X-pand into the Future

e u r e x *circular 117/02*

Date: Frankfurt, December 17, 2002
Recipients: All Eurex members and vendors
Authorized by: Daniel Gisler

High Priority

Revision of Admissible Collateral Securities at Eurex

Related Eurex Circulars: 052/99, 064/02

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Content may be most important for:	**Attachments:**
➲ Middle + Back Office ➲ Auditing / Security Coordination	Overview of Admissible Collateral Securities at Eurex

Summary:

The Management Board of Eurex Clearing AG has decided to make the following revisions to the admissible collateral securities at Eurex:

With immediate effect, the admissible collateral securities at Eurex will be extended to include shares of selected exchange traded index funds (ETFs), German Government Bills (Bubills) and Swiss Government Bills (Geldmarkt-Buchforderungen - GMBF)

With effect from December 31, 2002 the value of deposited equities and shares of ETFs, as a proportion of the overall collateral requirement, will be limited to 30%.

From January 1, 2003, secondary obligations of banks and issuing houses will no longer be counted towards the collateral requirement.

Xemac, the Collateral Management System of Clearstream Banking AG, supports the delivery of Bubills and, from December 16, 2002, will also support the delivery of shares of ETFs as collateral in favor of Eurex.

A full overview of the securities admissible as collateral at Eurex can be found in the attachment.

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Peter Reitz, Jürg Spillmann
Michael Widmer, Thomas Lenz (Deputy)

Revision of Admissible Collateral Securities at Eurex

The Management Board of Eurex Clearing AG has decided to make the following revisions to the admissible collateral securities at Eurex:

- With immediate effect, shares of the following exchange traded index funds (ETFs) will be admissible as collateral:

  DAX EX (DE0005933931),
  DJ EURO STOXX 50 EX (DE0005933956),
  DJ EURO STOXX 50 LDRS (IE0008471009),
  Fresco DJ EURO STOXX 50 (LU0136234068),
  XMTCH on SMI (CH0008899764)

  The haircut is 50% and a maximum of 5% of the free float of the issued shares can be deposited.

- From January 1, 2003 the combined collateral in the form of equities or shares of ETFs may only account for a maximum of 30% of the total daily cover requirement. The remainder must be deposited in fixed income securities or cash. For example, if the total required collateral is EUR 100 Million, equities and shares of ETFs will only be taken into account to a value of EUR 30 Million; fixed income securities or cash must be deposited to a value of at least EUR 70 Million.

  If the 30% limit is exceeded Eurex Clearing AG will contact the clearer concerned and draw attention to the inadmissible combination of collateral. The missing collateral can be delivered or exchanged within two exchange trading days. If this does not occur, Eurex Clearing AG will collect the uncovered amount in cash on the third business day.

- From 31 December, 2002 secondary obligations of banks and issuing houses in Swiss franks will no longer be counted towards the collateral requirement. Securities of this type still deposited after that date will not be evaluated.

- With immediate effect, German Government Bills (Bubills) and Swiss Federal and Cantonal Government Bills (GMBF)) will be accepted as collateral provided they satisfy the Category 1 criterion of the ESCB or are Lombard-eligible. They will be valued at a price of 100.00 with a 10% haircut for Bubills and Swiss Federal Government Bills, and a 15% haircut for the Swiss Cantonal Government Bills. A maximum of 25% of the free float of the issued securities can be deposited.

- Xemac, the Collateral Management System of Clearstream Banking AG, supports the delivery of Bubills and, from December 16, 2002, will also support the delivery of shares of ETFs as collateral in favor of Eurex.

A full overview of the admissible collateral securities at Eurex can be found in the attachment.

Frankfurt, 17 December, 2002

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Overview - Admissible Collateral Securities at Eurex

	Fixed Income Securities			Equities, Fund Shares*	
	Admissible proportion of the issued capital is 25%			Admissible proportion of the free float is 5%	
Currency	**Criteria**		**Collateral Value**	**Criteria**	**Collateral Value**
EUR/ DEM	Category 1 of the ESCB Issuer <> Clearer Exchange listing (except Bubills)	Federal Government and State bonds, Government Bills (Bubills)	90%	DAX, EURO STOXX 50, Other stocks as announced by Eurex Clearing AG Issuer <> Clearer	50%
		Other bonds	75%	Exchange traded funds as announced by Eurex Clearing AG	50%
CHF	'Lombard eligible' (SNB) SIS eligible Issuer <> Clearer Exchange listing (except GMBF)	**Federal Government** - Loan obligations, Government Bills (GMBF)	90%	SMI Other stocks as announced by Eurex Clearing AG Issuer <> Clearer	50%
		Canton - Loan obligations, Bonds with warrants, Government Bills (GMBF)	85%		
		City and Municipality (including their issuing offices) - Loan obligations, Bonds with warrants **Banks** - Loan obligations, Bonds with warrants, Convertible bonds, 'Kassascheine', Obligations of other Banks and issuing houses, Mortgage bonds of the central Swiss Mortgage bond issuing authorities (Pfandbriefzentralen).	80%		
		Obligations of other Swiss Lenders - Bonds with warrants, Convertible bonds, 'Kassascheine'	75%	Exchange traded funds as announced by Eurex Clearing AG	50%
		Secondary obligations of Banks and issuing houses	70%**		
USD	Treasury Bills, Treasury Bonds and Notes, Exchange listing		85%		
GBP	Treasury Bills, Gilts Exchange listing		85%		
DKK	Treasury Bills, Treasury Bonds, Exchange listing		85%		
NOK	Treasury Bills, Treasury Bonds, Exchange listing		85%		
SEK	Treasury Bills, Treasury Bonds, Exchange listing		85%		

* From 01.01.2003 maximum 30% of required daily collateral.

** From 31.12.2002 no longer accepted as collateral.