



Admission to Eurex Repo Clearing

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How to get started on Eurex Repo:

Clearing Guideline



Admission to Eurex Repo Clearing

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1. Welcome

Thank you for your interest in the Eurex Repo Market!

In the following you will find our “Eurex Repo Clearing Guideline” that will guide you on your way to participation at our platform.

Eurex Clearing AG was founded in 1998 and is a 100% subsidiary of Eurex Frankfurt AG and is jointly operated by Deutsche Börse AG and SIX Swiss Exchange. Eurex Clearing AG performs clearing for derivatives, bonds and repos as well as commodities and emission rights.

When transactions are executed Eurex Clearing AG, as a Clearing house, automatically becomes the central counterparty (CCP) to each trade. In this regard Eurex Clearing AG acts as a buyer to all sellers and as a seller to all buyers thereby minimising counterparty risk and maximizing operational efficiency. Eurex Clearing AG guarantees the fulfilment of every contract. In order to maintain integrity, Eurex Clearing AG has implemented a multi-level security system (“Lines of Defence”). The mainstay of this security system is margin, which Clearing Members deposit as collateral (securities or cash) for open positions. Throughout the clearing process, not only the losses calculated on the basis of current market prices, but also potential future price risks must be covered, so that no collateral shortfall arises prior to the next calculation of margin requirements. Additionally, each Clearing Member has to contribute to the Clearing Fund. The Clearing Fund serves as insurance against unusual price movements not covered by the margin calculation in case of a member default. Furthermore, accrued liabilities of Eurex Clearing AG are applied. The performed risk management (i.e. margining) as well as the offered effective delivery management features (i.e. netting) are supported by a suite of comprehensive reporting options.

The Eurex Clearing AG is directly linked to International Central Securities Depositories (ICSD) Clearstream Banking and Euroclear (Eurex Repo Euro Market, only).

Since the Eurex Repo clearing membership is independent of participation in the Eurex Repo trading platform, please note this guideline only refers to the admission process as a Eurex Repo clearing member.

Through the market launch of the new trading currency USD on January 29th, 2010 Eurex Repo has become a multi-currency trading system. The product USD GC Pooling[®] enables USD cash funding to all GC Pooling[®] participants.



2. Application for Eurex Repo clearing membership

To become a Eurex Repo clearing member it is necessary to fulfil certain legal requirements.

In order to participate in Eurex Repo Clearing, Eurex Clearing AG requires a confirmation of your domestic regulatory authority to prove your legal admission to operate custody business, credit operation and receipt of margin by customers in the form of securities and / or cash. The supervision of your institution must be according to the European Community Directives.

As a Germany or Switzerland based branch of a foreign institution it has to be proved through a confirmation of the domestic regulatory authority that the institution is permitted to conduct banking business.

2.1 Application requirements

The following institutions are entitled to apply:

- Institutions domiciled in a country of the European Union or in Switzerland pursuant to chapter I, subsection 2.1, paragraph 3 (a) of the Clearing Conditions for Eurex Clearing AG
- Branches pursuant to chapter I, subsection 2.1, paragraph 3 (c) of the Clearing Conditions for Eurex Clearing AG
- Branches pursuant to chapter I, subsection 2.1, paragraph 3 (d)
- Other branches pursuant to chapter I, subsection 2.1 paragraph 3 (e) of the Clearing Conditions for Eurex Clearing AG

As a precondition for invoicing services exempt from VAT, please indicate your VAT identification number as proof that your company is registered for VAT in your home country.



2.2 Clearing memberships

According to the Eurex Clearing admission terms, financial institutions located within the European Union or Switzerland as well as their branches in Germany or Switzerland can apply for a Eurex Repo clearing license at Eurex Clearing AG. The applicant needs the permission to operate custody business, credit operation and receipt of margin by customers in the form of securities and cash.

You can choose between two membership types:

- *General Clearing Member (GCM)*
Has the right to clear its own trades as well as the trades of customers and Non-Clearing-Members (NCMs).
- *Direct Clearing Member (DCM)*
Has the right to clear its own trades as well as the trades of NCMs provided they are 100% affiliated.

Market participants with no clearing status (so-called Non Clearing Members – NCMs) must enter into a clearing agreement either with a GCM or a company-affiliated DCM.

2.3 Capital requirements

Depending on the chosen membership type, the following financial criteria must be fulfilled;

License	Necessary liable equity capital	Clearing fund contribution
GCM	EUR 175 Mio	EUR 5 Mio
DCM	EUR 17,5 Mio	EUR 1 Mio



2.3.1 Liable equity capital

Evidence of the company's liable equity capital ("haftendes Eigenkapital") or equivalent own funds, by way of submission of a confirmation from an external auditor or a copy of a legal authority's confirmation regarding the determination of liable equity capital.

The liable equity capital is the sum of core capital and supplementary capital deducting the positions according to § 10, paragraph 6, subsection 1 KWG. The liable capital or own funds shall be calculated in accordance with the legal provisions in force at the location of the branch of the credit institution or bank concerned (chapter I, subsection 2.2.2 of the Clearing Conditions for Eurex Clearing AG).

For branch offices of foreign enterprises, evidence of the liable equity capital or own funds shall be provided by way of submission of a certified confirmation of an external auditor based on the following:

- For domestic branch offices pursuant to § 53 of the German Banking Act (compare § 53, paragraph 2, subsection 4 of the German Banking Act) within the meaning of §10 of the German Banking Act
- For domestic branch offices pursuant to § 53 b or 53 c of the German Banking Act in the sense of §10 of the German Banking Act
- For domestic branch offices pursuant to Article 2 Paragraph 1 BankG in connection with Article 1 ff of the Regulation of the Swiss Banking Commission (EBK) regarding Foreign Banks in Switzerland (ABV) pursuant to article 11-11c
- For other branches pursuant to chapter 1, subsection 2.1 paragraph 3 (e) of the Clearing Conditions for Eurex Clearing AG, evidence of the liable equity capital or own funds

Evidence of the liable capital as of December 31st must be provided annually by the clearing member. Such evidence must be presented no later than six months after the due date. Irrespective of the aforementioned minimum levels of liable capital required of an institution, the actual level of liable capital to be proven and maintained is either ten percent of the 30-day average of the Total Margin Requirement or ten percent of the 250-day average of the Total Margin Requirement of the respective clearing member, whereby the higher amount of the two calculated as described above applies. In case this liable equity capital calculated by Eurex Clearing AG exceeds the actual level of equity capital to be proven and maintained in the balance sheet, the clearing member is obligated to pledge the remaining amount (specified as "Company Capital") in form of collateral (cash or securities) on a respective "Pledged Securities Account" at Eurex Clearing AG.

In case the liable equity capital does not fulfil the requirements the applicant can provide the difference via a third party bank guarantee or collateral either in cash or securities. The bank guarantee has to be given by an institution based in a EU Member State or Switzerland.



The applying institution and the bank which furnishes the guarantee must be different legal entities. The form and extent of an admissible group relation between the applying institution and the bank which furnishes the guarantee shall be determined by Eurex Clearing AG.

2.3.2 Contribution to the Clearing-Fund

The Clearing Fund is a pool of funds contributed by Clearing Members for use in case of default. Irrespective of the provision of other margin, each Clearing Member shall be obligated to pay a contribution to the Clearing Fund. The amount to be provided shall be determined by Eurex Clearing AG for each Clearing Member and has to be paid to a trust deposit. This contribution can be delivered in cash or securities. Such contribution into the clearing fund is not required in case that the applicant has already paid a respective amount when applying for a Clearing License for clearing of derivatives, equities, bonds and emission rights.

To pledge collateral in the form of securities either an additional –501 sub account at Clearstream Banking Frankfurt (CBF), a (6)-SERIES CBF-Creation account or an account at SIX Segma Inter Settle (SIS) has to be opened. The (6)-SERIES CBF-Creation account is from the technical-functional perspective fully integrated within the Creation environment at Clearstream Banking Luxembourg (CBL), but it legally belongs to Clearstream Banking Frankfurt (CBF). For all accounts referring Powers of Attorney (PoA) are required. If the respective clearing-member prefers cash as contribution to the clearing-fund, he must be in possession of an account at a central bank of the Euro system which participates in TARGET2. Alternatively an account can be used at another central bank outside of the Euro system which is, due to a special agreement, connected to TARGET2.

The applicant must provide direct debit authority in favour of Eurex Clearing AG for the applicants' accounts. Furthermore, the contribution to the clearing-fund can be provided in the currencies CHF and USD. In this case, the applicant must transfer the required cash amount to the Eurex Clearing AG account, autonomously. For the transferred cash amount "haircuts" will be applied. For detailed information concerning "haircuts" and contribution to the clearing-fund please refer to the contact details at the end of this paragraph.

In exceptional cases also a bank guarantee given by a bank based in a EU member state or Switzerland is permitted. Please note that in case of a bank guarantee the applying institution and the institution issuing the guarantee have to be different legal entities.

The level of contribution for Eurex Clearing AG's Clearing fund also depends on the status of the clearing member. Currently, GCMs provide a minimum of EUR 5 million and DCMs a minimum of EUR 1 million into the fund. In the event that two percent of the average total margin requirement of the clearing member for the last 30 days or 250 days is greater than these minimum contributions, this amount has to be paid into the clearing fund. Contributions already paid into the fund for other clearing licenses are taken into account.

Please note: We strongly recommend all clearing members to select the referring *CI042 Daily Settlement Statement* via the Clearing-GUI „@X-tract“ (please see Chapter 4 Reporting).

For all enquiries concerning capital requirements please contact:



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Eurex Clearing Risk Operations

T +49-(0)69-211-12452

F +49-(0)69-211-18440

risk@eurexchange.com

2.3.3 Confirmation of the domestic regulatory authority

In order to participate in Eurex Repo Clearing, Eurex Clearing AG requires a confirmation of your domestic regulatory authority to prove your legal admission to operate custody business, credit operation and receipt of margin by customers in the form of securities and cash. The supervision of your institution must be according to the European Community Directives.

A foreign bank (bank which is not located in Germany or Switzerland) with a branch located in Germany has to provide a confirmation from the domestic regulatory authority that the bank is permitted to undertake banking business.

For further Information please find the Clearing Conditions of Eurex Clearing AG:

www.eurexclearing.com > Documents > Rules & Regulations > Clearing Conditions

2.4 Admission and annual fee

New Direct-Clearing-Members (DCMs) for the Eurex Repo Market neither pay an admission fee nor an annual fee.

2.5 Transaction costs

The transaction fee is calculated from 0.003% referred to the purchase price (EUR or USD) of the front-leg of a Repo Transaction and the period from the starting date for the front leg (inclusive) until the end date for the term-leg of the respective Repo transaction (exclusive). The calculation will be made on the basis of Act / 360. In each case, the minimum fee to be paid will be EUR 5.00 or USD 7.00 respectively per concluded transaction.

For Further information please find the Price List for Eurex Clearing AG via the website:

www.eurexclearing.com > Documents > Rules & Regulations > Price Lists

2.6 Connection to the Eurex Clearing Systems

Participants may choose between connections via a leased line or via internet. For a leased line connection, a backup-connection is required in all cases. The back-up connection must have the same bandwidth as the principal line and can also be an internet connection. For members with existing leased lines to the Eurex system, it is possible to use these connections for the CCP. In case a member has an already existing connection to the CCP / Eurex Clearing, no additional connection for CCP is required (subject to sufficient bandwidth capacity). Since April 2010 there is also the opportunity for participants to be connected via the “ExServes WebTrading” Service of Deutsche Börse Systems. “ExServes WebTrading” Service offers internet-based access to Deutsche Börse Group’s server network from any trading locations of the participant. Thus, only a standard web browser is needed. In this regard, an own MISS infrastructure is unnecessary.

For further information on Deutsche Börse Systems “ExServes WebTrading“ Service please contact your responsible Eurex Repo Sales Manager. In case a participant decides for this access variant, the following Chapter 2.6.1 “Hard - and Software Requirements” as well as Chapter 2.6.2 “Technical Connection” are not applicable. Below you can find an overview about potential CCP connection types.

CCP Connection Type	Bandwith	Price per month
Dedicated line	128 kbps	EUR 450,-
Dedicated line (used as back-up)	128 kbps	EUR 450,-
Internet Access	128 kbps	EUR 200,-
“ExServes Web Trading” Service		EUR 600,- for two token; any additonal token plus EUR 300,-
Clearing Service Fee		EUR 500,- (not applicable for „ExServes WebTrading“)

Technical connection to the clearing systems of Eurex Clearing AG is performed via the “Member Integration System Server” (MISS). Every Eurex Repo clearing member installs two respective front-ends on the server-component MISS. These GUIs “Graphical User Interface” are named “@X-tract” (Clearing-GUI) and “@X-pert” (CCP-GUI). An access to the GUIs can be either performed directly on Deutsche Börse Systems server (“ExServes WebTrading” Service) or on the respective server component MISS. The MISS enables the required access to the clearing-systems via standardised interfaces and can be used as standalone-solution with all front-end applications and as server for additional trader workstations.



> CCP-GUI “@X-pert” (Delivery Management)

The functionality of the “@X-pert” CCP-GUI primarily comprises the Gross Delivery Management used by settlement institutions and thereby ensures traceability of settlement instructions by providing comprehensive information. The Gross Delivery Management functionality accessible by using the GUI can be divided into:

- Viewing general and detailed information about trades and their settlement
- Modifying settlement options (blocking, releasing, partially releasing and linking trades)
- Marking trades for gross or net processing
- Requesting reports (See Chapter 4 Reporting)
- Viewing the settlement status for gross- and net (surplus or offsetting block) obligations

The “@X-pert” CCP-GUI is described in the CCP User Guide.

> Clearing-GUI “@X-tract” (Risk Management)

The front-end clearing system performs all risk management functions through the Clearing-GUI “@X-tract”, including the „Intra-day Margin“ and „Overnight Margin“ requirements calculated by Eurex Clearing AG. In addition, the management of the Pledged Securities Account is feasible (see Chapter 3.1 Pledged Securities Account).

The following risk management functionalities are comprised by “@X-tract”:

- Collateral Management
- Daily Margin Overview

For further questions concerning the Eurex Clearing Systems please contact:

Eurex Clearing CCP
T +49-(0)69-211-11940
F +49-(0)69-211-11401
clearing@eurexchange.com



2.6.1 Hard- and software requirements

In order to install both front-end functionalities (Graphical User Interface - GUI) “@X-pert” and “@X-tract” the MISS (Member Integration System Server) must meet the following minimum hard- and software requirements. The requirements on the individual workstations of the clearing members are identical.*

	Minimum	Recommended
Processor	Single Core 2 Ghz	Dual Core 1,6 Ghz
RAM	1 GB	2 GB
Hard Disk	20 GB	100 GB
Network	10 Mbit	100 Mbit

* Requirements for the installation of a first GUI – Due to the installation of the second GUI, additionally 256 MB RAM are mandatory.

2.6.2 Technical connection

Irrespective of the mandatory two front-ends (“@X-tract“ and “@X-pert“) on the MISS, the Clearing Member requires only one technical connection to Eurex Clearing AG.

If a dedicated leased line already exists to the “Eurex Derivatives” trading environment for example, this line can be shared providing there is sufficient bandwidth remaining. Furthermore, should the Clearing Member already have a connection to Clearing Systems (“@X-tract“ and “@X-pert“), this connection can be also used and no further line is required.

For new Repo Clearing members there are different connection alternatives available:

- > Dedicated Line (64 kbt/s) EUR 450,- monthly
- + an additional Dedicated Line or Internet Connection as „back-up“ EUR 450,- or EUR 200,- respectively

- > Internet Connection (64 kbt/s) EUR 200,-



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The technical connection is obtained either via Leased Line, an Internet Connection or a combination of the two. If the Clearing Member has chosen the Dedicated Line with data channel solution, an additional second line is mandatory which ensures constant availability and stability of the connection to the Eurex Repo Market. The second connection can be either a second Dedicated Line or Internet Connection. If a second Dedicated Line is chosen then the bandwidth must be identical to the first Dedicated Line to ensure full contingency is in place.

For the purpose of regular system maintenance, Eurex Clearing AG charges a monthly service-fee of EUR 500,-.

With regard to the technical connection to the Eurex clearing system, a configuration sketch of your technical environment is requested. You will find further information in our sizing guidelines. Lines can be ordered with the line-order form (so-called "System Configuration Questionnaire"). The technical connection can be ordered through "CCP – Access Order Form: Order/Cancellation". (see Chapter 5 – Checklist for the technical connection)

For any further questions concerning the hard- and software requirements and also technical connection please do not hesitate to call our Customer Technical Support:

Deutsche Börse Systems

Customer Technical Support

T +49-(0)69-211-11200

F +49-(0)69-211-11201

tkam@deutsche-boerse.com



2.7 Participation from abroad / Mail Authority

In the case that the applying institution is based outside of Germany, it additionally has to submit a Power of Attorney (PoA) for the mail correspondence. This is to provide evidence that the applying institution has authorised a person resident in Germany with the "Mail Authority". According to German law, legally effective notification must be able to be delivered within the borders of the country at any time. Naturally, general mail correspondence will be always sent to the postal address of the applying institution. Only in the event that notification is not feasible, the mail correspondence will be sent to the authorised person who is located in Germany.

3. Clearing and Settlement

3.1 Margining

Eurex Clearing AG guarantees the fulfilment of all traded contracts. In order to ensure a high degree of security, Eurex Clearing AG protects itself against the risk of default by any of our Clearing Members. The mainstay of the security system is the calculation of total risk exposure for each clearing member (margin) which is covered by the deposit of collateral in the form of cash or securities. The calculated individual margin of each clearing member which must be deposited with Eurex Clearing AG is called "Total Margin Requirement" (TQM). The provision of margin ensures that all open positions belonging to a clearing member can be closed and offset within a short period of time.

The "Total Margin Requirement" is comprised of the following two elements and can be deposited either in the form of cash in the "clearing-currencies" EUR / CHF or as securities collateral, respectively. A "Total Margin Requirement" resulting from US-Dollar cash exposure (USD GC Pooling[®]) will be considered within Eurex Clearing AG's risk-based margin calculation. To cover the existing exchange rate risk between the respective margin in USD resulting from a USD GC Pooling[®] transaction and the calculated "Total Margin Requirement" in one of the applied clearing currencies EUR or CHF respectively, the participant is obligated to pledge an additional margin which is called "Cross-Currency Haircut". The "Total Margin Requirement" consists of the following two elements:

> *Current Liquidating Margin (CLM) - Anglo-Saxon*

The Current Liquidating Margin reflects the risk of Eurex Clearing AG in case of member failure, where open security and cash positions have to be liquidated at current market prices.

> *Additional Margin (AM) - German*

Additional Margin serves to cover the additional liquidation costs that potentially could be incurred. Such possible close-out costs could arise if, based on the current market value of a portfolio, the worst-case losses were to occur within a 24-hour period.



Please note, that currently no “Cross-Currency Margining“ between transactions in EUR or USD respectively is performed.

In respect of the “margining“ each Clearing Member requires a Pledged Securities Account (collateral in the form of securities) as well as Cash Margin Account (collateral in the form of cash).

3.1.1 Pledged Securities Account

For the purpose of meeting the “Margin Requirements“ in the form of securities, every clearing member needs a Pledged Securities Account at Clearstream Banking Frankfurt (CBF) for settlement in EUR or SIX SegalInterSettle (SIS) for settlement in CHF, respectively.

Within the CBF environment, for the Pledged Securities Account it is possible to utilise either a -500 Subaccount or a -550 Xemac Subaccount. Alternatively, a (6)-SERIES CBF-Creation Account may be used. This Account refers technically and functionally to the CBL-Creation environment but belongs legally to CBF. As aforementioned, Swiss Clearing Members can use their SIX Segal Inter Settle (SIS) Account for settlement in CHF. All Clearing Members must submit respective Powers of Attorney (PoA) subject to Eurex Clearings’ Clearing Conditions.

3.1.2 Cash Margin Account

In order to deposit cash for the “Total Margin Requirement“, every Clearing Member must have an account within the payment module at a central bank of the Euro system which participates in TARGET2. Alternatively it is permitted to use an account at another central bank which is not within the Euro system but is, due to a special agreement, connected to TARGET2 (for instance, Swiss participants). Specifically, Swiss Clearing Members are able to use a six-digit “SIC“ Account (settlement in CHF) at Swiss National Bank (SNB).

The Clearing Member must provide direct debit authority in favour of Eurex Clearing AG for the Cash Margin Account. Eurex Clearing AG may permit that accounts of correspondent banks may be used for this purpose.

Regarding settlements Eurex Clearing AG has to be authorized by an appropriate Power of Attorney (PoA) for the corresponding (I)CSD to process delivery instructions.

3.1.3 Margin Call

Eurex Clearing AG, based on its own risk assessment carried out during the course of a given trading day (in the event that collateral that has already been deposited is no longer sufficient), at all times reserves the right to demand from the Clearing Member a higher, or supplementary, margin (so-called “Intra-day Margin Call“) in the form of either cash collateral or those securities that are accepted by Eurex Clearing AG.

Additional collateral must be deposited immediately in the appropriate Pledged Securities Account (securities) or Cash Margin Account (cash).



In the event of an initiated “Intra-day Margin Call” the respective Clearing Member will be informed by telephone or via fax. Afterwards, it is within the discretion of the affected Clearing Member, whether it wants to deposit collateral in form of cash or securities.

The “Intra-day Margin Call” requirement also may be met in USD. Therefore, the Clearing Member transfers the calculated margin amount in USD autonomously to Eurex Clearing AG within the given deadline. Eurex Clearing AG automatically converts the received USD cash amount into the adequate clearing-currency (EUR or CHF). Due to the fact that the Clearing Member still owes the original clearing-currency, USD payments are excluded from potential “Overnight Margin Calls”.

Following Eurex Clearing AG’s overnight risk assessment, the market participant might be called upon to provide additional collateral. In consequence, an “Overnight Margin Call” will be initiated. The “Overnight Margin Call” will be executed automatically in the early morning of the following day. Accordingly, the cash amount will be debited from the Clearing Member’s Cash Margin Account (TARGET2 Account for EUR and “SIC” Account for CHF, respectively). Afterwards, the Clearing Member has the opportunity to balance the referring account, if desired, during the day by collateral delivery into the Pledged Securities Account. An “Overnight Margin Call” can be met in the clearing currencies EUR and CHF, only.

3.2 Settlement

Each Clearing Member is committed to have at least one account at an International Central Securities Depository (ICSD) for the settlement of foreign securities. Eurex Clearing AG supports settlement within the following ICSDs:

- Clearstream Banking Frankfurt (CBF)
- Clearstream Banking Luxemburg (CBL)
- Euroclear

Please note :

GC Pooling[®] Market participants are excluded from this provision. This is because GC Pooling transactions are committed to settle via Clearstream Banking, exclusively. For GC Pooling[®] Market participants the Collateral Management System Xemac of Clearstream Banking Frankfurt (CBF) or CmaX of Clearstream Banking Luxemburg (CBL) manages the allocation and substitution of securities which collateralise the money transaction. For the purpose of participating in the GC Pooling[®] Market a connection to Xemac or CmaX respectively is mandatory.

Regarding settlements Eurex Clearing AG has to be authorized by an appropriate Power of Attorney (PoA) for the corresponding (I)CSD to process delivery instructions.



For further Information on Xemac/CmaX please contact:

Clearstream Banking AG – Luxemburg
Global Securities Financing – Sales
Heidi Reiles T +35-2-243-36361
Gösta Feige T +35-2-243-32394

3.3 Cash Settlement Account

Each registered Settlement Account (at Clearstream Banking or Euroclear) must be specified together with a Cash Settlement Account. For participants who use Clearstream Banking Frankfurt (CBF) the Cash Settlement Account has to be a TARGET2 Account. Clearstream Banking Luxemburg (CBL) and Euroclear customers may use a TARGET2 Account or a respective internal Cash Account, alternatively. The cash settlement for USD GC Pooling[®] transactions takes place for domestic participants on a multi-currency compatible account within CASCADE (“6-SERIES” Account) and for international participants on a special CBL Cash Settlement Account within Creation.

Please note: In order to send cash only instructions to an International Central Securities Depository (ICSD) on behalf of a CCP participant, it is mandatory for Eurex Clearing AG to use the participants’ Bank Identifier Code (BIC) and SWIFT Address for identification reasons. In accordance with the Power of Attorney (PoA) for Clearstream Banking Luxembourg or Euroclear, this form is to be completed and sent to Eurex Clearing AG.

3.4 Fee Account

All fees of Eurex Clearing AG are charged on a daily basis and are debited from the Clearing Member’s account at the beginning of the following month. For all clearing service fees which have to be paid in EUR all Clearing Members are obligated to have an account within the payment module at a central bank of the Euro system which participates in TARGET2. Alternatively it is permitted to use an account at another central bank which is not within the Euro system but is, due to a special agreement, connected to TARGET2 (for instance, Swiss participants). In this regard, Swiss Clearing Member are allowed to use a “euroSIC“ Account at Swiss Interbank Clearing AG (billing in EUR). Alternatively, it is feasible to use the TARGET2 Account of a correspondent bank. In this event, the respective Clearing Member has to provide a Power of Attorney (PoA).

All Eurex Clearing transaction fees resulting from USD GC Pooling[®] trades are automatically invoiced in the trading currency USD. For this purpose, each GC Pooling[®] participant needs to hold an account at an USD Payment Bank acknowledged by Eurex Clearing AG. It is also feasible to specify an USD Payment Account of a correspondent bank. Optionally, service fees resulting from USD GC Pooling[®] transactions can be converted into EUR. Please note, that a conversion of the invoice currency from USD into EUR always will be applied over all markets of Deutsche Börse Group. This means all concluded transactions in the trading currency USD will be automatically converted and invoiced into EUR, regardless at which market the transaction has been concluded (i.e. Eurex Derivatives, FWB, Eurex Bonds, etc.). As mentioned earlier, also in this instance a



TARGET2 Account needs to be specified for the clearing service fees in EUR. The composition of the total clearing service fee amount can be retraced through particular positions for each trading currency described in the invoice.

3.5 Netting

Eurex Clearing AG offers members “Settlement Day Netting” as an optional feature, which nets contractual deliveries with late deliveries.

This means that all ISIN-identical transactions can be netted within the referring trading currency (EUR or USD), the identical ISIN and on the same settlement account. In consequence, only one net-position is then calculated for the concluded transactions on which a margin must be paid by the Clearing Member. Thus, netting results in increased settlement efficiency while simultaneously reducing the “Total Margin Requirement” based on the overall risk assessment of Eurex Clearing AG. The Clearing Member may decide to opt for one of the following netting-methods:

> *Single Instruction Netting (SIN)*

In Single Instruction Netting only one settlement instruction type will be generated in case of a surplus after settlement netting has been performed: One “Delivery versus Payment’ (DvP) instruction for both the surplus and the cash instruction for the offsetting block will be created.

> *Dual Instruction Netting (DIN)*

In contrast to the “Single Instruction Netting”, with “Dual Instruction Netting” two instruction types will be generated in case of a surplus after settlement netting: One “Delivery versus Payment” (DvP) instruction for the surplus and a separate cash instruction (“cash only instruction”) for the offsetting block.

3.6 Shaping

Shaping describes the partitioning of a high volume delivery instruction of securities into several delivery instructions of a smaller volume. The purpose of this split is to ensure the highest possible volume of a delivery instruction is settled. In other words, this process serves to avoid the total fail of a high-volume delivery instruction.

The current parameters are EUR 50 million for the Eurex Repo Euro Market and Special Market. For the GC Pooling[®] Market the applied shaping parameters are 200 Mill. for all transaction in the trading currency EUR and 50 Mill. for all transactions in USD. Shaping is performed by Eurex Clearing automatically.



3.7 Cash Deferral

Due to the fact that Clearing Members within the Eurex Repo Market are trading exclusively on their own behalf, “Cash Defferal” is irrelevant.

Eurex Repo Clearing Applicants should tick “*negative*”¹ in the appropriate box Release Method and tick “*no*” in the respective box Cash Deferral on the form “Application for Set up/Deletion/Change of CCP Settlement Accounts” (see Chapter 5 – Checklist). This set-up guarantees that all settlement instructions out of the transactions are being released automatically. Additionally, in case there are cash differences relating to the “settlement netting” no cost and expenses will be charged.

3.8 “Buy-In” Procedure

In the event that the seller of the securities is five days late in the contractual delivery of the securities, the buyer of the securities has the right, subject to the Clearing Conditions of Eurex Clearing AG, to request a so-called “Buy-In” Procedure. In order to purchase a substitute to the original securities owed by the seller, Eurex Clearing AG initiates the “Buy-In” Procedure. The intention is to cover any potential losses the securities buyer may have incurred, resulting from the failure to deliver of the securities seller.

¹ “Negative Release Method” implies that all transactions are released automatically. In contrast, the “Positive Release Method” effects that all transactions are blocked and therefore, it must be released manually by the participant.



4. Reporting

For Clearing Members Eurex Clearing AG performs efficient risk and delivery management. The transparency and control of all transactions is ensured through comprehensive reporting at all times. "Intra-day" reports are available throughout the day and provide a cohesive monitoring of intra-day risk, cash payments and processing of settlement instructions. The majority of the reports are distributed early in the morning of the following day after the night-time processing.

Clearing processes take place on two front-ends: the CCP-GUI and the Clearing-GUI. For this reason, there are differences between the risk and collateral management reports delivered by the Clearing-System ("@X-tract") and the delivery management reports provided by the CCP-System ("@X-pert"). The two front-ends are installed on the so-called "Member Integration System Server" (MISS). The Report Selection window in "@X-tract" or "@X-pert" respectively, allows Clearing Members to select all available reports which are generated and sent out. As aforementioned, reports may be selected via the Graphical User Interface (GUI) or ordered by fax.

Eurex Clearing AG reports are available as XML-format ("@X-tract") or as print-reports in text format ("@X-pert"). XML reports can easily be customized to meet Clearing Members' needs. Please see "Eurex XML Report Reference Manual" (PDF) in the member section (login required) of the Eurex Clearing AG website (www.eurexclearing.com) for more details. Furthermore, all reports are additionally available as a raw data file option.

All raw data files can be ordered free of charge. Eurex Clearing AG charges a monthly fee of EUR 300 for any delivery management ("@X-pert") report. The Clearing Member decides which reports to order according to his individual requirements.

Please find below the recommended report overview for Eurex Repo activity.

> **Clearing-GUI "@X-tract"** (Risk Management)

The reports listed below are produced during the night-time processing and will be sent early the following day (so-called "end-of-day" reporting):

- *CD010 Daily Cash Account Margin*
(movements of the Pledged Securities Account)
- *CC011 Current Liquidating Margin*
(shows individual CLM, based on the respective risk positions of the Clearing Member)
- *CC040 Liquidating Values*
(potential liquidation costs for the corresponding collateral of a margin-class)
- *CD042 DailyMargin Call*
(reconciliation of Total Margin Requirement and Pledged Securities Account - may indicate an impending "Margin Call")
- *CC045 Additional Margin*
(shows individual AM, based on the respective risk positions of the Clearing Member)



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- *CD050 Daily Margin*
(Total Margin Requirement; resulting from CLM + AM)
- *CD090 Overall Asset Summary*
(validation of pledged collateral in form of securities and/or cash on daily basis)

The following „Intra-day“ reports are delivered four times a day at approximately 10:30 am and 13:30, 16:00 and 18:00 pm CET for the GC Pooling[®] Market. Further reports for the Euro Market are generated and sent regularly every 10 minutes:

- *CI042 DailyMargin Call*
(reconciliation of Total Margin Requirement and Pledged Securities Account - may indicate an impending “Margin Call”)
- *CI050 Daily Margin*
(Total Margin Requirement; resulting from CLM + AM)

> **CCP Clearing-GUI “@X-pert”** (Delivery Management)

Like the majority of the reports, all reports mentioned below are generated during the overnight processing and are sent out early the following day (so-called “end-of-day” reporting):

- *CA160 Custody Payment Statement*
(overview of cash settlement)
- *CB230 Daily Gross Delivery Management*
(overview of all settled transactions of the Gross Delivery Manager)
- *CD250 Settled Cash Transactions*
(overview of all transactions that have been booked and initiated during the overnight processing)
- *CE260 Pending Delivery*
(contains all trades that are partially or fully pending at this point in time)
- *TC750 Repo Contracts*
(contains the details of repo trades and the settlement of the corresponding legs)

The following reports are sent out 8 times a day:

- *CE270 Settled Delivery*
(mapping between trades and delivery instructions)

A detailed list of all reports which are available for ordering can be found in the User Guide “CCP 5.0 Description of Report Layouts“ for @X-pert and @X-tract, respectively. For further information please also see, the User Guide “Eurex Release 11.0 – Intra-day Risk Information Service”.



5. Checklist

Please note that depending upon your individual business and system configuration requirements this checklist may not be complete. For further questions, please do not hesitate to contact your Eurex Repo Sales Manager.

No.	Forms + Proofs	Done by:
	Required documents for the granting of a clearing license	
1	Application for the Granting of a Clearing License of Eurex Clearing AG (Form)	
2	Application for Set-up / Deletion / Change of Clearer Accounts (Form)	
3	Confirmation of the Set-up of a account for the pledging of collateral in form of securities at Clearstream Banking AG and SegalInterSettle (SIS), respectively (Proof)	
4	Clearing Agreement (Eurex Clearing AG / Clearing Member) (Form)	
5	If applicable: Declaration for a Clearing License Holder (Branches) of Eurex Clearing AG (Form)	
6	Certified excerpt form the commercial register (Proof)	
7	Confirmation letter of the responsible national financial athrowithies that the applicant is allowed to transact financial business (Proof)	
8	Confirmation of liable equity capital in CHF / EUR (Proof)	
9	Application for the Set-up of a User in the CCP System (@X-PERT) (Form)	
10	Request for Deletion/ Modification/ Password reset of User ID's in the CCP-System (Form)	
11	Application for the Setting up / Modification / Deletion of User IDs in the Eurex System (@X-TRACT and @X-CEED) (Form)	
12	Order Form for CCP Settlement Report Selection (Form)	
13	Application for Set-up / Deletion / Change of CCP Settlement Accounts (Form)	
14	Utilization of Securities and/or Cash Accounts (Form)	



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15	Information on Clearing Institute / Correspondent Bank – “Use of Accounts” (Form)	
16	Power of Attorney - Clearstream Banking Frankfurt – CBF (Power of Authority)	
17	Power of Attorney - Clearstream Banking Luxemburg – CBL (Power of Authority)	
18	Power of Attorney - Euroclear – EOC (Power of Authority)	
19	Power of Attorney – Swiss National Bank – SNB (applicable for Clearing Members with CHF-Set-up)	
20	Eurex Clearing Emergency Contact Details (Form)	
21	Application for exemption from Spanish withholding tax (Form)	
22	Certification for Spanish Tax (Form)	

No.	Required documents for the technical connection to Eurex Clearing-Systems	Done by:
1	Systems Configuration Questionnaire (Form)	
2	CCP – Access Order Form (Form)	
3	Order Form for Setup / Change / Cancellation of a CCP Report Node (Form)	
4	Supplementary Agreement to the Standard Terms and Conditions of Eurex Clearing AG for the Use of the CCP Network for CCP Multi-Member-Frontend Systems Operations	
	If required following forms	
(5)	CCP - Multi-Member MISS Provider Confirmation (Form)	
(6)	CCP - Multi-Member MISS User Setup Application (Form)	
(7)	Declaration of Intent to Start the Connection process as CCP Multi-Member-Frontend Provider	



6. Further Information and Guidelines

- **Clearing Conditions der Eurex Clearing AG**
www.eurexclearing.com > Documents > Rules & Regulations > Clearing Conditions
- **INFORMATION MEMORANDUM – Application for the Granting of a Clearing License**
www.eurexclearing.com > Forms > Eurex Repo & Eurex Bonds > Single Forms > Legal & Regulatory > “Information Memorandum – Application for the Granting of a Clearing License”
- **INFORMATION MEMORANDUM – For the Application/Deletion/Change of CCP Settlement Accounts**
www.eurexclearing.com > Forms > Eurex Repo & Eurex Bonds > Single Forms > Legal & Regulatory > “Information Memorandum – For the Application/Deletion/Change of CCP Settlement Accounts”
- **CCP 5.0 User Guide**
www.eurexclearing.com > Member Section > Releases > CCP 5.0 > Manuals > CCP 5.0 User Guide
- **CCP 4.0 Description of Report Layouts**
www.eurexclearing.com > Member Section > Releases > CCP 4.0 > Manuals > CCP 4.0 Description of Report Layouts
- **CCP 5.0 Description of Raw Data**
www.eurexclearing.com > Member Section > Releases > CCP 5.0 > Manuals > CCP .0 Description of Raw Data
- **Price List for Eurex Clearing AG**
www.eurexclearing.com > Documents > Releases > CCP 5.0 > Manuals > CCP 5.0 User

Further information is available from your Eurex Repo Sales Manager:

- **EUREX Release 12.0 Intra-day Risk Information Services – User Guide**
- **EUREX Release 12.0 “Front-end Operations Guide”**
- **EUREX Release 12.0 “Front-end Installation Guide”**
- **Eurex Clearing - Risked-Based-Margining Brochure**
- **Eurex Repo - GC Pooling[®] Margining Concept**
- **Explanatory Notes for CCP Set-up Sheet**



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7. Contact

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