X-pand into the Future

e u r e x *circular 010/05*

Date: Frankfurt, January 20, 2005
Recipients: All Eurex members and vendors
Authorized by: Daniel Gisler

⚠ **Action Required** ⚠ **High Priority**

New Products in the Clearing Services for Eurex Bonds and Eurex Repo

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

Summary:

In agreement with Eurex Bonds GmbH and Eurex Repo GmbH, Eurex Clearing AG has admitted the following bonds types to clearing:

- Euro-denominated corporate bonds of European issuers
- Euro-denominated covered bonds of European issuers
- Bonds of the European Investment Bank (EIB) held in international central security depository

An updated list of product ISINs (product codes) for bonds can be downloaded from the Eurex website.

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www.eurexchange.com/clearing/overview/introduction.html

Delivery of the newly admitted securities will be made, primarily, via the following accounts:

- 6-series accounts of Clearstream Banking Frankfurt
- Clearstream Banking Luxembourg
- Euroclear Banking Brussels

If the securities are German issues held in collective safe custody, they will be settled, as before, via Clearstream Banking Frankfurt as well.

In line with the introduction of the new bonds to the clearing services of Eurex Clearing AG, margin parameters have also been updated as these reflect the potential price changes to the bond values. The potential price changes will now be deduced from the risks of the interest rate curve and the credit risk of individual bonds. By means of the duration, the interest rate risks will be transferred to the bond price changes. Credit risks will be calculated on the basis of the respective interest rate curve of the underlying rating by means of the classic credit yield risk model. Thus, bonds with a top rating (AAA, for example) will be subject to a cross margining with interest rate futures of the BUBO margin group.

A list of bond margin parameters is available for download from the Eurex website under the path:

www.eurexchange.com/clearing/marketinformation/marginparameters/parameters_overview.html.

Frankfurt, January, 20, 2005

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