X-pand into the Future

e u r e x *information*

Date: Frankfurt, September 24, 2002
Recipients: All Eurex Clearing members and vendors
Authorized by: Daniel Gisler

Central Counterparty – CCP Circular 40/02

Contact: Functional Member Readiness: Tel. +49 (0)69-21 01-17 00

Content may be most important for:	**Attachments:**
➲ Central Counterparty Coordinators	CCP Circular 40/02 (English/Deutsch) Attachment: CCP Authorization Concept (English/Deutsch)

Please find attached a copy of Central Counterparty Circular 40/02 sent to Frankfurter Wertpapierbörse members and vendors recently.

The Circular includes an attachment describing the Authorization Concept for CCP, with details of the assignment of rights and relationships between them.

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CCP Circular 40/02

To the FWB Members, Xetra® Members and Vendors

Recipients: Project Coordinators

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Central Counterparty - CCP Authorization Concept

September 18, 2002

Dear Sir or Madam,

With this CCP circular we provide you with the Authorization Concept of the Central Counterparty for Equities. It describes in detail how authorization rights can be assigned and how these rights relate to each other.

Furthermore, please note, that we will refrain from publishing the “Final Sizing Guideline” on September 20, 2002, as stated in the CCP Communication Calendar. Due to the fact that the information provided with the documents “Connection Alternatives and Preliminary Sizing Indication” and “Final Technical Release Notes” remain valid, an additional publication would be redundant. The stated dimensions are still valid for an installation with up to 30 parallel HTTP clients.

For any questions you may have, please do not hesitate to contact the CCP Change Management Team under:

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Yours faithfully
On behalf of the Management

Jens Hachmeister

Christian Ochsner

Enclosure



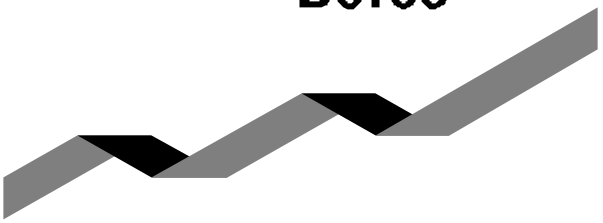
68 days to go

Start of CCP Simulation on November 25, 2002

General Managers:
Edward Backes
Dr. Heiko Beck
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Frank Gerstenschläger
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Deutsche Börse



Central Counterparty for Equities (CCP)

Authorization Concept

Overview

This document describes the authorization concept for the CCP system of the CCP Release 1.0.

The authorization concept in the CCP system is based on the participant roles. Depending on the participating roles, authorization to perform Gross Delivery Management functions and other functions of the system (login, inquiry of reports, etc.) is ensured within the CCP system by the assignment of read-only or modification access rights.

Authorization is based as well on settlement account assignment on member/user level[1]. Members acting as CMs and/or SIs can request the assignment of one or more settlement accounts[2] to their individual users. Only accounts that are already assigned to the member can be assigned to the member's users. This assignment restricts the access rights ("read-only" or "read/write") to the specified settlement accounts assigned to the user; i.e., if a user has modification rights, modifications can be performed for all respective settlement accounts. If a user only has the right to inquire ("read-only"), all trades on the assigned settlement accounts can be inquired via Member GUI, but the user is not able to perform any modifications on these trades. Thus, if read-only rights should be defined for settlement account A, whereas for settlement account B modifications should be possible, this can only be realized with the setup of two different users.

If Clearing Supervision is acting on-behalf of a member's user, the rights and settlement accountsassigned to that user are the basis for authorization.

Authorization Basis

This section describes the elements relevant for authorization in the CCP system.

1. Member Roles

The member roles that are supported by the CCP Release 1.0 are the roles Trading Member (TM), Clearing Member (CM), and Settlement Institution (SI) (see also document "Clearing and Settlement Structure", published on February 28, 2002 with CCP Circular 06/02, for definition of these member roles and their valid combinations).

Additionally to these three member roles it is possible to involve a third party that acts as a service provider. In the CCP system this service provider can not be distinguished from a SI.

2. Settlement Accounts

Settlement accounts are set up in the CCP system for settlement of trades at Clearstream Banking Frankfurt (CBF). Settlement accounts can be assigned to members acting as CM and/or SI depending on the member's roles.

[1] A member can request the setup of a specific number of member-associated users for its business purposes.
[2] In this document the term "Settlement Account" is used instead of the term "KV Number". With the term "Settlement Account" a "CBF Settlement Account" is meant.

Since authorization in the CCP system is based on user level, settlement accounts can be assigned to every user of a member individually.

Setup and maintenance of the settlement account assignment to members and their respective users is performed by Clearing Supervision.

Transactions of trades involved in Gross Delivery Management on a specific settlement account, can only be performed by the member respectively its users to which that settlement account is assigned.

For the assignment of settlement accounts to the members, the following applies:

- More than one settlement account can be assigned to a CM.
- A settlement account can be assigned to more than one CM (in case that several CMs have authorized the same SI).

For the assignment of settlement accounts to SIs the following applies:

- More than one settlement account can be assigned to a SI, whereas for each settlement account exactly one SI must be specified.

Only settlement accounts that are assigned to a specific member can be assigned to the member's users.

3. Member and Clearing Relationships

The following table displays the possible member relationships in the CCP system, as well as the possible number of assigned settlement accounts:

has / one	CM	TM	SI	Settlement Account
CM	---	>=1	>=1	>=1
TM	1	---	1	>=1
SI	>=1	>=1	---	>=1
Settl. Acc.	>=1	>=1	1	---

Table 1: Member relationships and number of assigned settlement accounts

That means, for the clearing relationships the following rules apply:

- Every TM must have exactly one clearing relationship to a CM.
- A CM can have clearing relationships with more than one TM.

For the settlement relationships the following applies:

- One CM can have one or more settlement accounts and thus one or more SIs.
- Each TM has exactly one SI (which can be equal to the TM).
- One SI can have more than one settlement account, but each settlement account can be assigned to only one SI.

Functionality covered by the Authorization Concept

1. Involved Third Party

A third party can be involved to perform the Gross Delivery Management for another member. The third party is the so-called settlement agent.

In the CCP system this third party has to be set up as a member with the role SI. A settlement agent and a SI can not be distinguished from a technical point of view.

2. Multi Branch Capability

The CCP is multi branch capable. Hence, it is possible to map a settlement account used for Gross Delivery Management (branch) to a settlement account used for the settlement of securities (headquarter). This functionality is known as "RegÜber" at CBF.

For Gross Delivery Management as well as for Settlement Netting, the authorization is based only on the branch settlement account used.[3] After the generation of delivery instructions a mapping of the branch settlement account to the corresponding headquarter settlement account takes place. Afterwards, the delivery instructions that belong to the headquarter settlement account are transferred to CBF.

Gross Delivery Management in case of multi branch capability has to be done by the holder of the headquarter settlement account. This can be realized by assigning this settlement accounts to the SI of the headquarter settlement account or via white labeling.

3. White Labeling

It is possible that a third party uses a user login of an existing CCP member to access the CCP system in order to perform Gross Delivery Management transactions. The third party is not setup as member, but acts under the name of the original CM or SI and uses their existing user login(s), with respective access rights. Eurex Clearing is not aware of this outsourcing relationship. The actions will be regarded as performed by the member whose member ID was used.

Examples

1. Member (ABCFR) acting as TM and SI

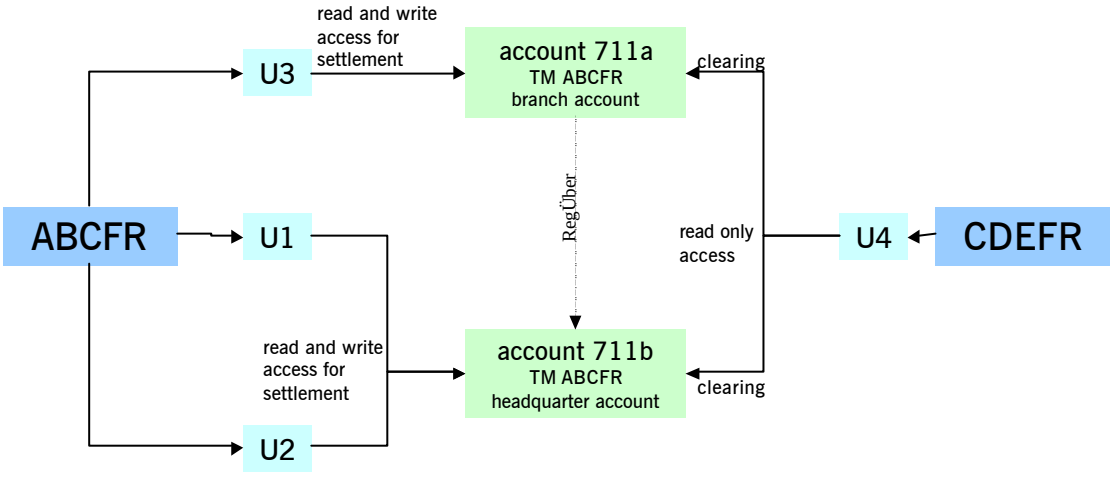
Member ABCFR acts as TM and SI and uses two accounts for its trades. Account 711a is the branch account which is linked via RegÜber to the headquarter account 711b. In this example the account 711a is used for Xontro trades and the headquarter account 711b for Xetra. Member CDEFR acts as clearer for ABCFR.

Member ABCFR requests three users for the CCP system to perform all its business actions.

[3] If a headquarter settlement account does not belong to the same legal entity as the branch account, the settlement agent as the holder of the headquarter settlement account can have the access rights for the corresponding branch accounts in order to perform Gross Delivery Management.

Users U1 and U2 are authorized to perform Gross Delivery Management functions with read/write access for the settlement of the trades on the headquarter account 711b and user U3 is authorized to perform Gross Delivery Management with read/write access for the trades on account 711a.

The CM CDEFR´s user U4 is assigned to the headquarter settlement account 711b and to the branch account 711a with read only access in order to observe the risk in its role as CM for ABCFR´s Xetra and XONTRO trades.



Example 1

2. Member (ABCFR) acting as TM, CM and SI

Member ABCFR is CM of three TMs (XXXFR, YYYFR, and ZZZFR)[4] and as SI of another two TMs (SSSFR, TTTFR).

In addition, member ABCFR is TM.

Member ABCFR has assigned four settlement accounts:three accounts in order to observe the risk in its role as CM for those members who perform settlement themselves (711a, 711b, 711c) and another one to act as SI (711d).

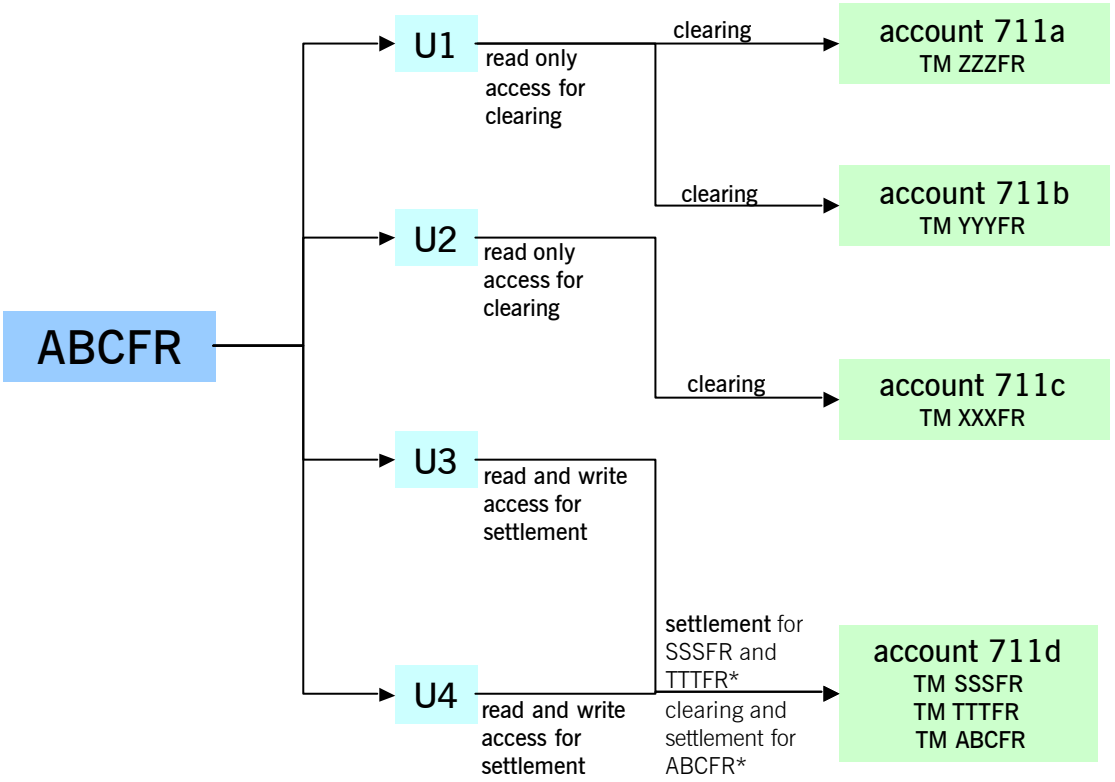
Member ABCFR has four users assigned: U1, U2, U3, and U4.

The user U1 is assigned to the settlement accounts 711a and 711b and will be authorized with reading rights for these accounts (in order to observe the risk in it's role as CM for ZZZFR and YYYFR). Therefore, U1 will have read-only access to Gross Delivery Management functions on CCP.

The user U2 is assigned to the settlement account 711c. User U2 will be then authorized with reading rights for this settlement account (in order to observe the risk in its role as CM for XXXFR). Therefore, U2 will have read-only access on Gross Delivery Management functions.

[4] The TMs XXXFR, YYYFR and ZZZFR perform settlement themselves, i.e. they are SI.

The users U3 and U4 are assigned to the settlement account 711d, and therefore, these users are allowed to perform Gross Delivery Management functions with a read/write access for the clearing and settlement of the trades of member ABCFR and the settlement of the members SSSFR and TTTFR.



*Users U3 and U4 can access all trades on settlement account 711d. If the user is only responsible for the trades of a specific TM, it is the responsibility of the individual user to ensure that only these trades are maintained in gross delivery management (e.g. by using the provided filter criteria).

Example 2