X-pand into the Future

e u r e x *circular 128/01*

Date: Frankfurt, 28 December, 2001
Recipients: All Eurex Clearing Members and Vendors
Authorized by: Jürg Spillmann

High Priority

Modified Clearing Conditions Following the Extension of the Range of Products Tradable at Eurex Bonds GmbH and Admission to Clearing at Eurex Clearing AG

Related Eurex Bonds Circulars: No. 47/01

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Content may be most important for:	**Attachments:**
➲ Front Office / Trading ➲ Middle + Back Office ➲ Revision / Security Coordination	Revised sections of the Clearing Conditions for Eurex Clearing AG

Following the expansion of the range of products tradable at Eurex Bonds GmbH, the Management Board of Eurex Clearing AG in its meeting on 12 December, 2001 has made the decision to extend clearing to the following products according to the offer available for trading at Eurex Bonds. With effect from 3 January, 2002, clearing will include:

- selected fixed-interest debt securities of States within the Federal Republic of Germany ("German State Bonds"), denominated in euro, as published by Eurex Bonds GmbH, and fixed-interest debt securities of supranational institutions as well as debt securities of state agencies, denominated in euro, with a minimum issuing volume of 2 billion euro. Furthermore, such debt securities must have been entered into collective safe custody with Clearstream Banking AG, Frankfurt, and rated AA- or higher pursuant to Standard & Poor's Rating Services Inc., or Aa3 or higher pursuant to the rating of Moody's Investors Services Inc.
- selected fixed-interest debt securities of German mortgage banks or credit institutions under German public law ("Mortgage Bonds"), denominated in euro, as published by Eurex Bonds GmbH, with a minimum issuing volume of 1 billion euro. Furthermore, such Mortgage Bonds must have been rated AA- or higher pursuant to Standard & Poor's Rating Services Inc., or Aa3 or higher pursuant to the rating Moody's Investors Services Inc.

The revised sections of the Clearing Conditions for Eurex Clearing AG are attached.

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Clearing Conditions for Eurex Clearing AG

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II Chapter
Clearing of Transactions at Eurex Bonds GmbH

1 Part

General Provisions

1.1 Subpart

Clearing Licenses

1.1.1 Granting of Clearing Licenses

A Clearing License is required in order to participate in Clearing in respect of the transactions in fixed-interest debt securities carried out at Eurex Bonds GmbH (hereafter referred to as "Eurex Bonds-Transactions"); Eurex Clearing AG shall grant such License upon written application. In all other respects, Chapter I subsection 1.1.1 paragraphs (2) and (3) shall apply mutatis mutandis. Upon request, central banks indicated by Eurex Clearing AG may be released wholly or partially from the obligation to meet the requirements pursuant to sentence 1 and Chapter II subsection 1.1.2.

2 Part

Settlement of Transactions at Eurex Bonds GmbH

2.1 Subpart

Settlement of Eurex Bonds-Transactions

Eurex Clearing AG shall carry out the Clearing of transactions effected at Eurex Bonds GmbH („Eurex Bonds-Transactions“) to the extent the securities on which such transactions are based:

(1) are fixed-interest debt securities of the Federal Republic of Germany or of the Treuhandanstalt, denominated in Euro, or

(2) are fixed-interest debt securities of the States within the Federal Republic of Germany („German State Bonds“), denominated in Euro, which have been selected and published by Eurex Clearing AG, and fixed-interest debt securities of supranational institutions as well as debt securities of state agencies, denominated in Euro, with a minimum issuing volume of EUR 2 billion. Furthermore, such debt securities must have been entered into holding in collective safe custody at Clearstream Banking AG, Frankfurt and must have been rated AA- or higher pursuant to the rating agency Standard & Poor’s Rating Services Inc. or Aa3 or higher pursuant to the rating agency Moody’s Investors Services Inc., or

(3) are fixed-interest debt securities of private mortgage banks or of credit institutions under public law (“Mortgage Bonds”), denominated in Euro, which have been selected and published by Eurex Clearing AG, with a minimum issuing volume of EUR 1 billion. Furthermore, such Mortgage Bonds must have been rated AA- or higher pursuant to the rating agency Standard & Poor’s Rating Services Inc. or Aa3 or higher pursuant to the rating agency Moody’s Investors Services Inc.

2.1.1 General Provisions

(1) Eurex Clearing AG shall be a contracting party to all deliveries and payments arising out of the settlement of Eurex Bonds-Transactions.

(2) …

(3) …

2.1.2 Daily Settlement

(1) For each delivery of securities not yet performed and resulting from Eurex Bonds-Transactions, profits and losses will be determined on the business day concerned and set off against the collateral provided. For all deliveries not yet performed, the amount of the collateral to be provided shall equal the difference between the price at which the transaction was concluded and the daily settlement price for such business day.

(2) …

2.1.3 Margin Requirements

(1) The basic provisions for margin requirements with respect to positions in securities resulting from Eurex Bonds-Transactions are set forth in Chapter I subsection 1.3.1, par. 1, 2, 4 and 5, and subsections 1.3.3 through 1.3.5. In addition thereto, paragraphs (2) to (4) shall apply.

(2) …

(3) …

(4) …

2.1.4 Default in Delivery or Payment

(1) In the event that a Clearing Member which is obligated to deliver fails to deliver the securities sold by it by way of a Eurex Bonds-Transaction on the value date and pursuant to the instructions of Eurex Clearing AG, Eurex Clearing AG shall be entitled or, 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 business day following the value date 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) …

(3) …

(4) …

(5) …