X-pand into the Future

e u r e x *circular 070/07*

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Recipients: All Clearing Members of Eurex Clearing AG and Vendors
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Russian Derivatives: Auction Process for Late ADR Trades

Related Eurex Circulars: 024/07, 039/07

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Content may be most important for:	**Attachments:**
Ü Middle + Backoffice Ü IT/System Administration	none

Summary:

Effective April 23, 2007 Eurex will expand its product portfolio by offering options on American Depository Receipts (ADRs) for Russian equities traded in U.S. dollar. The deliveries will be cleared in U.S. dollar by Eurex Clearing AG via CCP.

In amendment to Eurex circular 024/07, which already provided details about the clearing and settlement process, this circular contains a description of the late delivery handling which will be in place for the respective trades.

For any further questions you may have, please do not hesitate to contact the CCP Functional Helpdesk under tel. +49-69-211-1 19 40 or fax +49-69-211-1 19 41.

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HRB Nr. 44828
Amtsgericht Frankfurt/Main

Russian Derivatives: Auction Process for Late ADR Trades

Effective April 23, 2007, Eurex expands its product portfolio by offering options on ADRs for Russian equities traded in U.S. dollar. The securities are held in collective safe custody (CSC) in the cross-border link between Clearstream Banking Frankfurt and The Depository Trust Company (DTC). The new instruments will be cleared by the CCP in U.S. dollar and settled via CASCADE RTS in foreign currency against cash on the CCP 6-series account in Creation (8501 / 68501). Deliveries in Russian ADRs will be gross-processed; netting will not be applicable.

For late ADR trades the general buy-in process will apply which is in place for equity-style products to be settled via Clearstream Banking Frankfurt. The process consists of cash settlement attempts in regularly and additionally scheduled auction attempts, conducted via the auction tool located on the internet under https://buyin.deutsche-boerse.com/buyin, and cash settlement attempts.

If an auction to cover the late trades has been successful, the late trades receive the release status "buy-in block".

Resulting from the U.S. dollar orders of the auction, the buy-in trades will be instructed via CASCADE RTS on the auction day. Thus, the instruction will have to be entered with the following details:

- Currency "WRG: 'USD' "
- Settlement type "SET-ART: '5' " for real time settlement
- Settlement date "SET-DAY" equals the current business day
- CCP settlement account "GUT-KTO: '8505 000' ".

In doing so, the foreign currency payment will be settled against commercial bank money via the CCP 6-series account 68505.

If the buy-in trade could not be settled on the value date, one more chance to deliver is given for the auction seller on the next business day until 10:30 CET at the latest. Otherwise, Eurex Clearing AG may ask another possible buy-in member to sell the shares until 13:15 CET at the latest. In case of an unsuccessful settlement processing, the late trades are finally "buy-in released" to receive the release status "blocked".

If the buy-in trade was successfully settled, the failed trade will be marked with settlement status "buy-in settled" and handled accordingly in the CCP system.

A fee for the buy-in service of about 10 percent of the outstanding amount, with a minimum of USD 400.00 and a maximum of USD 8,000.00, will be charged to the Clearing Member of the original seller per auction.

In case of a cash settlement procedure to replace the failed delivery, the cash settlement amount will be determined on the basis of the calculation in place. The respective cash transaction will be settled in the settlement currency U.S. dollar as well. The settlement status of the failed trade will be set to "cash-settled".

For further details of the appropriate auction process and cash settlement as well as reporting of the failed trades and settled cash amounts, please refer to the Buy-in User Guide as well as to the Clearing Conditions of Eurex Clearing AG and the Auction Terms of Eurex Clearing AG separately published in the Member Section on the Eurex website under

www.eurexchange.com > Member Section > Releases > CCP 3.1 > Manuals > Functional Manuals

Frankfurt, April 16, 2007