X-pand into the Future

e u r e x *circular 097/02*

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

Variable Contribution to the Clearing Fund

Related Eurex Circulars: 057/00, 064/00

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Content may be most important for:	**Attachments:** None
➲ Middle + Back Office ➲ Auditing / Security Coordination	

Summary:

The Board of Eurex Clearing AG have made the decision to make the contribution to the Clearing Fund of Eurex Clearing AG in accordance with Section 1.6 of the Clearing Conditions of Eurex Clearing AG, a variable amount.

The current level of the contribution to the Clearing Fund according to Section 1.6 of the Clearing Conditions of Eurex Clearing AG was published with Eurex Circular 057/00 (English version published with Circular 064/00) and is set at EUR 5 Million for Clearing Members with a General Clearing License, and EUR 1 million for Clearing Members with a Direct Clearing License.

An adjustment to the Clearing Fund contribution level will be made on January 2, 2003 for the first time. From that date, the Clearing Fund contribution will be charged in relation to the Clearing Member's 'Total Margin Requirement' (independent from the products to be cleared).

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Management Board:
Rudolf Ferscha, Daniel Gisler
Peter Reitz, Jürg Spillmann
Michael Widmer, Thomas Lenz (Deputy)

Variable Contribution to the Clearing Fund

The Board of Eurex Clearing AG have made the decision to make the contribution to the Clearing Fund of Eurex Clearing AG, in accordance with Section 1.6.1 of the Clearing Conditions of Eurex Clearing AG, a variable amount.

The current level of the contribution to the Clearing Fund according to Section 1.6 of the Clearing Conditions of Eurex Clearing AG was published with Eurex Circular 057/00 (English version published with Circular 064/00) and is set at EUR 5 million for Clearing Members with a General Clearing License, and EUR 1 million for Clearing Members with a Direct Clearing License.

To ensure a more risk-dependent contribution to the Clearing Fund, it has been decided to levy a contribution related to the member's 'Total Margin Requirement'. On one side, this gives a greater weight to the individual responsibility of the Clearing Member, when, in the process of realizing margin according to Section 1.7.3 of the Clearing Conditions, prior to a 'solidarity' withdrawal being made, access is first made to the defaulting Clearing Member's deposited margin, including its contribution to the Clearing Fund. Secondly, the portion of the Clearing Fund liable for 'solidarity' will be increased proportionately for those Clearing Members who have the greatest risk in the total system. Any amount required from 'solidarity-liable' Clearing Fund contributions, in accordance with Section 1.6.2.(2) of the Clearing Conditions will be calculated as a percentage of the total Clearing Fund. Realization will then be made by applying the same percentage share to each member's fund contribution.

Process

In future, Clearing Members will have to deposit the largest of the following amounts:

- The minimum contribution to the Clearing Fund in a sum of EUR 5 Million for Clearing Members with a General Clearing License, and EUR 1 million for Clearing Members with a Direct Clearing License. The minimum contribution to the Clearing Fund stays the same, and remains independent of how many products, (derivatives, bonds, repos, and/or equities) are cleared by the member.
- 2% of the 30-day average of total margin requirement
- 2% of the 250-day average of the total margin requirement

The total margin requirement includes all products; derivatives, bonds, repos, and (in future) equities.

Clearing members can see the 30-day and 250-day average values on a daily basis in the report RPTCD090 and can thus recognize and plan for potential adjustments to Clearing Fund contributions in good time.

The contribution level will be defined quarterly at the end of March, June, September and December. The values on the last trading day of the respective month will apply to the level of the contribution. Clearing Members must satisfy their obligations within a period of five trading days. On the sixth trading day after the quarter end, the adjusted contributions will be taken into account in the daily cash accounting of Eurex Clearing AG.

The regulation above will take effect on December 30, 2002. From January 2, 2003 the new Clearing Fund contribution levels will apply, i.e. appropriate cover must be provided by January 9, 2003.

With immediate effect, the report RPTCD090 will display the relevant values through which any adjusted contribution to the Clearing Fund can already be estimated.

Frankfurt, October 24, 2002

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