearing AG, and, accordingly, between Eurex Clearing AG and the Clearing Member which is to receive delivery on the agreed delivery day of the Term Leg. Physical deliveries shall be made through a bank for central depository of securities determined by Eurex Clearing AG or respectively through a Custodian or Central Securities Depository, and payments shall be made through the corresponding account determined by such bank for central depository of securities or respectively by such Custorian or Central Securities Depository.

c) Physical Deliveries:

Eurex Clearing AG shall, with respect to the possession of the securities delivered to it pursuant to Items a and b, act as an intermediary of the Clearing Members which are obligated to deliver in order to subsequently deliver such securities to the Clearing Members which are to receive delivery. With respect to the settlement of transactions concluded by Clearing Members, the transfer of ownership in respect of the securities to be delivered will thus be performed directly between the Clearing Members involved.

d) Delivery with regard to Euro GC Pooling® Repo transactions:

In case of Euro GC Pooling® Repo transactions, the delivery instructions regarding existing delivery- and payment obligations shall be given by Eurex Clearing AG on basis of the securities to be delivered; such securities shall be selected by the Collateral Management System Xemac® of Clearstream Banking AG pursuant to the Special Conditions Collateral Management System (SB Xemac®) and additional contracts for the international Collateral Management in their current version. An obligation to grant authorization within the meaning of Chapter I Number 1.5 Paragraph 7 also exists with regard to the execution of an exchange (“substitution”) of securities assigned in connection with a Euro GC Pooling® Repo transaction.

For the procedure regarding deliveries and payments pursuant to Paragraph 1, the following deviating provisions apply:

The transfer of ownership regarding the securities to be delivered between the Clearing Members and Eurex Clearing AG and vice versa shall be carried out, depending on the account relevant for such transfer, pursuant to German law or pursuant to the laws of the Grand Duchy of Luxembourg and pursuant to the additional contracts having been used as basis by the parties.

e) Delivery with regard to Triparty Euro GC Basket Repo transactions:

In case of Triparty Euro GC Basket Repo transactions, the delivery instructions regarding existing delivery- and payment obligations shall be given by Eurex Clearing AG on basis of the securities to be delivered; such securities shall be selected by the Collateral Management System CmaX of Clearstream Banking S.A. pursuant to the applicable Collateral Management Service Agreements (for Collateral Givers/Receivers), and by the supplemental AutoAssign Supplement, in their current version. An obligation to grant authorization within the meaning of Chapter I Number 1.5 Paragraph 7 shall also exist with respect to the execution of an exchange ("substitution") of securities assigned in connection with a Triparty Euro GC Basket Repo transaction.

Regarding the procedure of deliveries and payments pursuant to Paragraph 1, the following applies:

All physical deliveries and payments shall be carried out directly between the Clearing Members and Eurex Clearing AG and respectively between Eurex Clearing AG and the Clearing Members to be delivered (delivery versus payment) on the settlement day. The physical deliveries shall be executed via the securiy depositories of Eurex Clearing AG held with Clearstream Banking S.A.;the payment shall be executed via the respective cash settlement account of Eurex Clearing AG with Clearstream Banking S.A.

The transfer of ownership regarding the securities to be delivered between the Clearing Members and Eurex Clearing AG and vice versa is executed pursuant to the laws of the Grand Duchy of Luxembourg and pursuant to the Collateral Service Agreements taken as basis by the parties.

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2.4 Performance

(1) A delivery obligation arising out of a Eurex Repo Transaction can only be satisfied by the respective underlying securities.

(2) Eurex Clearing AG shall deliver the securities due for delivery to the Clearing Members entitled to delivery.

(3) Provided that for the fulfilment of delivery obligations of originally transferred or assigned securities, which have been transferred, within the context of the Term Leg of an Euro GC Pooling® or Triparty GC Basket Repo transaction, have been substituted during the term of the transaction, these securities shall apply as underlying to the Eurex Repo transaction for the fulfillment of delivery obligations.

(4) Paragraphs 1 to 3 shall apply to the legal relationship between General Clearing Members or Direct Clearing Members and their Non-Clearing Members mutatis mutandis.

2.5 Payment of Interests (Coupon Compensation)

If interests are paid on the underlying security during the term of a Eurex Repo Transaction, e.g. during the Purchase Agreement and the Repurchase Agreement, Eurex Clearing AG shall arrange for the credit of the accrued amount of interests to the Clearing Member which has sold the respective securities. Besides, Eurex Clearing AG shall arrange for the charge of an amount equal to the amount of interests to the Clearing Member which has purchased the respective securities. Cash settlement shall be made through the account of the Clearing Members involved with the Central Bank of Germany - Main Office in Frankfurt / Main, with Euroclear Bank S.A./N.V. in Brussels or with Clearstream Banking Luxembourg S.A. In case of Euro GC Pooling Repo transactions, the respective compensation payments shall be initiated on behalf of Eurex Clearing AG through the respective relevant Collateral Management systems pursuant to the applicable provisions and contracts. As far as securities which have been assigned in the course of a Triparty Euro GC Basket Repo transaction are concerned, the compensation shall immediately executed by Clearstream Banking S.A. pursuant to the applicable Collateral Management Service Agreements.

2.6 Default

(1) Default in delivery shall be governed by the following procedure:

a) Default on the delivery day of the Front Leg:

In the event that a Clearing Member which is obligated to deliver fails to transfer the underlying securities on the delivery day of the Front Leg of the respective Eurex Repo Transaction and pursuant to the instructions of Eurex Clearing AG, Eurex Clearing AG shall be entitled and, on request of the Clearing Member which did not receive delivery in a timely manner, obligated to set the present business day, at the latest the delivery day of the Term Leg, as an advanced repurchase date of the Term Leg. As a consequence thereto, the mutual obligations arising out of the Eurex Repo Transaction which had originally been agreed upon shall be offset against each other so that the parties, with the exception of the Repo interests agreed upon, do not owe each other any further payment or delivery. The payable Repo interests shall be calculated on the basis of the period of default, in each case for the period from the purchase date (inclusive) until the business day to which the Term Leg was advanced (exclusive).

At the same time, Eurex Clearing AG shall be entitled to set an earlier date as repurchase date for the Term Leg of the equivalent Eurex Repo Transaction concerned between Eurex Clearing AG and the Clearing Member which did not receive delivery from Eurex Clearing AG in a timely manner; the legal consequence thereof will be the same as described above. In connection with the delivery of Euro GC Pooling® Repo transactions the procedure pursuant to Clause 1 to 4 shall apply, if the Clearing Member obliged to deliver shall not dispose of the necessary bulk of securities, which are admissible for the delivery in the respective basket, on delivery day in its named collateral pool ~~within the Collateral Management System Xemac®~~. Eurex Clearing AG shall be, if necessary, informed of this matter by Clearstream Banking AG. Clause 1 to 4 shall also apply in the event the Clearing Member obligated to deliver in connection with the delivery of Triparty Euro GC Basket Repo transactions does not possess a sufficient amount of securities on its accounts serving as securities' source accounts for the Collateral Management Service Agreement CmaX on the delivery day; such securities being allowed for delivery in the respective basket. Eurex Clearing AG shall be notified thereof by Clearstream Banking AG.

b) Default on the delivery day of the Term Leg

In the event that a Clearing Member which is obligated to deliver fails to deliver the underlying securities on the delivery day of the Term Leg of the respective Eurex Repo Transaction and pursuant to the instructions of Eurex Clearing AG, Eurex Clearing AG shall be entitled and, on request of the Clearing Member which did not receive delivery in a timely manner, obligated to make a replacement purchase with respect to the undelivered securities as from the fifth day following the delivery date of the Term Leg and to deliver these to the Clearing Member which did not receive delivery in a timely manner. Eurex Clearing AG may determine at its complete discretion how replacement purchases of securities are to be made and up to which maximum purchase price such securities may be purchased.

(2) Measures set forth in Paragraph 1 shall be binding on and accepted by the Clearing Member which did not receive delivery in a timely manner.

(3) Any costs arising from the measures taken in accordance with Paragraph 1 must be paid by the defaulting Clearing Member.

(4) The right to claim further damages shall be excluded for Eurex Clearing AG as well as for the Clearing Member which did not receive delivery in a timely manner.

(5) Furthermore, Chapter I Number 7.1 respectively 7.2 shall apply for delay or technical delay.

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