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Date: Frankfurt, 03 April, 2002
Recipients: All Eurex Clearing members and vendors
Authorized by: Peter Reitz

Central Counterparty – CCP Circular 09/02

Contact: Functional Member Readiness: Tel. +49 69-2101-1700

Content may be most important for:	**Attachments:**
➲ Central Counterparty Coordinators	CCP Circular 09/02 (English/Deutsch) CCP - Clearing Guideline (English/Deutsch)

Please find attached a copy of the Central Counterparty Circular 09/02 sent to FWB members and vendors recently.

The attached Clearing Guideline provides a detailed description of the requirements and process for CCP admission.

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CCP Circular 09/02

Deutsche Börse

To the FWB Members, Xetra® Members and Vendors

Recipients: Project Coordinators

Central Counterparty – CCP
Clearing Guideline

March 28, 2002

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Dear Sir or Madam,

We are sending you attached the document ‘Clearing Guideline‘. This document gives a detailed description of the requirements and steps of the process of admission to the CCP. This information is significant for trading members as well as for future Clearing Members and settlement institutions.

We would ask you to forward the attached documents to the relevant departments in your institution.

Should you have further questions or need additional information, the Change Management Team CCP is available at

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Yours faithfully
On behalf of the Management

Jens Hachmeister

Christian Ochsner

Enclosure

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Central Counterparty for Equities (CCP)

Clearing Guideline

Contents

1	**Introduction**	**4**
2	Requirements on Trading Members who do not Operate Clearing	**6**
2.1	Standard Agreement	**6**
2.2	Settlement Agreement	**6**
2.3	Checklist	**7**
3	Requirements on Clearing Members for Equity Transactions	**8**
3.1	Permit of Supervisory Authority	**8**
3.2	Proof of Equity Capital	**9**
3.3	Clearing Fund	**10**
3.4	Clearing Agreement	**10**
3.5	Pledged Securities Account	**10**
3.6	Account for Margin Requirements	**11**
3.6.1	Account at a State Central Bank (LZB)	11
3.6.2	Account at the Swiss National Bank (SNB)	11
3.7	Technical Connection	**12**
3.8	Security Coordinator	**13**
3.9	User ID	**13**
3.10	Appropriate Back-Office Organization	**13**
3.11	Qualified Back-Office Staff	**13**
3.12	Participation from Abroad	**13**
3.12.1	Agreement with an Exchange Participant having its headquarters outside Germany	14
3.12.2	Mail Receipt Authority	14
3.13	Special Requirements for Clearing for Brokers	**14**
3.14	Special Requirements in Case of External Settlement	**14**
3.14.1	Application for Recognition of a Custodian Institute	14
3.14.2	Settlement Agreement	15
3.14.3	Securities Settlement Account	15
3.15	Checklist	**15**
4	Requirements on Custodian Institutes	**19**
4.1	Account for Cash Settlement	**19**
4.2	Securities Settlement Account	**19**
4.3	Technical Connection	**20**
4.4	Security Coordinator	**20**
4.5	Appropriate Back-Office Organization	**20**
4.6	Qualified Back-Office Staff	**21**

4.7	Checklist	**21**
5	Accompanying Documentation	**23**
6	Support by Deutsche Börse AG and Eurex Clearing AG	**25**
7	List of Abbreviations	**26**

1 Introduction

This guideline is intended for use by companies who, within the framework of the introduction of the CCP, adapt their clearing and settlement process for clearing by Eurex Clearing AG. Based on this new process, the requirements on Participants are described below:

Clearing of security transactions cannot be considered as a separate exercise, but only in conjunction with the process as a whole. The total process of a security transaction includes trading, clearing, and settlement. Special requirements as a result of clearing via Eurex Clearing AG also apply to trading and settlement. This guideline is subdivided into

- Requirements on Trading Members who do no operate clearing
- Requirements on Clearing Members for equity transactions
- Requirements on custodian institutes

A Clearing Member which provides the settlement of securities, is, pursuant to the definition above, also a custodian institute.

Depending on which functions of the total process of a security transaction are taken over by a company, the respective chapters in the overview below will have to be considered:

Operated Functions	Requirement on a Trading Member who does not operate clearing	Requirements on a Clearing Member	Requirements on Custodian Institutes
Trading	X		
Trading + Clearing		X	
Trading + Settlement	X		X
Trading + Clearing + Settlement		X	X
Clearing		X	
Clearing + Settlement		X	X
Settlement			X

The present document in focused on Clearing Members. Thus, in particular, the current guideline provides an overview on the evidence required for granting an “Equity Clearing License” (for equities traded on Xetra or on the FWB floor).

Eurex Clearing AG makes the distinction between different clearing licenses:

- “Equity Clearing License”: Clearing license which entitles the holder to clear equity transactions (performed at Xetra or on the FWB floor)
- “Derivatives Clearing License”: Clearing license which entitles the holder to clear derivatives transactions (performed at Eurex)

- "Bonds Clearing License": Clearing license which entitles to the clearing of bond transactions (performed at Eurex Bonds GmbH)
- "Repo Clearing License": Clearing license which entitles the holder to clear Repo transactions (performed at Eurex Repo GmbH).

The current document gives a detailed description of all requirements to be fulfilled for obtaining an "Equity Clearing License". For obtaining any other clearing license, reference should be made to the respective separate documentation which can be found on the Eurex web-site (www.eurexchange.com) under "Clearing".

For equity clearing at the FWB cash market, Eurex Clearing AG will act as the Central Counterparty. This means that the clearing process on the cash market (equity clearing) will be brought into line with the clearing process on the derivatives market (Derivatives Clearing).

There are a number of possibilities for participation in equity clearing on the cash market:

- General Clearing Member (GCM)

  A General Clearing Member is entitled to clearing its own transactions and customers' transactions, as well as transactions of Participants without a clearing license

- Direct Clearing Member (DCM)

  A Direct Clearing Member authority is entitled to clearing its own transactions, customers' transactions and transactions of affiliated Participants without a clearing license.

  Securities trading institutions within the meaning of Section 1 para. 3d of the German Banking Act (KWG) are entitled only to clearing own transactions and customers' transactions.

Legal basis for participation at Eurex are the Eurex Rules and Regulations which can be found on the Eurex Internet page (www.eurexchange.com).

2 Requirements on Trading Members who do not Operate Clearing

Trading Members who do not operate clearing are Participants, such as financial institutions, financial services institutions and credit institutions which trade CCP-relevant securities on the Xetra trading platform and/or on the floor of Frankfurter Wertpapierbörse (FWB). Trading Members who do not operate clearing, do not participate directly in clearing and settlement via Eurex Clearing AG. These services are provided by an Clearing Member, which may as well make use of a custodian institute.

2.1 Standard Agreement

The Trading Member who does not operate clearing (Non-Clearing Member, NCM) must select an authorized Clearing Member for equity transactions (GCM or DCM[1]). Following selection, a standard agreement has to be signed between the Trading Member, GCM and Eurex Clearing AG, or the Trading Member, DCM and Eurex Clearing AG.

Brokers must also sign an NCM/GCM or NCM/DCM agreement. The selected Clearing Member or its custodian institute must act as the custodian for the broker.

2.2 Settlement Agreement

In addition the Trading Member must sign one of the following agreements with a custodian institute in order to guarantee the settlement of those securities which are not covered by the CCP (to the extent that a Trading Member does not settle its transactions on its own):

- Declaration of settlement (to be signed by the Trading Member and a custodian institute), or
- Clearing bank agreement (to be signed by the Trading Member, a custodian institute and Deutsche Börse AG)

If the selected custodian institute is not identical with the selected Clearing Member, the custodian institute must be the one for which the selected Clearing Member has submitted an application for approval. (See 3.13.1):

Brokers shall sign an agreement with their custodian as to:

- Daily netting of price differences
- Monthly netting of brokerage fees
- Corporate actions accrued on brokers' open transactions
- Automatic closing of open transactions in a CCP instrument against the custodian (at exchange locations where the CCP has been introduced)
- Closing of the broker's proprietary transactions in a CCP instrument against the custodian

[1] not a securities trading institutions

2.3 Checklist

Chapter	Evidence	Provided on:
2.1	Standard agreement	
2.1 a	Agreement between Trading Member, GCM, or DCM and Eurex Clearing AG	
2.2	Settlement agreement	
2.2 a	Declaration of settlement or clearing bank agreement between Trading Member, the custodian institute and Deutsche Börse AG	
2.2 b	Only brokers: Custodian agreement	

3 Requirements on Clearing Members for Equity Transactions

A Clearing Member for equity transactions is entitled to clear securities transactions. Additionally it is responsible for the fulfillment in due time of all payment and delivery obligations arising from security transactions. Clearing Members control the risk management (risk-based margining) and the securities management (Collateral Management).

If a Clearing Member performs the settlement of securities, it also acts, according to the present definition, as a custodian institute. (For requirements see Chapter 4)

Pursuant to the Clearing Conditions of Eurex Clearing AG, the following institutes may apply for an "Equity Clearing License":

- Any institute domiciled in a country of the European Union or in Switzerland
- Any branch of institutions within the meaning of Sections 53, 53b or 53c KWG
- Any branch within the meaning of Art. 2 paragraph 1 of the Swiss Federal Banking and Savings-Bank Act in connection with Section 1 et seq. of the Regulation of the Swiss Banking Commission (Eidgenössische Bankenkommission) concerning Foreign Banks in Switzerland,
- Other branches domiciled in a country of the European Union ("host member state") the respective main office of which (financial institution, securities trading institution) is domiciled in a country of the European Union ("home member state")

The "Equity Clearing License" shall be granted by Eurex Clearing AG upon written application and observation of the requirements specified in the following:

3.1 Permit of Supervisory Authority

Institutes domiciled in a country of the European Union or in Switzerland shall provide evidence by means of a confirmation of the respective supervisory authority of the home member state that

- they have been admitted by the respective authorities of their home member state
- the admission includes the operation of custodian services, lending business and the receipt of collateral in the form of securities and cash[2],
- the institute is supervised by the respective authorities according to the provisions of the European Union or, if domiciled in Switzerland, is licensed by the Swiss Banking Commission,

Branches domiciled in a country of the European Union ("host member state") the respective main office of which (financial institution, securities trading institution) is domiciled in a country of the European Union ("home member state") shall provide evidence, by presenting a confirmation of the respective national supervisory authority, that

[2] Exception: Securities trading institutions which apply for a "Direct Clearing License" for the clearing of proprietary transactions and customer transactions, but which do not clear transactions of Exchange Participants without a clearing license

- the respective main office has been licensed by its national supervisory authority for the operation of custodian services, lending business and the receipt of collateral in the form of securities and cash
- is under appropriate supervision
- there are no legal restrictions in the home member state for branches of institutions domiciled in a country of the European Union to establish subsidiaries abroad;
- a notification procedure has been completed in the host member state

3.2 Proof of Equity Capital

The applicant must provide evidence supported by a certified public accountant's affirmation of the level of its liable equity capital (or equivalent own funds) amounting to

- EUR 25 Mio. for a "General Clearing License"
- EUR 2,5 Mio. for a "Direct Clearing License"

Equity capital for which the applying institution has already provided evidence when applying for a clearing license for other clearing transactions shall not be considered

For institutions which do not fall within the scope of the KWG, the respective own funds which correspond to the liable equity capital, apply.

The liable equity capital or equivalent own funds shall be calculated in accordance with the legal provisions in force in the country in which the institution is domiciled. Evidence of the amount of the liable equity capital or the equivalent own funds shall be provided to Eurex Clearing AG together with the application, as well as upon request at any time during the Clearing Membership.

Should the applying institution have insufficient liable equity capital or equivalent own funds, Eurex Clearing AG may determine that the shortfall may be made up by a bank guarantee and/or collateral in cash or securities.

The bank guarantee shall be furnished by a bank, domiciled in the European Union or Switzerland, recognized by Eurex Clearing AG. The applying institution and the bank which furnishes the guarantee must be different legal entities. The form and extent of an admissible group relation between the applying institution and the bank which furnishes the guarantee shall be determined by Eurex Clearing AG. The bank guarantee shall contain the bank's unconditional and irrevocable obligation to provide for payment of the guaranteed amount into an account indicated by Eurex Clearing AG upon its first demand. The type, contents and form of the bank guarantee shall be determined by Eurex Clearing AG.

Cash margin may be provided in different currencies. The Executive Board of Eurex Clearing AG shall determine in which currencies cash margin will be accepted (for detailed information about the conditions of the provision of cash margin see the Clearing Conditions of Eurex Clearing AG).

Securities collateral shall be provided via transfer of ownership by way of security or assignment for security purposes into safe custody with Clearstream Banking AG or SegaInterSettle AG to be determined by Eurex Clearing AG.

3.3 Clearing Fund

Each Clearing Member has to submit a guarantee and/or collateral in securities or cash as its contribution to the Clearing Fund of Eurex Clearing AG. This can be in the form of a guarantee provided by a credit institution recognized by Eurex Clearing AG and based in a country of the European Union or Switzerland.

The regulations for the provision of margin by means of bank guarantee, cash or securities as specified in Chapter 3.2 shall apply accordingly for the contribution to the Clearing Fund.

The amount of the contribution to be provided by each Clearing Member may be determined on an individual basis by Eurex Clearing AG. Currently, the contribution amounts to

- EUR 5 Mio. for a “General Clearing License”
- EUR 1 Mio. for a “Direct Clearing License”

Any contribution to the Clearing Fund which has already been paid for other clearing licenses shall not be taken into consideration.

3.4 Clearing Agreement

Both Eurex Clearing AG and the applying institution must sign a General or Direct Clearing Agreement (standard agreement).

A one-time admission fee of EUR 50,000.00 for clearing at Eurex Clearing AG has to be paid. This fee is payable in advance and is independent of the number of clearing licenses for which application is made. This means that Participants which already hold, for example, a “Derivatives Clearing License” will not have to pay again the admission fee.

The annual fee for participating in clearing at Eurex is EUR 25,000.00. The fee is as well independent of the number of clearing licenses held. No distinction is made between GCM and DCM Participants with regard to clearing fees.

3.5 Pledged Securities Account

A pledged securities account will have to be opened up at Clearstream Banking AG, Frankfurt, or SegaInterSettle AG, Zurich, for pledging collateral in securities.

Members of Clearstream Banking AG, Frankfurt, can handle their risk management by means of the Xemac System (inter alia, near-real time instructions). For more details, contact Xemac-Infoline +49 69 2101-1410 or the e-mail addresseinfo@xemac.de.

3.6 Account for Margin Requirements

The Clearing Member must hold an account at a State Central Bank (Landeszentralbank, "LZB") within the Federal Republic of Germany or an account at the Swiss National Bank (Schweizerische Nationalbank, "SNB") (depending on whether the pledged securities account is held at Clearstream Banking AG, Frankfurt, or SIS SegaInterSettle AG, Zurich) for satisfying margin requirements in cash.

A direct debit order must be given for this account for permitting Eurex Clearing AG to charge debit entries directly to this account and transfer the respective amount onto the account of Eurex Clearing AG.

3.6.1 Account at a State Central Bank (LZB)

Applying institutes from Germany must hold an own account at one of the State Central Banks in Germany; applying institutes from Switzerland or countries of the European Union may execute cash settlement in euro via a correspondent bank.

For foreign banks and securities trading institutions the LZB account will be kept on a non-borrowing basis only. It is not possible to allow a credit line for refinancing or recourse to an intraday credit.

The account may be covered by an account at another national bank via the TARGET system or via a correspondent bank which keeps an account at one LZB. Cover will have to be provided by 8:00 a.m. (CET).

Whereas account keeping for banks is free of charge, securities trading institutions will have to pay a monthly fee of EUR 15.34. However, all account holders will also be charged a transaction fee of EUR 3.80 (e.g. for each transfer).

Contact persons at LZB Frankfurt are Mr. Schwarz (Tel. +49 69 2388-2700), Mr. Alban (Tel. +49 69 2388- 2802) and Mr. Schoeppe (Tel. +49 69 2388-2701)

3.6.2 Account at the Swiss National Bank (SNB)

Applying institutes from Switzerland must hold an own account at the SNB; applying institutes from Germany or other countries of the European Union may execute cash settlement in CHF via a correspondent bank.

Account opening applications for the SNB can be requested in writing at SNB or will be provided by Eurex Clearing AG. After completing and signing the applications and the required evidence, these will have to be forwarded directly to SNB.

Apart from the so-called main account at SNB, a settlement account at Swiss Interbank Clearing (SIC) will be opened for each Participant. All cash movement in CHF to and from Eurex Clearing AG will be carried out by automatic debit or credit on this SIC settlement account. A Clearing Participant will have its own SIC access through which it can perform all CHF transactions on its own. For further information, please see the SIC web-site www.sic.ch.

3.7 Technical Connection

For risk management on the basis of the Risk-Based Margining (RBM) system of Eurex Clearing AG a Clearing Member for equity transactions needs a Eurex connection and infrastructure. Furthermore, a Xetra infrastructure is required and/or a XONTRO connection (depending on the support given to the Participant).

Connection to Eurex

A Clearing Member will be connected via the existing Eurex infrastructure. For a new connection to Eurex in order to participate in the CCP, there are three possible alternatives:

- Premium: Double connection by means of two dedicated lines
- Combined: Double connection by means of one dedicated line and one back-up Internet connection
- iAccess: Single (or double) connection by means of the Internet (via Gate/MISS)

For the (new) technical connection to the Eurex infrastructure the applying institute must order the data transmission lines with Eurex Clearing AG, submitting a duly completed "System Configuration Questionnaire" for approval.

For a detailed overview of the Eurex price and fee model, please see the Eurex Internet pages (www.eurexchange.com) under "Clearing".

A detailed description of the Eurex infrastructure can be found in the document "Common Front End Sizing Guidelines"[3] (www.eurexchange.com) under „info for members".

Connection to Xetra

The Clearing Member will be connected via the existing Xetra infrastructure. For the connection of the applying institution to Xetra, there are four possible alternatives:

- Premium 1: Double connection by means of two dedicated lines
- Premium 2: Double connection by means of one dedicated line and one back-up Internet connection
- iAccess: Single (or double) connection by means of the Internet (via Gate/MISS)
- @Xetra: Workstation connection via the Internet whereby a browser gives access for a Participant without a MISS

For the technical connection to the Xetra infrastructure the applying institute must order the data transmission lines with Eurex Clearing AG, submitting a duly completed "System Configuration Questionnaire" for approval.

For a detailed overview of the Xetra price and fee model, please see the Internet pages of Deutsche Börse (www.xetra.de) under "Admission".

Detailed descriptions of the Xetra infrastructure can be found in the documents „Technical Description Xetra Release 6.5"[3] and „GATE 3.0, Sizing Guidelines"[3+4]. These documents can be found on the Internet pages of Deutsche Boerse AG (www.xetra.de) in the "members only" section.

[3] During the course of this year, these documents will probably be replaced by "Technical Description Xetra Release 7.0" and "Gate 3.1 Sizing Guidelines".

Connection to XONTRO

For the connection to Xontro secure reception must be guaranteed for settlement notes file transfers. A description of the XONTRO connection can be found on the Internet pages www.xontro.de. under “Products > XONTRO > Documentation”.

3.8 Security Coordinator

It is the responsibility of each Clearing Member for equity transactions to grant access rights to the Eurex system for each user. This is the task of the Security Coordinator who has his own user ID. The definition of the access rights comprises, above all, the assignment of access levels to the different system functions. For compliance reasons, this task must not be undertaken by a trader or any back-office staff member.

3.9 User ID

For each person who should have access to the Eurex system the applying institute must specify and apply for a personal user ID. This personal user ID must not be used by any other person.

3.10 Appropriate Back-Office Organization

Each Clearing Member shall use appropriate technical equipment (back-office installation) in order to guarantee a correct recording, accounting and supervision of all transactions as well as margin requirements and the calculation of margin requirements vis-à-vis its client (clearing obligations).

The Clearing Member shall submit a description of its back-office organization and the employed back-office software.

3.11 Qualified Back-Office Staff

In the back office of the Clearing Member, at least one sufficiently qualified member of staff is required, who must be present and available at any time during the trading time. Sufficient qualification shall be presumed if he or she has taken part in the CCP system training offered by Eurex Clearing AG and has successfully passed the test contained therein.

3.12 Participation from Abroad

Applying institutions domiciled outside the Federal Republic of Germany will have to submit the additional forms and evidence to Eurex Clearing AG as specified below:

[4] The document “GATE 3.0, Sizing Guidelines” (to be found on www.xetra.de is identical with the document “Common Front-End Sizing Guidelines (to be found on “www.eurexchange.com)

3.12.1 Agreement with an Exchange Participant having its headquarters outside Germany

This agreement must be signed by all Participants domiciled outside the Federal Republic of Germany or Switzerland in order to ensure that Eurex is able to supervise and conduct audits to determine compliance with the Eurex Rules and Regulations. Such audits specifically exclude inquiries concerning customer-relevant data.

3.12.2 Mail Receipt Authority

Applying institutions domiciled outside the Federal Republic of Germany must authorize an agent resident in the Federal Republic of Germany to receive correspondence in order to ensure that acts of service may be conveyed with legal effect within the Federal Republic of Germany. Naturally, any correspondence in the course of daily business will be directed to the clearing member's address. Should service not be possible using this method, other arrangements must be in place to effect valid service within the territory of the Federal Republic of Germany pursuant to the German Act on Effecting Service (Zustellungsgesetz). The authorized agent has to countersign the Mail Receipt Authority form on the bottom to acknowledge and confirm the necessary acceptance.

3.13 Special Requirements for Clearing for Brokers

If a Clearing Member clears for brokers, the Clearing Member or its custodian institute shall also act as the broker's custodian. For this purpose, admission is required for all exchange locations of the respective broker (a separate account number at Clearstream Banking AG, Frankfurt, for each location).

3.14 Special Requirements in Case of External Settlement

If a Clearing Member uses a custodian institute which settles the transactions performed by this Clearing Member via own accounts or accounts of third parties (external settlement), the additional requirements specified in the following have to be satisfied:

3.14.1 Application for Recognition of a Custodian Institute

A Clearing Member, which intends to have its transactions settled by a custodian institute via the accounts of such institute or of third parties, must submit a written application to Eurex Clearing AG for the recognition of one or more custodian institutes. Only one custodian institute may be nominated per Participant.

3.14.2 Settlement Agreement

If a Clearing Member uses a custodian institute to settle its transactions via own accounts or those of third parties, an agreement will have to be signed between the Clearing Member, the custodian institute and Eurex Clearing AG. This standard agreement regulates the rights and obligations or the liability of the different parties.

3.14.3 Securities Settlement Account

The Clearing Member must provide evidence of a securities account at Clearstream Banking AG, Frankfurt (CBF), either its own, that of a custodian institute or that of a third party (in the last two cases, the respective direct debit orders and powers of attorney must be enclosed). This will take place, in general, by means of a confirmation by Clearstream Banking AG, Frankfurt (see also Chapter 4.2 in this respect).

Furthermore, Eurex Clearing AG must be authorized to give delivery instructions to the appropriate central depository by means of a corresponding power of attorney.

3.15 Checklist

Chapter	Evidence	Provided on:
3 a	Application for granting an Equity Clearing License	
3.1	Confirmation of admission of supervisory authority	
3.1 a	<u>For institute domiciled in a country of the European Union or in Switzerland:</u> • Certified copy by the supervisory authority of the admission to carry out custody and lending business and to receive collateral in form of securities or cash • Confirmation of supervision pursuant to the regulations of the European Union or the Swiss Banking Commission	
3.1 b	<u>For branches domiciled in a country of the European Union:</u> • Certified copy by the supervisory authority of the admission to carry out custody end lending business and to receive collateral in form of securities or cash • Confirmation of supervision • Confirmation that no legal restrictions to establish subsidiaries abroad exist • Confirmation that notification procedure has been completed	

3.2	Proof of equity capital	
3.2 a	Confirmation by a certified public accountant of the amount of liable equity capital	
3.2 b	If applicable, guarantee of a third party bank or collateral in cash or securities as substitute for evidence of own funds (for text, see form)	
3.2 c	If applicable, confirmation of compliance with obligations by German branch of a foreign bank	
3.2 d	Recent business report	
3.3	Clearing Fund	
3.3 a	Bank guarantee (for text see form) or collateral in cash or securities as contribution to the clearing fund	
3.4	Clearing Agreement	
3.4 a	General Clearing Agreement or Direct Clearing Agreement (standard agreement, in duplicate)	
3.5	Pledged securities account	
3.5 a	Details of pledged securities account at Clearstream Banking AG, Frankfurt, or SIS SegaInterSettle AG, Zurich	
3.5 b	Confirmation from Clearstream Banking AG, Frankfurt, or SIS SegaInterSettle AG of existence of pledged securities account	
3.6.1	Account at LZB	
3.6.1 a	If no account is set up: • Application for opening an LZB account • Agreement signed between the LZB and a financial institution/ business enterprise for issuing payment orders/credit transfers by fax (form sheet) • Agreement for automatic transfer of credits on current account (direct debit order) • List of authorized signatures of applying institute	
3.6.1 b	Evidence of an LZB account • Details of LZB account number • Copy of direct debit order to LZB for Eurex (Form)	

3.6.2	Account at SNB	
3.6.2 a	If applicable: • Application to open an SNB Account • Copy of power of attorney to SNB for Eurex (Form)	
3.6.2 b	Details of SNB account number	
3.7	Technical connection	
3.7 a	For (new) connection to Eurex: Order for connection of data lines (Form)	
3.7 b	For (new) connection to Eurex: System Configuration Questionnaire (Form)	
3.7 c	Application for connection to Xetra	
3.7 d	Application for connection to XONTRO	
3.8	Security Coordinator	
3.8 a	Definition of a Security Coordinator	
3.9	User IDs	
3.9 a	Application for User IDs	
3.10	Appropriate back-office organization	
3.10 a	Description of back office	
3.11	Qualified back-office member of staff	
3.11 a	Guaranteed presence of a qualified back-office member of staff during exchange trading hours	
3.12	Participation from abroad	
3.12.1	Agreement with an Exchange Participant having its headquarters outside Germany	
3.12.1 a	For companies domiciled outside the Federal Republic of Germany or Switzerland: Agreement with the Participant (Form in duplicate).	
3.12.2	Mail Receipt Authority	
3.12.2 a	For companies domiciled outside the Federal Republic of Germany: Evidence of having granted a mail receipt authority	
3.13	Special requirements for Clearing for Brokers	
3.13 a	Admission to all exchange locations of the respective broker	

3.14	Special requirements in case of external settlement	
3.14 a	Application for recognition of custodian institutes	
3.14 b	Settlement agreement between Clearing Participant, custodian institute and Eurex Clearing AG	
3.14 c	Details of securities account at Clearstream Banking AG, Frankfurt	
3.14 d	Confirmation by Clearstream Banking AG, Frankfurt, of existence of pledged securities account	
3.14 e	Power of attorney granted to Eurex Clearing AG by the owner of the used CBF account for issuing delivery instructions (Form)	

4 Requirements on Custodian Institutes

Custodian institutes execute the settlement of securities and cash. They essentially control Gross Delivery Management, the delivery process and the settlement. Responsibility vis-à-vis Eurex Clearing AG remains with the respective Clearing Member.

If a Clearing Member or Participant executes securities settlement itself, it will also act as a custodian institute according to the present definition.

A custodian institute can settle transactions of connected Clearing Members via its own accounts or third party accounts (=external settlement) or via the accounts of the respective Clearing Member (=internal settlement). In the latter case, the identification of the custodian institute will not appear externally.

4.1 Account for Cash Settlement

For cash settlement the custodian institute must hold an account at one State Central Bank in the Federal Republic of Germany or shall use the account of its Clearing Member or of a third party (in the last two cases the respective powers of attorneys must be submitted).

For this account at the selected LZB a direct debit order will have to be given so that the debit entries coming from Eurex Clearing AG can be charged directly to the LZB account and the respective amount transferred to the account of Eurex Clearing AG.

Eurex Clearing may permit accounts to be used at correspondent banks which have been recognized by Eurex Clearing AG for cash settlement.

For foreign banks and securities trading institutions, the LZB account will be kept on a non-borrowing basis only. It is not possible to allow a credit line for refinancing or recourse to intra-day credit.

The account may be covered by an account at another national bank via the TARGET system or via a correspondent bank which keeps an account at one LZB. Cover will have to be provided by 8:00 a.m. (CET).

Whereas account keeping for banks is free of charge, securities trading institutions will have to pay a monthly fee of EUR 15.34. However, all account holders will also be charged a transaction fee of EUR 3.80 (e.g. for each transfer).

Contact persons at LZB Frankfurt are Mr. Schwarz (Tel. +49 69 2388-2700), Mr. Alban (Tel. +49 69 2388- 2802) and Mr. Schoeppe (Tel. +49 69 2388-2701)

4.2 Securities Settlement Account

For the settlement of securities transactions the custodian institute must hold a securities account at one central depository recognized by Eurex Clearing AG (currently only Clearstream Banking AG, Frankfurt – CBF) or use the respective securities account of its Clearing Member or a third party (in the last two cases, the respective powers of attorney must be submitted).

In both cases, Eurex Clearing AG must be authorized, by granting the respective power of attorney to the respective central depository, to give delivery instructions.

Detailed information and application forms can be obtained from Clearstream Banking AG, Frankfurt, Tel. +49 69-2101-5884

4.3 Technical Connection

For Gross Delivery Management the custodian institute requires a connection to the CCP system of Eurex Clearing AG. For the delivery process and settlement a connection to Clearstream Banking AG, Frankfurt, is necessary.

The Participant's connection to the CCP system (and thus to the functions of Gross Delivery Management) can be realized by four different methods:

- Premium: Double connection via two dedicated lines (via GATE/MISS)
- Combined: Double connection via one dedicated line and a back-up Internet connection (via GATE/MISS)
- iAccess: Single (or double) connection via the Internet (via GATE/MISS)
- BrowserAccess / iBrowserAccess: Connection via one dedicated line (BrowserAccess) or via the Internet (iBrowserAccess), by which the Participant connects via a browser to a MISS installation operated by Eurex Clearing AG.

The custodian institute must order the necessary data lines with Eurex Clearing AG in good time.

For more detailed information about the technical connection, please se the document "Technical Release Notes" which, in turn, is described in Chapter 5.

4.4 Security Coordinator

It is the responsibility of each custodian institute to grant access rights to the Gross Delivery Management system for each user. This is the task of the Security Coordinator who has his own user ID. The definition of the access rights comprises, above all, the assignment of access levels to the different system functions. For compliance reasons, this task must not be undertaken by a trader or any back-office staff member.

4.5 Appropriate Back-Office Organization

Each custodian institute shall use appropriate technical equipment (back-office installation) in order to guarantee correct recording, accounting and supervision of all transactions.

The custodian institute shall submit a description of its back-office organization and the back-office software used.

4.6 Qualified Back-Office Staff

In the back office of the custodian institute, at least one sufficiently qualified member of staff is required, who must be present and available at any time during trading hours. Sufficient qualification shall be presumed if he or she has taken part in the CCP system training offered by Eurex Clearing AG and has successfully passed the test contained therein.

4.7 Checklist

Chapter	Evidence	Provided on:
4.1	Cash Settlement Account	
4.1 a	If no account is set up: • Application for opening an LZB account • Agreement signed between the LZB and a financial institution/business enterprise for issuing payment orders/credit transfers by fax (Form) • Agreement for automatic credit transfers on the current account (direct debit order) • List of authorized signatures of applying institute	
4.1.b	When using third party accounts: power of attorney	
4.1.c	Evidence of LZB account • Details of LZB account number • Copy of direct debit order to LZB for Eurex	
4.2	Securities Settlement Account	
4.2 a	Details of the securities Settlement account at Clearstream Banking AG, Frankfurt	
4.2 b	Confirmation from Clearstream Banking AG, Frankfurt of the existence of a securities settlement account	
4.2 c	Power of attorney, for issuing delivery instructions, granted to Eurex Clearing AG by the owner of the CBF account (Form)	

4.3	Technical Connection	
4.3 a	Order for connection of data lines (Form)	
4.3 b	System Configuration Questionnaire (Form)	
4.4	Security Coordinator	
4.4 a	Definition of a Security Coordinator	
4.5	Appropriate Back-office Organization	
4.5 a	Description of Back Office	
4.6	Qualified Back-office Member of Staff	
4.6 a	Guarantee of the presence of qualified member of staff during exchange trading hours	

5 Accompanying Documentation

Each document published in connection with the introduction of the CCP will be published on the Internet pages of Deutsche Börse AG (www.xetra.de) as well as on the Internet pages of Eurex (www.eurexchange.com). Both Xetra Central Circular Management as well as Eurex Circular Management will announce each publication in their circulars. Deutsche Börse AG strongly recommends to download the documents from the Internet at the appropriate publication dates.

All functional member documents are available in German and English. Technical documents will be issued exclusively in English.

Please find listed below the documents published up until the end of the first quarter 2002:

Basic Concept Central Counterparty
Contents: Overview of the features and essential functionalities of the CCP
Target Group(s) : General, Trading Contacts, Back Office, System Administrator, Project Coordinators

CCP – Member Activity Plan Q1 2002
Contents: Background information for the introduction of the CCP: scheduled necessary activities on the member side in the 1st quarter 2002 (Preparation)
Target Group(s): Project Coordinators

Member Activity Plan
Contents: Information of all necessary activities on member side, to ensure a successful introduction of the CCP
Target Group(s): Project Coordinators, Trading Contacts, Back Office, System Administrators

Legal Cornerstones
Contents: Overview of changes to the legal relationship with regard to the introduction of CCP Release 1.0
Target Group(s): Project Coordinators

Member Interface Specifications
Contents: Description of file-based CCP interfaces
Target Group(s): System Administration, System Developers

Values API Planning Version
Contents: Introductory description of Values API interfaces for development of the gross delivery management front-end application.
Target Group(s): System Administrators, System Developers

Technical Release Notes
Contents: Description of member-relevant technical changes in relation to the introduction of CCP Release 1.0
Target Group(s): Project Coordinators, System Administrators

Preliminary Functional Release Notes
Contents: Description of member relevant functional changes in connection with the introduction of CCP Release 1.0
Target Group(s): Project Coordinators, System Administrators, Trading Contacts and Back Office

Clearing and Settlement Structure
Contents: Description of the target model for the future clearing structure as well as functional, technical and legal aspects of main functionalities
Target Group(s): Project Coordinators, System Administrators, Trading Contacts and Back Office

A further communication plan will be published within the coming weeks. It will contain the following main documents:

Clearing Conditions of Eurex Clearing AG (Eurex Clearing Conditions)
Contents: Description of conditions for the participation in Clearing at Eurex Clearing AG
Target Group(s): Project Coordinators, Back-office Personnel, Management

FWB Terms and Conditions
Contents: Description of requirements and rules for participation in trading on FWB
Target Group(s): Project Coordinators, Trading Contacts, Management

Hardware Recommendations (Sizing Recommendations)
Contents: Recommendations for the hardware and infrastructure to be installed in connection with the introduction of the CCP Release 1.0
Target Group(s): Project Coordinators, System Administrators

User Guide
Contents: Description of functions and operation of the CCP System
Target Group(s): Back-office Personnel

Simulation Guide
Contents: Information about the execution of the simulation in connection with the introduction of CCP Release 1.0
Target Group(s): Project Coordinators, System Administrators, Back-office Personnel

Simulation Scripts and Schedule
Contents: Detailed description of simulation schedule and simulation test cases
Target Group(s): Project Coordinators, System Administrators, Back-office Personnel

6 Support by Deutsche Börse AG and Eurex Clearing AG

Deutsche Börse AG and Eurex Clearing AG will provide intensive support for member preparations during the introduction of the CCP. The following team may be contacted concerning any questions related to the preparation and participation in the CCP simulation and introduction.

Deutsche Börse CCP Change Management Team

Telephone: ++49 (69) 21 01 – 16 40

Fax: ++49 (69) 21 01 – 16 41

Availability: 08:00 - 18:00 CET (on exchange trading days)

eMail: change-management@deutsche-boerse.com

Internet pages: www.xetra.de, www.eurexchange.com, www.deutsche-boerse.com

Postal address: Deutsche Börse AG
Xetra Secondary Markets, Marketing & Sales
Key Word: CCP
60485 Frankfurt am Main

7 List of Abbreviations

CBF	Clearstream Banking Frankfurt: Frankfurt branch of the largest international clearing and settlement organization, Clearstream Banking
CCP	Central Counterparty
CM	Clearing Member - entitled to clearing securities transactions. A distinction is made between GCM and DCM
DCM	Direct Clearing Member - entitled to clear proprietary transactions, client transactions and transactions of affiliated Exchange Participants without a clearing license
FWB	Frankfurter Wertpapierbörse (Frankfurt Stock Exchange)
GCM	General Clearing Member - entitled to clear proprietary transactions, client transactions and transaction of Exchange Participants without clearing license
KWG	Kreditwesen-Gesetz (German Banking Act)
LZB	Landeszentralbank (State Central Bank)
NCM	Non-Clearing-Member - does not perform clearing of their transactions themselves, but, instead, use another Clearing Member
SIC	Swiss Interbank Clearing
SIS	SegaInterSettle AG
SNB	Schweizer National Bank (Swiss National Bank)