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eurex clearing *circular 083/11*

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Recipients: All Clearing Members of Eurex Clearing AG and Vendors
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CCP Release 7.0: Eurex Clearing Securities Lending Service - Further Information

Related Eurex Clearing Circulars: 034/11, 063/11

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Content may be most important for:

➲ All departments

Attachments:

Only on the Eurex Clearing website:

1. Update of CCP Release 7.0 Final Release Notes
2. CCP Release 7.0 Buy-In User Guide for Securities Lending

Attached to this circular:

3. List of ISINs eligible for the Securities Lending Service

Summary:

With regard to the introduction of the Eurex Clearing Securities Lending Service within the scope of CCP Release 7.0 on **November 21, 2011**, we provide you with further documents and information for your preparation of the release start.

This circular contains updated information regarding the Eurex Clearing Securities Lending Service announced with the CCP Release 7.0 Final Release Notes.

The new or updated documents have been made available for download on the Eurex Clearing website under the following path:

www.eurexclearing.com > Member Section > Releases > CCP 7.0 > Manuals > Functional Manuals

For direct access to the documents please click on the following link:

https://www.eurexchange.com/members/releases/ccp70/manuals_functional_en.html

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Aktiengesellschaft mit Sitz in Frankfurt/Main
HRB Nr. 44828
Amtsgericht Frankfurt/Main

CCP Release 7.0: Eurex Clearing Securities Lending Service - Further Information

In this circular, Eurex Clearing publishes concluding information on the Securities Lending Service in addition to the information already published in the CCP Release 7.0 Final Release Notes. The information refers to participation requirements, functional setup and technical information on cash instruction introduced with this new service.

CCP Release 7.0 Final Release Notes - Concluding Information on Securities Lending Topics

Open Loans in NCSC ISINs resulting from a Securities Distribution or a Rights Distribution

For open loans in non-collective safe custody (NCSC), ISINs that were automatically opened by Eurex Clearing due to a Securities Distribution or a Rights Distribution, the closing will not be automatically initiated by Eurex Clearing. The loans will stay open until they are returned by the borrower or recalled by the lender.

Please note the following additions and changes in the updated the CCP Release 7.0 Final Release Notes:

Chapter 7.4.4.3.1 "Nominal and ISIN Change"

"Update Loan"

" [...] Eurex Clearing will adjust all open and pending loans that are traded "cum" on record date in accordance with the corporate action [...]".

" [...] Exception: If the new ISIN resulting from an ISIN change is Non-Collective Safe Custody (NCSC), Eurex Clearing will automatically initiate the cancellation of the pending loan [...]".

Chapter 7.4.6.1 "Cancel run/Re-run"

Please note the following changes (in *italic*) to chapter 7.4.6.1 "Cancel run/Re-run" of the CCP Release 7.0 Final Release Notes:

" [...] In general, the corporate action processing used by Eurex Clearing for the CCP Service for Securities Lending is automated for cancel runs, re-runs and combined cancel runs/re-runs. However, some corporate actions may not be executed automatically. In this case a bilateral and manual process between Clearing Members and Eurex Clearing is envisaged ("compensation partner processing"). The customers will be provided with a *specific* report showing the loans affected by the corporate action including handling instructions. Requests concerning cancel/re-runs for fully closed loans cannot be processed and no reporting for cancel/re-runs of fully closed loans will be provided. Detailed handling description *including the new, specific securities lending report* will be provided to the customers in a different circular *in due course* [...]".

Chapter 7.9.2 "Participation Requirements"

The license to participate in Eurex Clearing's offering for clearing of transactions for the bilateral securities lending market can be granted if the below prerequisites are fulfilled.

Please note the following amendments or deletions, (in *italic*), to chapter 7.9.2 "Participation Requirements" of the CCP Release 7.0 Final Release Notes:

" [...] Liable Equity Capital Requirements

- In relation to the exposure created by the Member
- 10 percent of average total margin requirement (30 days), or
- 10 percent of average total margin requirement (250 days), or

- Minimum requirements for General Clearing Members (GCMs) and Direct Clearing Members (DCMs) are currently under review

Regulatory Oversight

- Bank status or similar status
- Supervision by responsible regulatory authority
- Registered in the EU or another contractual country of the Treaty on the European Economic Area or in Switzerland

Contribution to the Clearing Fund

- In relation to the exposure created by the Member
- 2 percent of average total margin requirement (30 days), or
- 2 percent of average total margin requirement (250 days), or
- Minimum requirement (5m EUR for GCM, 1m EUR for DCM)

Additional Requirements

- ~~*Operational requirements – at least one qualified back office staff member on-hand. In order to be deemed "qualified", staff members must pass the Eurex Clearer Test.*~~
- Access to cash accounts:

  EUR: TARGET2 account of a national central bank in the Eurozone
  USD: Payment banks for U.S. dollar:
  Bank of America, Citibank N.A., Deutsche Bank Trust Company Americas (DBTCA), HSBC Bank USA N.A., JP Morgan Chase N.A.
  CHF: Swiss National Bank (SNB)

- *Access to the following settlement accounts:*
  - *Clearstream Banking Frankfurt (CBF), Clearstream Banking International (CBF(I)) and SegaInterSettle Zurich (SIX SIS) in case the Member is active in the German and in the Swiss securities lending market*
  - *Clearstream Banking Frankfurt (CBF) and Clearstream Banking International (CBF(I)) in case the Member is only active in the German securities lending market*
  - *SegaInterSettle Zurich (SIX SIS) in case the member is only active in the Swiss securities lending market*
- Access to securities collateral account - CBF or SIX SIS
- Access to the infrastructure of the 3rd Party Flow Provider Pirum
- A power of attorney has to be granted to Eurex Clearing for the cash and settlement accounts used for the CCP Service for the Securities Lending and Borrowing Market."

Chapter 7.8.2 "Fines over Dividends"

Please note the following changes to chapter 7.8.2 "Fines over Dividends" of the CCP Release 7.0 Final Release Notes:

"Similar to the cash market, a penalty will be calculated for late deliveries on record dates of corporate actions. The penalty is implemented in order to protect the lender and is only imposed on the borrower in case the loan closing on the record date of a corporate action meets one of the below criteria:

- The contractual settlement date of an open loan trade of a fixed-term loan has passed, but the borrower failed to deliver the loan securities.
- Return request failed due to the borrower not delivering the loan securities.
- Forced return request resulting from a Buy-in request failed due to the borrower not delivering the loan securities."

Account Number for Eurex Clearing's USD Payment Bank Account with Citigroup

As announced in chapter 7.13 - "Eurex Clearing Cash and Settlement Accounts for the CCP Service for Securities Lending" of the CCP Release 7.0 Final Release Notes, please find below Eurex Clearing's USD payment bank account number at Citigroup:

Cash Account Location	Cash Account Number
Citigroup	36276842

Additional Types of Cash Instructions for the CCP Service for Securities Lending

In addition to the new cash instruction types communicated in chapter 7.14 - "New Types of Cash Instructions for the CCP Service for Securities Lending" of the CCP Release 7.0 Final Release Notes, the following new cash transaction types were exclusively created for the CCP Service for Securities Lending.

Transaction Type Number	Title of Transaction Type
520	LOAN CANC.RERUN RCV
521	LOAN CANC.RERUN PAID
522	RETURN PRINC.COLL RCV
523	RETURN PRINC.COLL PAID

Publication of Eurex Clearing Securities Lending Service Documents

The documents have been made available for download on the Eurex Clearing website under the following path:

www.eurexclearing.com > Member Section > Releases > CCP 7.0 > Manuals > Functional Manuals

For direct access to the documents please click on the following link:
https://www.eurexchange.com/members/releases/ccp70/manuals_functional_en.html

These documents contain detailed information with regards to the functional scope of Securities Lending Service.

- **Buy-In User Guide for Securities Lending**

The Buy-In User Guide for Securities Lending has been extended by the new facilities in scope of Securities Lending.

This document describes the buy-in process as well as the cash settlement procedure for new services for Securities Lending.

- **Price List for Eurex Clearing AG**

The updated Price List for Eurex Clearing AG will be published in due time.

- **Clearing Conditions for Eurex Clearing AG**

The Clearing Conditions for Eurex Clearing AG will be published in due course.

Should you have any questions or require additional information, please contact the Member Services & Admission team at tel. +49-69-211-1 17 00 or e-mail: customer.support@eurexchange.com.

November 7, 2011

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Attachment 3 to Eurex Clearing Circular 083/11

List of ISINs eligible for the Securities Lending Service

Selected shares from the HDAX®

ISIN	Name
DE000A1EWWW0	Adidas
DE000A0WMPJ6	Aixtron
DE0008404005	Allianz
DE0006766504	Aurubis
DE0005501357	Axel Springer
DE000BASF111	BASF
DE000BAY0017	Bayer
CH0038389992	BB Biotech
DE0005200000	Beiersdorf
DE0005909006	Bilfinger Berger
DE0005190003	BMW
DE000A1DAHH0	Brenntag
DE000CLS1001	Celesio
DE0008032004	Commerzbank
DE000A1KRCK4	Conergy
DE0005439004	Continental
DE0007100000	Daimler
DE0005140008	Deutsche Bank
DE000A1KRND6	Deutsche Börse
DE0005552004	Deutsche Post
DE0005557508	Deutsche Telekom
GB0059822006	Dialog Semiconductor
DE000ENAG999	E.ON
NL0000235190	EADS
DE0007856023	ElringKlinger
DE0005773303	Fraport
DE000A0Z2ZZ5	Freenet
DE0005785604	Fresenius
DE0005785802	Fresenius Medical Care
DE0005790430	Fuchs Petrolub
DE0006602006	GEA Group
DE000A0LD6E6	Gerresheimer
DE0005156004	Gigaset
DE0005878003	Gildemeister
DE0008402215	Hannover Rück
DE0006047004	HeidelbergCement
DE0006048432	Henkel pref.
DE0006070006	Hochtief
DE0005245534	Hugo Boss pref.

DE0006231004	Infineon
DE000KSAG888	K+S
DE000KD88880	Kabel Deutschland Holding
DE000KC01000	Klöckner & Co
DE0006053952	Kontron
DE0006204407	KUKA
DE0005470405	LANXESS
DE0005408884	LEONI
DE0006483001	Linde
DE0008232125	Lufthansa
DE000A1KRDS5	MAN
DE0006599905	Merck
DE0007257503	Metro
DE000A0D9PT0	MTU Aero Engines Holding
DE0008430026	Münchener Rück
DE000A0D6554	Nordex
DE0007771172	ProSiebenSat.1 Media
DE0006969603	Puma
DE0005558662	Q-Cells
NL0000240000	Qiagen
DE0007030009	Rheinmetall
DE0007042301	RHÖN-KLINIKUM
DE0007037129	RWE
DE0006202005	Salzgitter
DE0007164600	SAP
DE0007235301	SGL Carbon
DE0007236101	Siemens
DE000SKYD000	Sky Deutschland
DE000A0DJ6J9	SMA Solar Technology
DE0003304002	Software AG
DE0005108401	Solarworld
DE0007251803	Stada Arzneimittel
DE0007297004	Südzucker
DE000SYM9999	Symrise
DE0007500001	ThyssenKrupp
DE000TUAG000	TUI
DE0005089031	United Internet
DE0007667107	Vossloh
DE0007664039	VW pref.
DE000WCH8881	Wacker Chemie
DE000A0CAYB2	Wincor Nixdorf

Selected shares from the SMI®

ISIN	Name
CH0012221716	ABB
CH0012138605	Adecco
CH0010532478	Actelion
DE000A1A40G1	Julius Bär Basket
CH0102484968	Julius Bär Gruppe
CH0012410517	Bâloise Holding
CH0045039655	Cie Financière Richemont
CH0012138530	Credit Suisse Group
CH0012214059	Holcim
CH0038863350	Nestlé
CH0037851646	Nobel Biocare
CH0012005267	Novartis
CH0012032048	Roche Holding
CH0008742519	Swisscom
CH0014852781	Swiss Life Holding
CH0126881561	Swiss Re
CH0011037469	Syngenta
US87162M4096	Synthes
CH0024899483	UBS
CH0012255151	Swatch Group
CH0011075394	Zurich Financial Services

Selected shares from the SMIM®

ISIN	Name
CH0011432447	Basilea Pharmaceutica
CH0012142631	Clariant
CH0022268228	EFG International
CH0001752309	Georg Fischer
CH0015536466	Galenica
CH0102659627	GAM Holding
CH0030170408	Geberit
CH0010645932	Givaudan
CH0012271687	Helvetia Holding
CH0025238863	Kühne & Nagel
CH0010570759	Lindt & Sprüngli N
CH0010570767	Lindt & Sprüngli (PS)
CH0025751329	Logitech
CH0013841017	Lonza Group
CH0108503795	Meyer Burger Technology
CH0000816824	OC Oerlikon Corporation
CH0021783391	Pargesa Holding
CH0027752242	Petroplus Holdings

CH0018294154	PSP Swiss Property
CH0002168083	Panalpina Welttransport
CH0024638196	Schindler Holding (PS)
CH0002497458	SGS
CH0000587979	Sika
CH0012549785	Sonova
CH0012280076	Straumann Holding
CH0038388911	Sulzer
CH0012453913	Temenos
CH0012255144	Swatch Group
CH0014786500	Valiant Holding