X-pand into the Future

e u r e x *circular 121/01*

Date: Frankfurt, 11 December, 2001
Recipients: All Eurex members and vendors
Authorized by: Daniel Gisler

Additional Jumbo Pfandbriefe for Repo trading

Related Eurex Circulars: 090/01

Contact: Functional Help-desk Clearing: Tel. +49 69-2101-1250

Content may be most important for:

- Front Office / Trading
- Middle + Back Office
- Auditing / Security Coordination

Attachments:

1. Modified Chapter III Section 2.1 of the Clearing Conditions for Eurex Clearing AG
2. Modified Appendix Section 1.1.2 of the Terms and Conditions for Participation and Trading on Eurex Repo GmbH

The Management Board of Eurex Clearing AG has made the decision to extend the range of Jumbo Pfandbriefe available for Repo trades. With effect from 17 December, 2001, subject to the credit rating conditions described in the attachments, euro-denominated Jumbo Pfandbriefe from German issuers with an issuance volume of at least 500 million euro can be traded. Please note that in addition to the previous minimum rating requirements from Standard and Poor's or Moody's, Pfandbriefe issues with a minimum AA rating from Fitch Inc. are also accepted.

The revised sections of the Eurex Clearing Conditions and the Eurex Repo Conditions are attached.

Eurex Clearing AG
D-60485 Frankfurt am Main
www.eurexchange.com

Functional Member Readiness
Tel. +49-69-2101-1700
Fax +49-69-2101-1701

Alternative
Tel. +49-69-9770-1700
Fax +49-69-9770-1701

Management Board:
Rudolf Ferscha, Daniel Gisler
Peter Reitz, Jürg Spillmann
Michael Widmer,Thomas Lenz (Deputy)

Clearing Conditions for Eurex Clearing AG

III Chapter

Clearing of Transactions through the System of Eurex Repo GmbH

2 Part

Settlement of Transactions through the System of Eurex Repo GmbH

2.1 Repo Transactions Concerned

(1) Eurex Clearing AG will realise the settlement or clearing of Repo Transactions (GC Repo and Special Repo) concluded through the System of Eurex Repo GmbH to the extent that the underlying securities of the respective Repo Transaction are settled by Eurex Clearing AG and the central depositories recognised by Eurex Clearing AG and that the prerequisites pursuant to paragraph (2) are fulfilled.

(2) Clearing or settlement by Eurex Clearing AG shall include all Repo Transactions (GC Repo and Special Repo) concluded through the System of Eurex Repo GmbH to the extent that the underlying securities are the following:

(a) Debt Securities of the Federal Republic of Germany or Treuhandanstalt denominated in Euro

(b) Jumbo-Pfandbriefe (Jumbo mortgage bonds) of German issuers denominated in Euro with an issuance volume of at least EUR 500 million. Besides, these mortgage bonds must have been rated AA or higher pursuant to the rating agency Standard & Poor's Rating Services Inc. for "Senior Unsecured Debt", Aa2 or higher pursuant to the rating agency Moody's Investors Services Inc. for "Long-term Senior-Debt" or AA or higher pursuant to the rating agency Fitch Inc. for "International Long-Term Credit". Should the rating of these rating agencies differ, the lower valuation shall be applied.

Appendix

The following rules supplement the Terms and Conditions of Eurex Repo GmbH regarding the specifications for GC Repo and Special Repo.

1. GC Repo

1.1 Baskets for GC Repo

1.1.1 German GC Basket

The German GC Basket encompasses debt securities of the Federal Republic of Germany and the Treuhandanstalt denominated in Euro.

1.1.2 German Jumbo Basket

The German Jumbo Basket encompasses Jumbo Pfandbriefe of German issuers. The issuance volume of such Jumbo Pfandbriefe must be no less than EUR 500 million. Besides, these mortgage bonds must have been rated AA or higher pursuant to the rating agency Standard & Poor's Rating Services Inc. for "Senior Unsecured Debt", Aa2 or higher pursuant to the rating agency Moody's Investors Services Inc. for "Long-term Senior-Debt" or AA or higher pursuant to the rating agency Fitch Inc. for "International Long-Term Credit". Should the rating of these rating agencies differ, the lower valuation shall be applied.