

e u r e x *information*

Date: Frankfurt, 10 July, 2002
Recipients: All Eurex Clearing members and vendors
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Central Counterparty – CCP Circular 22/02

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Content may be most important for:

➡ Central Counterparty Coordinators

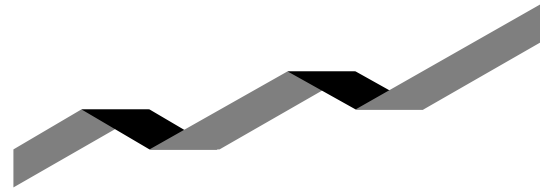
Attachments:

CCP Circular 22/02 (English/Deutsch)

Please find attached a copy of Central Counterparty Circular 22/02 sent to Frankfurter Wertpapierbörse members and vendors recently.

It provides an update on decisions taken by the Equity Clearing Committee in relation to:

- treatment of blocked gross trades
- the number of settlement instruction data carrier files
- the CASCADE order numbering range for CCP instructions issued by Eurex Clearing AG
- availability of intra-day risk information



To the FWB Members, Xetra® Members and Vendors

Recipients: General, Traders, Back Office Staff,
System Administrators, Project Coordinators,

FWB
Frankfurter
Wertpapierbörse

Management

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Central Counterparty – CCP Results of the Equity Clearing Working Committee/ Update on functional Subjects

July 5, 2002

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Dear Sir or Madam,

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Associated with the introduction of a Central Counterparty (CCP), functionally relevant subjects are discussed with the market participants in the Eurex Working Committee Equity Clearing. We are pleased to inform you today about the results with regard to the treatment of blocked gross trades, the number of settlement instruction data carriers, the numbering system that will be used for CCP instructions and the availability of intraday risk information.

Disposition of gross trades

Trades marked for gross processing will not be considered in the settlement netting process. For such trades, the delivery process is performed on a gross basis.

For settlement purposes, the CCP generates one delivery instruction for every released trade. The delivery instructions will subsequently be forwarded to Clearstream Banking Frankfurt (CBF).

In case of released gross trades, the corresponding instruction is first entered in the CBF systems and then processed in the next settlement cycle.

As regards the procedure for blocked gross trades described in the Basic Concept CCP (chapter 3.5.4) and in the Preliminary Functional Release Notes (chapter 4.1), the following agreement has been made in accordance with the participants:

General Managers:

Edward Backes
Dr. Heiko Beck
Rudolf Ferscha
Frank Gerstensschläger
Volker Potthoff

- Close examination of the treatment of blocked trades along with a discussion with the market participants showed that the optimum procedure for the participants is to keep blocked trades available within the CCP for disposition reasons. This allows the market participants a maximum period of time in order to provide necessary units or cash.
- Therefore, no delivery instructions will be generated for blocked gross trades. These trades will only be forwarded for settlement after release of the trade.

Separation of the settlement instruction data carrier

Currently, one settlement instruction data carrier is sent to Clearstream Banking Frankfurt (CBF) with the transactions that are to be settled.

After the CCP introduction, a different process will be applied in the post-trading phase for trades in CCP securities and for trades in non-CCP securities. This also makes it necessary to report delivery instructions to two different organizational entities, namely to CBF and to Eurex Clearing AG.

A separation of data by the exchange would considerably lengthen processing periods. Furthermore, prompt provision of all (CCP and non-CCP) delivery instructions, harmonized with the timing of the CBF settlement cycles must be ensured. Therefore, the usage of two settlement instruction data carriers becomes necessary.

After Deutsche Börse AG has received the CCP data carrier, which contains the instructions for the CCP trades, this will be forwarded to Eurex Clearing AG and the CBF data carrier, which contains the delivery instructions for non-CCP trades, will be processed at CBF as before.

This allows to further streamline two core elements in the effort of increasing efficiency in securities settlement: the process and the processing time in the post-trading phase.

Unique numbering system for CCP-instructions

In order to ensure unique identification of trades in CASCADE, each trade is assigned an order number. This order number must be unique for each single trade, which means it shall not have been previously assigned by the system.

Since CCP trades are entered into CASCADE via the OTC entry interface and are included in the OTC order volume, unique identification of the different instructions is to be ensured.

The numbers from 1 to 6.999.999 continue to be available for OTC trades and may be assigned freely within this range.

The order numbering system reserved for CCP instructions that are instructed by Eurex Clearing includes the numbers from 7.000.000 to 7.999.999.

Availability of intraday risk information

In connection with the introduction of the Central Counterparty for equities, intraday risk information is available. The „Intraday Risk Information Service“ (IRIS), which is charged separately, is essential for those market participants wishing to receive permanent intraday risk assessment figures, based on current market conditions.

Optionally, theoretical price files, which are used for the calculation of scenarios and customer or proprietary portfolios, can be delivered together with the corresponding reports.

Continuously updated margin requirements and Premium Payment Forecast figures support the cash management function. Transparency of margin requirements and possible shortfalls is enhanced by reporting throughout the trading day. As well, collateral management is optimized through real-time information.

The reports are available at intervals of 15 minutes, distributed via an Internet connection. The reports contain all trades and positions including current prices and volatilities.

Access to IRIS can be realized using a PC workstation together with a Smartcard Reader provided by Eurex.

IRIS is the optimum supplementary service to Risk Based Margining and can be used for Eurex's various market segments.

Additional information is available at www.eurexchange.com.

Should you have any further questions or require more information, the CCP Change Management Team is available at

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All previously released information regarding the introduction of the CCP is available on the Xetra website www.xetra.de. On the Xetra website, please log in to the „Members Only“ section by entering „ccp“ as user name and „go“ as password.

Yours faithfully

On behalf of the Management



Jens Hachmeister



Christian Ochsner