

Clearer Test

Questions and Answers

September 2022

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1 General Provisions

- | | |
|---|--|
| 1. | To participate in clearing as a Clearing Member, a Clearing License is required for each transaction type. |
|  | <input type="radio"/> True |
| | <input type="radio"/> False |
| 2. | ISA Direct Clearing Members pay contributions to the default fund. |
| | <input type="radio"/> True |
|  | <input type="radio"/> False |
| 3. | The own funds required for multiple Clearing Licenses are the sum of the own funds required for each Clearing License. |
|  | <input type="radio"/> True |
| | <input type="radio"/> False |
| 4. | The Clearing Members' contributions to the default fund are calculated using proportional values resulting from the Stress-Loss-over-Margin method (SLOM). |
|  | <input type="radio"/> True |
| | <input type="radio"/> False |

5. Eurex Clearing dedicates own resources to the default fund (the Dedicated Amount).



True

False

6. The Clearing Members have to provide the contributions to the default funds only in cash amounts.

True



False

7. The insourcer can delegate the outsourced functions to another insourcer with the prior consent of the relevant outsourcer (Sub-Outsourcing).



True

False

8. The outsourcer remains fully responsible towards Eurex Clearing for orderly conduct of the outsourced functions.



True

False

9. Eurex Clearing may at any time and at its own expense check, or authorise an independent auditor to check, documents and processes related to the clearing procedures in the business premises of the Outsourcer and the insourcer ("Compliance Audit").



True

False

10. Which of the following requirements must be met to obtain a General Clearing License?



The contribution to the default fund must be made.



Evidence must be provided that adequate technical facilities (back-office facilities) are used to ensure the proper recording, posting and monitoring of all transactions.

At least two sufficiently qualified clearing staff must be employed.

Cash accounts must be maintained in EUR, CHF, USD and GBP.

11. Which components are used to calculate the amount of own funds that a Clearing Member must provide?



Dynamic component based on the Initial Margin.

Static component based on the Initial Margin.



Minimum amount in million Euro.

Maximum amount in million Euro.

12. Which of the following prerequisites are necessary for a Clearing License?



Cash account in clearing currency.



Minimum amount of own funds.

Securities account for non-cash collateral.

Trading facilities to ensure trading activity.

13. Which statements regarding the different clearing memberships are correct?



An ISA Direct Clearing Member is only entitled to clear own transactions.



General Clearing Members (GCMs) and Direct Clearing Members (DCMs) have to fulfil different capital requirements for a clearing license.



A GCM is entitled to clear all categories of transactions.

A DCM is entitled to clear all categories of transactions.

14. Which statements regarding market transactions are correct?



Legally, they are based on the open-offer procedure.



They are generated automatically when an order or quote is executed.

They replace a bilateral trade.



During the matching process of a trade, two market transactions with identical conditions are generated between the clearing house and the corresponding clearing members.

15. Which transactions are so-called market transactions?

FWB off-book transactions (Frankfurter Wertpapierbörse, the Frankfurt Stock Exchange)



Eurex transactions

OTC Interest Rate Derivative transactions



Eurex Repo transactions

16. Eurex Clearing gives notices or provides reports. If there is any mistake, Eurex Clearing has to be informed without undue delay, but in any case no later than ...

by the end of the post-trading period of the next business day.

by the end of the post-trading period of the settlement day.



by 9:00 am (Frankfurt/Main, Germany local time) of the next business day.

by 14:00 pm (Frankfurt/Main, Germany local time) of the next business day.

17. Which of the following internal accounts are established for a Clearing Member by Eurex Clearing?



Fee accounts



Margin accounts



Transaction accounts



Cash accounts

18. What types of transaction accounts exist?



DC (Direct Client) Own Account



Clearing Member Own Account

NOSA Own Account

GOSA Own Account

19. In the Clearing Conditions transactions are classified (amongst others) as:

Own transactions

UDC-related transactions (Undisclosed Direct Client)

DC-related transactions (Disclosed Direct Client)



All of the above.

20. Which statement regarding the Clearing Process is incorrect?



- An ISA Direct Clearing Member is entitled to participate in clearing of DC-related transaction.
- DC Market Participant is an entity that is a trading participant in one or more markets.
- An ISA Direct Clearing Member Clearing License entitles the holder thereof to participate in the clearing of proprietary transactions.
- Direct clients of a Clearing Member can be Disclosed Direct Client or Undisclosed Direct Clients.

21. Which statement regarding the novation of OTC Transactions is correct?



- The original OTC Transaction remains in place.
- Eurex Clearing interpose itself as central counterparty between the parties of the original OTC Transaction.
- Eurex Clearing interpose itself solely as buyer of the original OTC Transaction.
- None of the above.

22. Which statement regarding the default fund is incorrect?
- Eurex Clearing may re-evaluate and adjust the contribution requirement at any time.
 - The Clearing Agent has to provide the default fund contribution for an ISA Direct Clearing Member.
 - Clearing members do not have to make the contribute to the fund until a default event occurs.
 - The amount of the contributions to the default fund is calculated according to the SLOM method and is based on minimum contributions that depend on the type of clearing member ship.

23. Contributions to the default fund ...
- must be provided in addition to the margin.
 - are calculated individually for each clearing member based on the Stress- Loss-over-Margin method.
 - are calculated by considering Eurex Clearing's dedicated amount.
 - All of the above.

24. Who does not provide contributions to the default fund?



DC Market Participant (Trading Participant)

Clearing Member

Eurex Clearing

None of the above.

25. Who can be involved in the outsourcing of clearing functions?

Outsourcer

Insourcer

Sub-Outsourcer



All of the above.

26. Which requirements must an outsourcing fulfil?
- The outsourcing follows the laws and regulations applicable to the outsourcer as well as to the insourcer and the relevant Clearing Agreement.
 - The outsourcer submits prior to the commencement of the outsourcing a contact person at the insourcer in relation to the outsourced functions to escalate any issues in respect of the outsourced functions who shall be available during regular business hours.
 - In case of outsourcing by a DC Market Participant to a company other than its Clearing Member, the Clearing Member must agree to the outsourcing (Signature on the form "Outsourcing Notice").
 - All of the above.
27. Which statement regarding the outsourcing of clearing-related functions is correct?
- For outsourcing, an informal notification to Eurex Clearing is enough.
 - The insourcer is fully responsible towards Eurex Clearing for orderly conduct of the outsourced functions.
 - The outsourcer has to provide to Eurex Clearing any other information as may reasonably be requested by Eurex Clearing for the purposes of assessing the envisaged outsourcing.
 - None of the above.

28. Individual segregation ensures that clients have no risk of mutualisation with either the proprietary business of the Clearing Member or other clients of the Clearing Member.



True

False

29. Which statements regarding the segregation models of Eurex Clearing are correct?



With these models better cross-margin effects are achieved.

Omnibus and individually segregated accounts are offered.



Eurex Clearing offers segregation models that comply with EMIR and Dodd-Frank.



Each model has its own segregation, protection and risk profile.

30. In which aspects do the segregation models offered by Eurex Clearing differ?

Accepted collateral.

Margin calculation.



Legal structure for provision of collateral.



Portability of positions and collateral.

31. Which statement regarding omnibus segregation is correct?

Eurex Clearing maintains a separate collateral pool for each client of the clearing member.

In case of insolvency of their Clearing Member, clients can become an Interim Participant.



Non-cash collateral is pledged in favor of Eurex Clearing.

Eurex Clearing knows the identity of all clients of a Clearing Member.

32. When is the buy-in process for ISINs that fall under the EU Short Selling Regulation initiated?

on S+2



on S+4

on S+6

on S+8

33. Which statement regarding late deliveries of FWB (Frankfurt Stock Exchange) transactions is correct?

Only Eurex Exchange trading participants are authorized to participate in buy-in auction.

For securities which have their main trading venue in the EU, no penalties are charged under the settlement discipline regime (SDR).

The buy-in process is initiated always on S+4.



In case a buy-in is unsuccessful, the failed seller is debited, and the buyer is credited with the cash settlement amount.

34. The clearing member decides whether their own transactions and related margin collateral are kept separate from the transactions and margin collateral of their clients at the clearing house.

True



False

35. In order to protect the margin collateral of the clearing member's clients in the event of the clearing member's insolvency, it is legally required to separate own collateral from client collateral.



True

False

36. Netting of transactions in C7 SCS is based on the Net Processing Unit (NPU).



True

False

37. The multilateral netting of delivery-related transactions does not affect the number of delivery instructions.

True



False

38. In C7 SCS, net processing for transactions of all markets is basically performed at T+1. .

True



False

39. What are the advantages of segregating proprietary and client transactions and corresponding margin collateral?



In the event of insolvency of the clearing member, client collateral is protected.

Segregated transactions require less margin.



Provided that transfer (porting) requirements are met, clients of a defaulted clearing member can quickly resume trading.

Higher margin efficiency, as risk positions are offset against positions from other clients.

40. Which functionalities are included in the C7 SCS Basic service?

Net-Processing Method Gross



Net-Processing Method Netting



The delivery instructions are sent as "Released" to (I)CSDs

The delivery instructions are sent as "Hold" to (I)CSDs

41. Which statements about the C7 Securities Clearing Service (SCS) are correct?



Depending on the transaction type (Eurex, FWB or Eurex Repo), different netting models are applied.

Handling of sell transactions (block/release) takes place in C7 SCS.



C7 SCS uses the service of the (I)CSD for corporate actions.

The only net processing method offered by C7 SCS is "aggregation".

42. What additional services can Clearing Members request in C7 SCS for FWB transactions?

Cross-location netting for FWB (Frankfurt Stock Exchange) and Eurex transactions



Splitting of strange nets



Reports in printable format



Aggregation or Gross as net processing method.

43. If a clearing member defaults, which action cannot be taken?

Transfer (porting) of client transactions and collateral to a replacement clearing member, provided that the relevant requirements are met.



Interim clearing license for the clients of the defaulted clearing member.

Close-out of client transactions and utilization of collateral.

Termination of the clearing relationship by Eurex Clearing.

44. Which statement applies to the porting process?

The replacement clearing member must have agreed to the assumption of the contract in writing.

Clients of the defaulted clearing member must have notified Eurex Clearing by 13:00 (CET) on the following business day to which replacement clearing member they would like to change.

Transactions and collateral can only be transferred to a replacement clearing member if all porting requirements are met.



All of the above.

45. Which standard procedure is applied to strange nets in C7 SCS for FWB transactions?

Splitting



Unwinding

Linking

Blocking

2 Risk Management

46. Eurex Clearing stands between buyers and sellers and enables involved parties to make decisions fully independently of each other and mitigate counterparty risk to a single contractual partner.



True

False

47. For each account of a Clearing Member Initial margin within Prisma is calculated for gross positions.

True



False

48. With the cross margining allocation algorithm for interest rate derivatives (Margin Optimizer) a risk reduction can be achieved so that the margin requirement for the Clearing Member will be reduced.



True

False

49. Within Prisma the Initial Margin is calculated by taking into account correlation and netting effects for positions within a Liquidation Group.



True

False

50. For each Liquidation group a pre-defined holding period determines the risk period for which margins are calculated.



True

False

51. When calculating the margin with Prisma cross margining is only in the Liquidation group for interest rate derivatives possible.

True



False

52. Each Liquidation Group is a specific holding period defined. The holding period corresponds with the time estimated to analyze, hedge and liquidate the respective products.



True

False

53. DC Market Participants and DCs with System Access do not receive reports from Eurex Clearing.

True



False

54. Reports provided solely after the end of day processing of the clearing system.

True



False

55. When calculating the margin requirement using the Prisma method as well as the risk-based margining method, margin calls can be triggered during the day.



True

False

56. Eurex Clearing calculates margin requirements only end of day.

True



False

57. Margin is defined as the funds or securities, which must be deposited by Clearing Members as collateral for a given position.



True

False

58. Intraday-margining allows real-time monitoring for Eurex Clearing.



True

False

59. Margining encompasses the entire process of measuring, calculating and administering the collateral that must be put up for coverage of open positions.



True

False

60. Variation margin is only calculated end of day.

True



False

61. Eurex Clearing uses the margin method Prisma for all markets where it is central counterparty.

True



False

62. The Initial Margin calculation within Prisma is the result of a simulation based, value-at-risk (VaR) methodology.



True

False

63. The calculation of initial margin within Prisma requires no model adjustments.

True



False

64. Which statements are valid for Prisma, the portfolio-based margin method?
- Portfolio-based margining is used for products in the same Liquidation Group. Different Holding Periods are valid for different Liquidation Groups.
 - The Default Management Process and the margin method are not aligned.
 - Products with similar risk profile are combined in so-called margin classes.
 - Eurex Clearing's Prisma enables cross margining between different markets cleared by Eurex Clearing.
65. Risk Based Margining is based on ...
- margin classes.
 - margin groups.
 - liquidation groups.
 - correlation groups.

66. Which statement concerning Risk Based Margining are correct?



Current Liquidating Margin is a backward-looking margin component.

Products with similar risk profile are assigned to the same Liquidation Group.



Additional Margin is forward-looking margin component.



Additional Margin serves to cover any potential additional costs that could arise if the positions had to be liquidated in the future.

67. Which answers concerning the initial margin within Prisma are correct?



The Initial Margin can be covered by cash and securities.



The Initial Margin is calculated by taking the worst-case loss that is not exceeded by Eurex Clearing confidence levels.

Eurex Clearing will always first utilize cash collateral to cover the Initial Margin.



Eurex Clearing uses portfolio margining for the calculation of the Initial Margin.

68. Which margin types within Prisma are backward-looking components?



Variation margin

Initial margin



Price Alignment Interest (PAI)



Premium margin

69. Which margin components are used within the Risk-based margining?

Variation Margin



Current Liquidating Margin

Initial Margin



Additional Margin

70. Which margin types are calculated for cash market transactions?

Variation Margin



Current Liquidating Margin



Additional Margin

Initial Margin

71. For which of the following transaction types is Prisma used for risk calculation?



OTC Derivative transactions

Repo transactions



Eurex transactions

FWB transactions

72. Which statements regarding the Variation Margin are correct?



The owner of a long position that was purchased at a lower price than the daily closing price (settlement price) is credited with the difference between the two prices.



The owner of a short position that was purchased at a lower price than the daily closing price (settlement price) is debited with the difference between the two prices.

The owner of a long position that was purchased at a higher price than the daily closing price (settlement price) is credited with the difference between the two prices.

The owner of a short position that was purchased at a lower price than the daily closing price (settlement price) is credited with the difference between the two prices.

73. Which statement regarding the margin methods of Eurex Clearing is incorrect?

Eurex Clearing uses different margin methods.



The Clearing Member can choose the margin method.

Depending on the margin method different margin types are calculated.

The margin method depends on the cleared market.

74. Correlation between different products is considered within Prisma automatically in ...

margin classes.



liquidation groups.

margin groups.

None of the above.

75. Which of the following components is not considered for calculation the Initial Margin?



Credit-worthiness change

Liquidity risk

Market risk based on filtered historical scenarios

Market risk based on stress period scenarios

76. The backward-looking margin type that must be paid in cash end of day or respectively the next morning is called ...



Variation margin

Current liquidating margin

Premium margin

Initial margin

77. Which of the following components belongs to Eurex Clearings framework of safeguards?

Contributions the default fund

Own funds of Clearing Members

Margin requirements



All of the above.

78. Which statement regarding the risk management of Eurex Clearing is incorrect?
- Eurex Clearing allows for cross margining.
 - The margin methods differentiate between backward and forward-looking margin types.
 - Margin requirements are calculated within the end of day processing only.
 - Clearing Members are responsible for the margin payments for themselves and their clients.
79. Which statement regarding the Premium Margin for traditional options is incorrect?
- It covers the potential loss that could be incurred if the seller was forced to liquidate the position today.
 - The options buyer is not required to pay Premium Margin, once the options premium has been paid in full, no risk of non-performance of the contractual obligation remains.
 - The options seller is not required to pay Premium Margin, because once the options premium has been paid in full, no risk of non-performance of the contractual obligation remains.
 - It is calculated for all options for which the premium is paid in full at the time of purchase.

80. Which of statement regarding the provision of reports is correct?

They can be retrieved via the T7 Trader GUI.

They can be retrieved via the T7 Admin GUI



They are provided via the so-called Common Report Engine (CRE).

They are automatically transferred to the servers of the Clearing Members.

81. Which report shows the daily margin requirement for the Clearing Member and DCs with Member ID for all accounts?

CC745 Additional Margin



CC760 Daily Margin Summary

CC710 Premium Margin

CC755 Daily Margin Offset

82. Which report deals with daily margin requirements (or margin credits) and shows in detail all margin components (margin types)?



CC750 Daily Margin

CC760 Daily Margin Summary

CC745 Additional Margin

CC711 Current Liquidating Margin

83. The margin interval within Risk Based Margining is calculated for ...

one day.



two days.

three days.

four days.

84. Which of the following statements is wrong for the initial margin?



It is a backward-looking margin component.

It is calculated by considering potential correlation and netting effects for positions within a Liquidation Group.

It consists of the two main sub-components market risk and liquidity risk.

It can be covered intraday and end of day by securities or cash collateral.

85. Which answer is correct concerning the current liquidating margin?

Current liquidating margin is always the same for buyer and seller.

Only the buyer must pay current liquidating margin.

Only the seller must pay current liquidating margin.



The margin requirements for the buyer and the seller are not identical.

86. Which backward-looking margin type within Risk based Margining is used for Eurex Repo and Frankfurter Wertpapierbörse (the Frankfurt Stock Exchange)?

Variation margin

Initial margin



Current liquidating margin

Premium margin

87. Price Alignment Interest (PAI) as additional margin component is paid only for ...

futures and options.



swaps.

equities.

bonds.

- 88.** Which answer concerning options margining is correct?
- For future styled options (options on futures) only the buyer of the option must deposit collateral.
 - For premium styled options (e.g. Equity options) only the buyer of the option must deposit collateral.
 - For premium styled options (e.g. equity options) only the seller of the option must deposit collateral.
 - For future styled options (options on futures) only the seller of the option must deposit collateral.
- 89.** Which margin type reflects the change in value of a portfolio/quantifies the daily and intraday price fluctuations (mark to market)?
- Initial Margin
 - Variation Margin
 - Additional Margin
 - Liquidity Adjustment

90. 500 shares are sold at EUR 97. The daily settlement price is EUR 96. Please calculate the current liquidating margin for the seller (without interest calculations) and indicate if it is a margin credit (-) or a margin requirement (+).

+50 EUR

+500 EUR



-500 EUR

-550 EUR

3 Default Management

91. Default Management Committees (DMCs) assist the clearing house in hedging and preparing auctions.



True

False

92. In case the Equity Liquidation Group has been sold completely, Eurex Clearing received bids from all auction participants and losses are covered by the default fund contributions from the defaulted Clearing Member, the Default Management Process for this liquidation group is completed.



True

False

93. If positions remain open after the end of an auction, fines are automatically imposed and must be paid in any case.

True



False

94. The minimum bid size for a multi-unit auction is determined by the relative risk of a clearing member within a liquidation group in relation to the other committed auction participants.



True

False

95. Each Liquidation Group is clearly assigned to one Default Fund Segment.



True

False

96. The total Default Fund is the sum of all Default Fund Segments.



True

False

97. Clearing Members in general are obliged to provide assessments to the Default Fund in case the pre-funded contribution has been used during a default of another Clearing Member.



True

False

98. Clearing Members in general are obliged to make further assessments to the default fund if their existing contributions have already been used during a default process.



True

False

99. It is not mandatory for Clearing Members to participate in the equity liquidation group specific auction, if they were active in this liquidation group during the last three months.

True



False

100. The Default Management Committee of a liquidation group supports Eurex Clearing in the portfolio analysis, makes a hedging proposal and can assist in the implementation of hedging strategies.



True

False

101. Eurex Clearing organize weekly default simulations.

True



False

102. For the equity liquidation group Eurex Clearing informs every auction participant of the minimum number of auction units the Clearing Member is obliged to submit a bid for.



True

False

103. DMP auctions for the Liquidation Group OTC IRS/ Fixed Income are generally held as single-unit sealed auctions.



True

False

104. Auctions in the liquidation group Equity are conducted according to the "one auction - one price" principle, i.e. all winners of an auction always pay an identical auction price.

True



False

105. The auction process for the OTC IRS/ Fixed Income Liquidation Group and the Equity Liquidation Group is identical.

True



False

106. Which statements regarding Default Management Committees (DMCs) are correct?



DMCs are not appointed for a specific period. DMC Member institutions and individual DMC members are nominated for an indefinite period.



DMCs advising and providing recommendations to Eurex Clearing.

DMC Member Institutions do not have to be active in the relevant liquidation groups.

DMC Member Institutions have to nominate five employees as DMC Member per liquidation group.

107. Which statements apply to liquidation groups?



Products with deviating liquidation processes must be assigned to different liquidation groups.

Products of the same liquidation group always have different risk factors so that risks are mutually offsetting.



Only products that can be hedged together are included in one liquidation group.

Liquidation groups are not predefined but are created individually in the event of a clearing member default based on all transactions of the defaulting clearing member.

108. Which of the following statements regarding liquidation groups are correct?



- Clearing members are able to analyze and price all products of a liquidity group in a short period of time.



- Products in a liquidation group are similar to each other in some ways. For example, they might have common risk factors.

- Products in a liquidation group are liquidated in different ways to exploit correlation advantages.

- Liquidation groups have a fixed holding period of at least 5 days, which is used for analysis, hedging and liquidation.

109. What applies to Default Management Committees (DMCs)?



- DMCs are advisory bodies that are continuously defined but only temporarily convened.

- Confidential information from a current default management process may be forwarded by the DMC members only to their employer.



- DMC members are subject to the Default Management Committee Rules.

- The main task of the DMCs is to supervise auctions.

110. Which aspects or components are taken into account when determining the hedging strategy for a portfolio of a defaulted clearing member (incl. associated client portfolios)?



Initial margin as a macro reference for portfolio risk



Sensitivities of the respective liquidation group



Costs incurred for the hedge (hedge efficiency)



Selection of hedging transactions considering that they can be sold together with the portfolio during the auction.

111. Which statements apply to the execution of transactions in the context of an independent sale?

The transactions may only be executed in the central order book.



The transactions can be executed OTC with central clearing or via the order book.



In principle, independent sales are chosen as a strategy for the liquidation of very specific portfolios.



The decision if transactions are executed on or off-exchange depends on the respective portfolio.

112. Which statements apply to auctions as the main component in the DMP?
- Auction participants must submit bids within a certain period.
 - A special web-based auction tool is used for the auctions (Eurex Clearing Auction Tool).
 - Eurex Clearing uses a two-step approach for the announcement of the auction portfolios and publishes first a preliminary auction file followed by the final auction portfolio.
 - Auctions are always conducted for the entire liquidation group.
113. Which statements regarding auctions within the Default Management Process (DMP) are correct?
- Auctions are held in any case for the entire liquidation group.
 - In almost all liquidation groups auctions are the primary component of the DMP.
 - The auction process is liquidation group specific (multi-unit or single-unit).
 - All Clearing Members have to participate in an auction, even if they do not have a Clearing License for the products in the respective liquidation group.

114. Which statements are correct regarding Default Management Committees (DMCs)?



DMC Members need to be physically available within two hours after being invited by Eurex Clearing.



In emergency cases it is expected that DMC Members attend DMC meetings also outside of regular business hours, as needed.



DMC Member Institutions are nominated for an indefinite period.

DMC Members have to be risk experts.

115. Which statements concerning liquidation groups are correct?



The Default Management Process (DMP) is based on liquidation groups.

Prisma liquidation groups and DMP liquidation groups are not identical.



Each liquidation group is hedged individually.



For liquidation groups one or several auctions can be performed.

116. Which statements about hedging within the Default Management Process (DMP) are correct?
- DMC members make hedging proposals and assist Eurex Clearing in implementing hedging strategies where necessary.
 - The supervisory authority provides hedging proposals.
 - Eurex Clearing can conduct hedging auctions per liquidation group.
 - Participants invited to hedging auctions are obliged to submit bids.
117. In case of the default of a Clearing Member financial resources within the so-called Default Waterfall are used in a defined order. What will be used prior to the dedicated amount of Eurex Clearing?
- Collateral of the defaulted Clearing Member for the respective liquidation groups.
 - Default fund contribution of all other Clearing Members.
 - Default fund contributions of the defaulted Clearing Member for the respective liquidation groups.
 - Remaining default fund contributions and collateral (surplus from another Liquidation group) from the defaulted Clearing Member.

118. Which DMP statements are correct?



Default Management Committees can support Eurex Clearing in the portfolio analysis, for example.



Hedging is an essential element in the DMP that reduces exposure to market movements and stabilizes the liquidation group.



Independent Sales are preferred for the bond liquidation group.

Auctions are generally only used when independent sales are not possible.

119. Which statements apply to hedging within the default management process?

Participation in hedging auctions is in any case voluntary.



Hedging may allow for better prices during an auction.



Hedging is carried out as early as possible to limit losses immediately.

Hedging is only carried out for very large portfolios in order to reduce the effort involved.

120. Which objectives should be achieved by hedging within the default management process?



Better prices in the auction



Portfolio stabilization



Reduced market risk and potential liquidity risk

Reduced portfolio size

121. When can Eurex Clearing terminate a clearing relationship?

In case of insolvency rumors.

If a client of the Clearing Member defaults.



If a termination event according to the Clearing Conditions occurred, which is not remedied within the grace period.

None of the above.

122. What is the next step in the default management process after the governance phase is completed?

Independent Sale



Portfolio analysis and hedging

Auction

Calculation of the difference claims

123. Which statement concerning DMP auctions in the equity liquidation group is correct?

Clearing Members that do not bid in the auction must in any case expect a fine of at least EUR 10 million.



In case any losses occur in an auction exceeding the contributions to the Default Fund of the defaulted Clearing Member the juniorized contributions of non-bidding auction participants are used first to cover for the remaining auction losses.

The maximum fine shall be EUR 3 million.

In case a Clearing Member does not comply with its bidding obligation, the Clearing Member is not subject to a contractual penalty.

124. Which statement about DMP auctions is incorrect?

With the permission of the Clearing Member, clients of the Clearing Member may also bid.



The same auction process is defined for all liquidation groups.

DMP auctions are conducted via a web-based auction tool.

The duration of the auction depends on the complexity of the portfolio.

125. The Eurex Clearing "Lines of Defense" are comprised of ...

margin collateral.

Clearing Members/Clearing Agents contributions to the default fund.

dedicated amounts of Eurex Clearing.



All of the above.

126. In the event of a Clearing Member default what is used first within the default waterfall (Lines of Defense)?

Dedicated amounts of Eurex Clearing.



Margin collateral and default fund contribution of the defaulted Clearing Member.

Own Capital of Eurex Clearing.

Default fund contribution of Clearing Members.

127. Which statement regarding the replenishment of contributions to the default fund is incorrect?



For a limited period, further contributions can be required up three times the related originally applicable contribution requirement.

For a limited period, further contributions can be required up two times the related originally applicable contribution requirement.

Eurex Clearing will allocate further own funds to the default fund (Further Dedicated Amount), if further contributions are required from the Clearing Members.

Further contributions should be provided as soon as possible but no later than one business day following receipt of Eurex Clearing's demand.

128. Which of the following is a termination event according to the Clearing Conditions?

- Failure to pay; failure to deliver margin
- Failure to comply with Clearing Conditions
- Failure to comply with Clearing License prerequisites
- All of the above.

129. Who will typically be nominated as DMC Member?

- Risk Expert
- Trader
- Collateral Manager
- Back Office Employee

130. What is the first step within the Default Management Process?

Hedging

Independent Sale

Auction



Clarification of governance matters including the convening of the Emergency Committee and the Default Management Committees.

131. What is usually the last possible step within the Default Management Process?

Independent Sale

Hedging



Auction

Porting of client positions

132. For almost all liquidation groups ...

- an independent sale of the portfolio is being targeted.
- hedging of the portfolio is not carried out, as the general effort is too high.
- an auction is the main component of the DMP.
- None of the above.

133. What happens if an auction is unsuccessful or only partly successful?

- Position Rolling
- Further Hedging
- Non-bidders can voluntarily enter transactions with Eurex Clearing as part of the "Last Look".
- Follow-up auction

- 134.** Eurex Clearing performs independent sales ...
- for all portfolios above a certain size if more than three Clearing Members are willing to trade.
 - only over-the-counter (OTC) bilateral with individual Clearing Members.
 - always only for parts of a liquidation group.
 - for example, for special portfolios or highly concentrated positions.

- 135.** Which action is in principle taken by Eurex Clearing, if a liquidation group (LG) is called special?
- Independent Sale
 - Auction
 - Small auction
 - Hedging's without the consultation of a Default Management Committee

4 Collateral Management

136. Clearing Members may deposit their margin requirements and default fund contributions in the form of cash or securities



True

False

137. Clearing Members may provide securities collateral by instruction to the (I)CSD e.g., by SWIFT message.



True

False

138. The permanent cash balance functionality is available for EUR only.

True



False

139. For all currencies accepted as collateral Identical cut-off times are in place.

True



False

140. For the usage of the collateral management system CmaX a special contract has to be concluded between Eurex Clearing and the Clearing Member.



True

False

141. Clearing Members can provide with CmaX collateral for individually segregated clients.



True

False

142. Clearing Members can use a tri-party collateral services for the fulfillment of their margin requirements from Euroclear Bank and Clearstream Banking Frankfurt.

True



False

143. Margin collateral in form of securities may be deposited with Clearstream Banking Frankfurt, Clearstream Banking Luxembourg and with Euroclear Bank (Brussels).

True



False

144. Eurex Clearing accepts cash collateral in more than ten different currencies.

True



False

145. Clearing members can choose only between EUR and CHF as clearing currency.

True



False

146. Haircuts for collateral are recalculated by Eurex Clearing at regular intervals (daily for bonds) and adjusted accordingly.



True

False

147. It is possible for Clearing Members to set up different clearing currencies per collateral pool.



True

False

148. The fee for securities collateral (margin requirements only) is uniformly regulated and is not staggered according to the percentage of cash collateral.



True

False

149. Clearing Members may optionally specify that activities in connection with the delivery of collateral and with confirmations or rejections in collateral management shall be subject to a 4-eyes principle.



True

False

150. Own issues of the collateral provider and close link securities (i.e. securities issued by companies affiliated with the collateral provider) are not accepted as collateral.

True



False

151. Clearing Members can provide securities collateral via the C7 Clearing GUI window.

True



False

152. Via the Collateral Management Service of the C7 GUI it is possible to request which securities (ISINs) are deposited as collateral at the clearing house.



True

False

153. Clearing Members (Pool Sponsors) can manage all collateral pools with the C7 Clearing GUI.



True

False

154. Withdrawals of securities collateral cannot be done via the C7 Clearing GUI windows.

True



False

155. Clearing Members (Pool Sponsors) can manage their default fund contributions with the C7 Clearing GUI.



True

False

156. The C7 collateral management service distinguishes between the two roles Pool Sponsor and Pool Owner.



True

False

157. Which statements apply to the different roles in collateral management?



A collateral manager is authorized to perform all collateral management functions (e.g. delivery and receipt of collateral).

A Collateral Approval Manager is authorized to perform the functions of a Collateral Manager and in addition is allowed to approve.

The 4-eyes principle is mandatory for all collateral management functions.



A collateral approval manager is authorized to approve all collateral management functions such as the delivery and receipt of collateral.

158. Which statements about the Pool Owner and Pool Sponsor roles in C7 are correct?



A pool sponsor always holds a clearing license.

A pool owner always holds a clearing license.



A pool sponsor must take over tasks that arise under the Clearing Conditions for its own collateral pool as well as for the collateral pools of its clients.

A Pool Sponsor shall not be a Pool Owner at the same time.

159. Which statements about the Collateral Pool Status Overview in the C7 Clearing GUI window are correct?

The current requirements and holdings for margins and default fund contributions are displayed in aggregated figures across all collateral pools at clearing member level.



The current requirements and holdings for margins, default fund contributions and own funds of a clearing member are displayed at collateral pool level.

The current requirements and holdings for margins and default fund contributions are displayed at collateral pool level, excluding the own funds of a clearing member.



For individual collateral pools, surpluses or shortfalls are displayed.

160. Which statements on the deposit and withdrawal of cash collateral are correct?



Deposits as well as withdrawals of cash collateral can be performed via the C7 GUI.

Only the withdrawal of cash collateral can be requested via the C7 GUI.



For cash collateral in euro, Eurex Clearing will debit the relevant TARGET2 account of the Clearing Member and credit the relevant amount to Eurex Clearing's TARGET2 account.

It is not necessary to enter a pool ID when depositing cash collateral via the C7 GUI.

161. Which statements on deposit and withdrawal of securities collateral are basically correct?

The transfer of non-cash collateral to Eurex Clearing can, for example, be initiated by a direct SWIFT message to Eurex Clearing.



The deposit of securities can be initiated by sending a SWIFT message to one of the accepted central securities depositories (CBF/CBL/SIX SIS).



Eurex Clearing checks whether the collateral is eligible.

Non-eligible securities are booked into an interim pool and the clearing member must request release by the end of the day.

162. How is the withdrawal of non-cash (securities) collateral processed?



Withdrawals can be requested via the C7 Clearing GUI.

Withdrawals must be requested through the Central Securities Depository (CBF/CBL/SIX SIS).



Eurex Clearing checks whether the release would lead to a collateral shortfall in the relevant pool.



In case of the rejection of a release request by Eurex Clearing, the retransfer of the securities to the clearing member will be postponed.

163. Which currency is not accepted by Eurex Clearing to cover intraday margin calls?

EUR

USD



SEK

CHF

164. The deadline for deposits of securities collateral at Clearstream Banking Frankfurt is ...

17.00 CET

17.30 CET



18.00 CET

18.30 CET

165. Until when must a withdrawal request be given, if an ISIN should be released as early as possible on the next business day?

17.00 CET

17.30 CET

18.00 CET



18.30 CET

166. Which statement about the permanent cash balance (PCB) is incorrect?

PCB is a pre-defined cash amount that a Clearing Member or client wants to hold with Eurex Clearing.

The PCB functionality helps Clearing Members to avoid intraday margin calls.



The PCB functionality is only available for EUR and CHF.

Clearing Members can maintain the PCB via the C7 Clearing GUI.

167. An intraday margin call is issued by Eurex Clearing at 11.15 CET. Until when can the Clearing Member decrease the risk, so that the margin call will be revoked?

11.30 CET



11.45 CET

12.00 CET

12.15 CET

168. An intraday margin call is issued by Eurex Clearing at 11.15 CET. Until when a Clearing Member has to pledge additional collateral in case it has not reduced the risk of its position and the margin call was revoked?

11.30 CET

11.45 CET

12.00 CET



12.15 CET

169. Which statement regarding cash collateral is wrong?

- Eurex Clearing charges a service fee for cash collateral.
- Excess cash collateral will be repaid automatically.
- Excess cash collateral will not be repaid automatically.
- Cash collateral is collected from Eurex Clearing by direct debit.

170. Which statement concerning CmaX is correct?

- Clearing Members using CmaX can enter an exposure amount directly in the Clearstream GUI.
- CmaX considers Eurex Clearing's eligibility criteria in the context of collateral management, but not current risk parameters.
- No automatic selection of securities and their valuation is made.
- Entries of exposure amounts can only be made via SWIFT messages (MT527).

171. What is wrong concerning CmaX?
- There is a deadline at 18:45 CET in order to ensure same-day settlement for collateral deposits and withdrawals.
 - Instructions can be sent via SWIFT message.
 - Collateral of individually segregated clients can be managed.
 - CmaX is a risk management system.
172. Which statement concerning CmaX is incorrect?
- CmaX users can give instructions via SWIFT message or via the Clearstream GUI.
 - Collateral is always credited to the respective collateral pool on the next day.
 - Clearing Members can use CmaX for their own collateral and for the collateral of individually segregated clients.
 - CmaX allows the automatic selection, withdrawal or replacement of collateral based on the entry of exposure amounts.

173. Where can Clearing Members open accounts to deposit securities collateral?



At Clearstream Banking AG Frankfurt (CBF), SIX SIS Ltd. or Clearstream Banking S.A. Luxembourg (CBL).

Only at Clearstream Banking AG Frankfurt.

At Target2Securities.

Only at Clearstream Banking AG Frankfurt (CBF). or Clearstream Banking S.A. Luxembourg (CBL).

174. Which of the following does Eurex Clearing not accept as collateral?

DAX shares

Government bonds issued by the Swiss Confederation (Schweizerischen Eidgenossenschaft).

Government bonds from non-EU countries



US shares

175. Debt securities are not accepted as collateral if the maturity is equal or less than...

20 days.



15 days.

30 days.

45 days.

176. What is the maximum percentage of an issued bond, which is accepted by Eurex Clearing as collateral?

10 percent.



25 percent.

30 percent.

40 percent.

177. What is the concentration limit for margin collateral in equities at clearing house level?



1 % of the daily free float per ISIN.

10 % of the daily free float per ISIN.

15 % of the daily free float per ISIN.

20 % of the daily free float per ISIN.

178. Which statement regarding eligible collateral is wrong?



Gold and platinum are eligible as collateral in the form of Exchange Traded Commodities (ETCs).

During the check of deposited securities, it is examined whether a wrong-way risk exists.

Debt securities (bonds) are accepted as collateral if they meet certain minimum requirements.

At clearing house level, the concentration limit for equities amounts to 1 per cent of free float.

179. Which statement about the definition of the Pool Owner within the C7 Clearing GUI is incorrect?

Segregated clients (for example DC Market Participants) are Pool Owners.

ISA Direct Clearing Members are Pool Owners.



Clearing Members are Pool Owners for all collateral pools of their clients.

Clearing Members are Pool Owners for their own collateral pool.

180. Which statement about collateral management is incorrect?

The permanent cash balance is a feature that offers improved cash collateral handling.



Clearing Members receive an overview of their deposited collateral in a report only once at the end of the day.

Eurex Clearing applies a dynamic haircut calculation method to securities collateral.

Cash collateral is collected by Eurex Clearing by direct debit.