


# Client Asset Protection





**Eurex Clearing, a multi-asset central counterparty (CCP), offers clearing members and clients robust segregation and porting options to address their needs across all markets.**

**Eurex Clearing offers a wide range of segregation models; from individual to omnibus.**

Since the launch of our client segregation models, Eurex Clearing has worked with the market to ensure each segregation model is designed to provide flexibility in terms of available position and collateral account set up in order to meet your specific needs. Safety and efficiency have been key design principles.

## Your segregation options

Eurex Clearing offers choice. As well as different clearing memberships, there are a variety of clearing models to meet our clients' needs. Each has its own segregation, protection and risk profile.

When deciding on the level of segregation required at the CCP, there are a number of considerations, such as:

- Is fellow customer risk acceptable?
- What type of collateral protection is required (value / asset)?
- Portability

This booklet aims to provide you with an overview of the client asset protection models and to identify which model will best satisfy your business, capital and risk requirements.

# Client types

Clients would be a client of a Clearing Member. Clients can be either undisclosed or disclosed (i.e. known) to Eurex Clearing. Depending on the client type, varying levels of position segregation and asset protection can be achieved.

Undisclosed	Disclosed		
<b>Direct / Indirect</b> <ul style="list-style-type: none"> <li>Relationship remains solely between CM and client.</li> <li>No onboarding requirements with Eurex Clearing</li> <li>Available for direct clients as well as the indirect clients</li> </ul>	<b>Specified Client</b> <ul style="list-style-type: none"> <li>No contractual relationship with Eurex Clearing</li> <li>Known via name, address of its statutory seat, contact details (for DMP) and LEI</li> <li>Available for omnibus segregation (GOSA) and individual segregation (ISA for Specified Clients)</li> </ul>	<b>RC / NCM</b> <ul style="list-style-type: none"> <li>Registered Customer (RC): no trading license – trade is executed by CM or for OTC IRD via an external trade source (e.g. MarkitWire for OTC IRD).</li> <li>Non Clearing Member (NCM*): execute own transactions on exchange.</li> <li>Available for omnibus segregation (GOSA) and individual segregation (ISA)</li> </ul>	<b>Fund Manager (FM)</b> <ul style="list-style-type: none"> <li>Designed to support FM set up</li> <li>Fund manager can sign on behalf of unlimited number of funds.</li> <li>Each fund gets their own position account and legal segregation.</li> <li>FM may use any of the segregation models.</li> </ul>

# Clearing Member (CM) categories

## General Clearing Member (GCM)

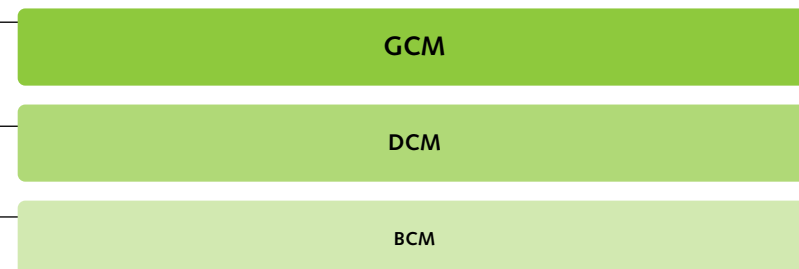
GCMs may clear their own business and those of all clients. Can also act as Clearing Agent for BCMs.

## Direct Clearing Member (DCM)

DCMs can clear their own and affiliated\* business.

## Basic Clearing Member (BCM)

Also known as an ISA Direct member. It combines elements of direct clearing membership and traditional service relationship in client clearing. Principal relationship with CCP, but requires the support of a Clearing Agent.



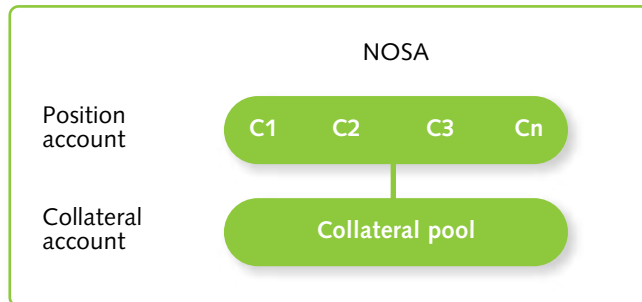
\* Not available for OTC IRD clearing

# Direct Client considerations:

What level of segregation is right for you?

	NOSA	GOSA	ISA – Specified Client	ISA	ISA Direct
<b>Client considerations</b>	Net Omnibus Segregated Account	Gross Omnibus Segregated Account	Individual Segregated Account	Individual Segregated Account	Individual Segregated / Direct Membership
<b>Fellow customer risk</b>	Yes	Limited	No	No	No
<b>Trades held in position account</b>	With other clients	Individual a/c	Individual a/c	Individual a/c	Individual a/c
<b>Margin efficiency</b>	Net	Gross	Gross	Gross	Gross
<b>Collateral pool</b>	Omnibus	Omnibus	Individual	Individual	Individual
<b>Securities held as</b>	Pledge	Pledge	Pledge	Title transfer	Pledge
<b>Collateral allocation</b>	Value	Value	Asset	Asset	Asset
<b>Porting</b>	Available with fellow customers	Available as individual	Available as individual	Available as individual	Not applicable
<b>Interim Clearing participant</b>	No	No	No	Yes	Not applicable
<b>Collateral return if porting fails</b>	Via insolvency administrator	Direct from CCP	Direct from CCP	Direct from CCP	Not applicable
<b>Direct collateral transfer</b>	-	-	-	Available	Available
<b>Direct reporting</b>	-	Available for RC/NCM	-	Available	Available
<b>CASS protection</b>	Available	Available	Available	-	-
<b>Clearing model / membership</b>	Elementary Clearing Model	Elementary Clearing Model	Individual Clearing Model	Individual Clearing Model	Basic Clearing Member

# Net Omnibus Segregated Account



**C** Undisclosed client

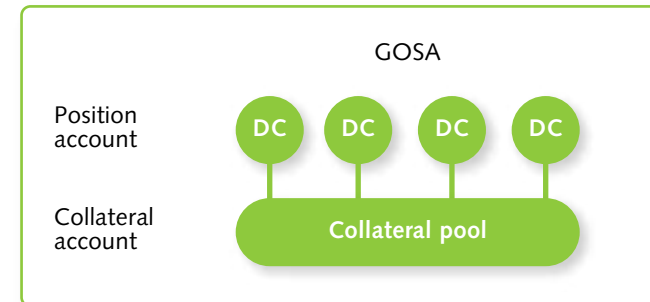
## Net Omnibus Segregated Account (NOSA)

- The simplest account for client clearing
- Undisclosed clients are combined in a position account with other client positions.
- Margin is calculated on a net basis per position account.

### Safety and considerations

- Fellow customer risk across positions and collateral shortfalls
- Margin netting benefits can be derived.
- Collateral is allocated on a value basis.
- Porting available with fellow customers
- Close out: Collateral will be returned for the benefit of clients via the insolvency administrator.

# Gross Omnibus Segregated Account



**DC** Disclosed client

## Gross Omnibus Segregated Account (GOSA)

- Clients can request to hold positions in a separate position account and become known to the CCP as a **specified client (SC)**.
- NCMs / RCs / SCs are regarded as GOSA clients.
- Does not protect specific assets or assign excess to any specific GOSA client.
- Margin is calculated on a net basis per position account (i.e. gross for that client).

### Safety and considerations

- Fellow customer risk is limited to collateral shortfalls.
- Positions are segregated from other clients.
- Collateral is allocated on a value basis.
- Porting available for individual clients
- Close out: Collateral will be returned directly to the client (excluding excess).

# Individual Segregated Account for Specified Clients



**SC** Specified Client

## Individual Segregated Account for Specified Clients (ISA for SCs)

An ISA for SCs delivers a very high level of protection for a client. Positions and assets provided to Eurex Clearing are protected against the default of another market participant.

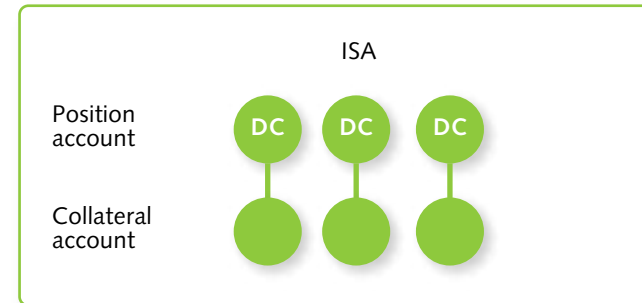
In the event of a default, clients can choose to port immediately to a Replacement Clearing Member or can elect to close out and directly receive their remaining collateral back.

Different to an ISA NCM/RC, Specified Clients are unable to become an "Interim Participant" and have a direct relationship to the CCP. In a default case, options are either porting or direct return of collateral.

### Safety and considerations

- Highest level of client segregation
- No fellow customer risk
- Actual delivered assets are protected.
- Porting available for individual clients
- Close out: Remaining collateral will be returned directly to the client **including any excess**.

# Individual Segregated Account



**DC** Disclosed client: NCM / RC

## Individual Segregated Account (ISA)

An ISA delivers the highest level of protection for a client registered as an NCM/RC. Positions and assets provided to Eurex Clearing are protected against the default of another market participant.

In the event of a default, clients can choose to port immediately to a Replacement Clearing Member or become an Interim Participant, directly facing Eurex Clearing for a limited period until a Replacement Clearing Member is established.

Alternatively, clients can elect to close out. Originally delivered collateral will be redelivered to satisfy the Difference Claim Amount owed by Eurex Clearing.

### Safety and considerations

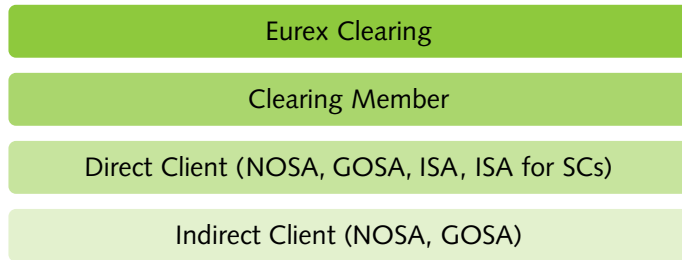
- Highest level of client segregation
- No fellow customer risk
- Actual delivered assets are protected.
- Porting available for individual clients
- Close out: Collateral will be returned directly to the client **including any excess to satisfy the Difference Claim amount**.

# Indirect Clearing

Indirect clearing arrangements under EMIR and MiFID provide an additional layer of protection to indirect clients.

Positions of indirect clients are separated from direct clients. Indirect clients are always unknown to the CCP. Two position account options are available for indirect clients:

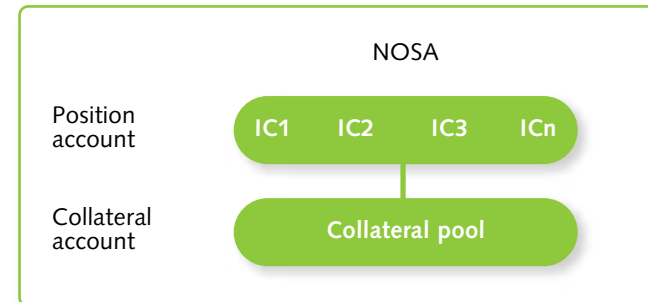
- **NOSA – Net Omnibus Segregated Account**  
Multiple clients in one position account
- **GOSA – Gross Omnibus Segregated Account**  
One client per position account



Indirect clearing does not protect specific assets nor will it assign excess to any individual client. Clearing Members are able to select different level of segregation and set-up multiple collateral pools providing enhanced protection in the event of a CM default. Porting is available in the event of a CM default, but an indirect client will only be facilitated alongside the porting of its direct client.

Eurex Clearing is flexible enough to support several solutions, including elaborate position and collateral segregation as well as supporting the segregation for every clearing model (e.g. indirect client of an ISA).

# Indirect Clearing – NOSA



IC Indirect client

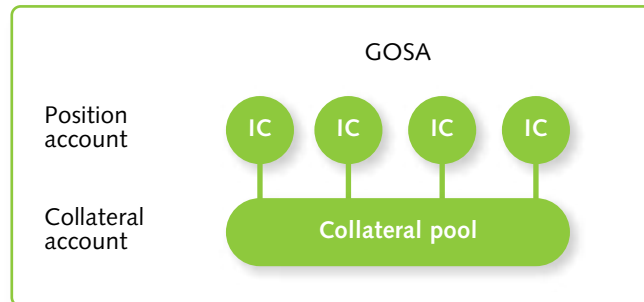
## Net Omnibus Segregated Account (NOSA)

- The simplest account for indirect clearing
- Undisclosed indirect clients are combined in a position account with other indirect client positions.
- Margin is calculated on a net basis per position account.

## Safety and considerations

- Fellow customer risk across positions and collateral shortfalls
- Margin netting benefits can be derived.
- Collateral is allocated on a value basis.
- Porting available with fellow indirect clients and their associated direct clients

# Indirect Clearing – GOSA



IC Indirect client

## Gross Omnibus Segregated Account (GOSA)

- One undisclosed indirect client per position account
- Margin is calculated on a net basis per position account (i.e. gross in regards to other clients).

## Safety and considerations

- Positions are segregated from other clients.
- Collateral is allocated on a value basis.
- Porting available with the associated direct client



# Fund Manager Set Up

**Delivers fast, efficient onboarding, streamlined legal documentation and consolidated reporting for managers of multiple funds or legal entities**

Eurex Clearing has developed a simplified approach for funds which streamlines the legal and onboarding process, provides flexibility for an efficient position and collateral account set up and offers consolidated reporting for the fund manager.

For documentation purposes, the fund manager enters into an umbrella agreement with Eurex Clearing and lists all funds that it is acting on behalf of. There is no requirement for each fund to sign a legal agreement with Eurex Clearing. The fund manager also receives detailed and aggregated reporting.

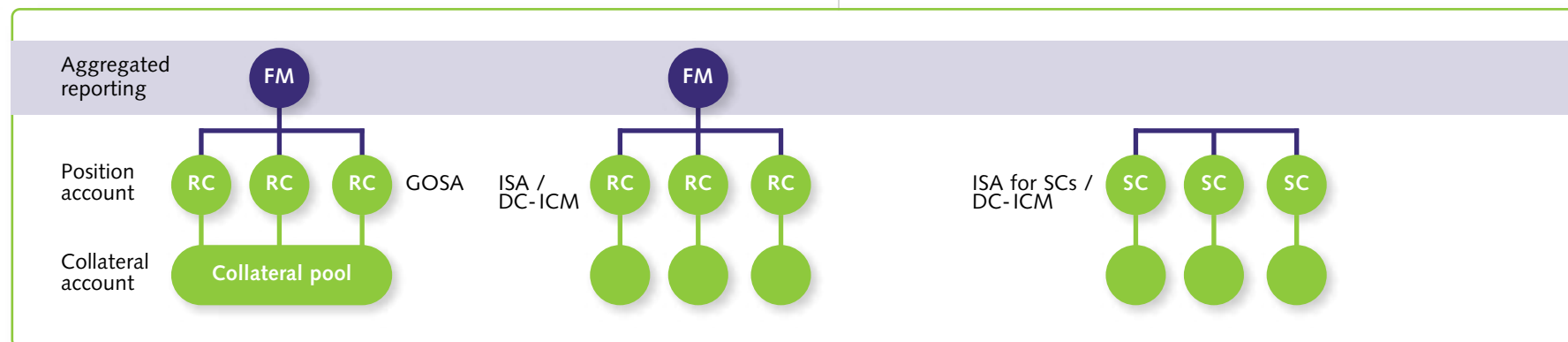
Each fund is segregated and considered a Registered Customer (RC) that is disclosed to the CCP:

- Positions are segregated from other funds and other clients of the Clearing Member.
- Flexible collateral pool arrangements are available.

Alternatively, a fund manager could utilize GOSA and ISA for SCs as a specified client to achieve segregation / margin efficiencies by setting up fund(s) in a single position account. Note: No direct reports are provided by Eurex Clearing nor the ability to become an Interim Participant facing the CCP in the event of a default with this option.

**Benefits:**

- Fast, efficient onboarding for multiple funds
- Streamlined legal documentation
- Aggregated reporting for the fund manager



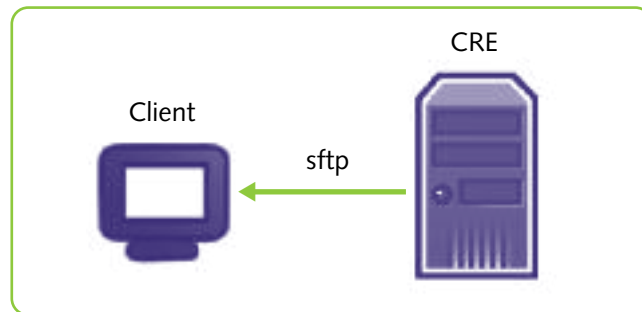
RC Registered Customer    SC Specified Client    FM Fund manager

# Reports direct from Eurex Clearing

For an NCM or RC (ISA or GOSA), a selected suite of reports is available directly from Eurex Clearing. This enables transparency at CCP level as well as the ability to consume these reports via STP to internal systems.

Files are delivered to Eurex Clearing's common report engine (CRE) where clients can safely download reports for further processing and reconciliation.

Available reports vary depending on the segregation model, please contact Eurex Clearing for further information.



# Why choose Eurex Clearing?

- Cost efficiencies vary across CCPs. Multi asset class CCPs such as Eurex Clearing offer greater capital efficiencies via cross product margining, netting of default fund contributions and collateral efficiencies.
- Eurex Clearing has unparalleled access to liquidity with central bank access for investment and liquidity purposes.
- Eurex Clearing has the largest spectrum of eligible collateral including government, supranational and corporate bonds, equities and ETFs.
- Eurex Clearing does not charge for any segregation model.



# For more information please contact

## Eurex Clearing Sales

London T +44-20-78 62-76 56  
Frankfurt T +49-69-211-138 59  
Paris T +33-1-55 27-67 68  
Zurich T +41-43-430-71 23  
Chicago T +1-312-544-10 91  
New York T +1-212-309-93 07  
Singapore T +65-65 97-30 62  
Hong Kong T +852-25 30-78 20

[Eurex-ClearingRelations@eurexclearing.com](mailto:Eurex-ClearingRelations@eurexclearing.com)

Visit us at [www.eurexclearing.com](http://www.eurexclearing.com)  
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