

clear to trade



eurex clearing circular 082/10

Date: November 11, 2010
Recipients: All Clearing Members of Eurex Clearing AG and Vendors
Authorized by: Thomas Book

 **Action required**

 **High priority**

Introduction of Reuse of GC Pooling[®] Collateral for Eurex Clearing Margining

Contacts: Eurex Repo Sales Team, tel: +49-69-211-1 41 93, e-mail: eurex.repo@eurexrepo.com
Clearstream Banking Sales Team, tel: +352-243-3 23 94, e-mail: gsf@clearstream.com
Eurex Clearing Member Services & Admission, tel: +49-69-211-1 17 00, e-mail: customer.support@eurexchange.com
Eurex Clearing Operations Helpdesk, tel: +49-69-211-1 12 50, e-mail: clearing@eurexexchange.com

Content may be most important for:

- Middle + Backoffice
- IT/System Administration
- Auditing/Security Coordination

Attachments:

1. Updated sections of the Clearing Conditions of Eurex Clearing AG
2. Application form: Request for Reuse of GC Pooling[®] Collateral for Eurex Margining
3. Application form: Application & Power of Attorney for the use of a German Settlement Institution for provision of Securities via Xemac for the Reuse of GC Pooling Collateral

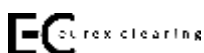
Summary:

Effective **November 26, 2010**, the Executive Board of Eurex Clearing AG decided to allow the reuse of GC Pooling[®] collateral for Eurex Clearing margining.

The new service will be offered to Eurex Clearing Members who are participating in GC Pooling[®] trading at Eurex Repo GmbH and using Clearstream Banking AG's collateral management system Xemac[®] to fulfill the Eurex Clearing margin obligations. The service allows cash providers to allocate collateral to Eurex Clearing AG in the scope of the GC Pooling[®] ECB Basket that has been received from cash takers.

The reuse will be enabled by a new Xemac[®] Contract Conclusion "GC Pooling[®] for Eurex Margining" within the existing infrastructure of Eurex Clearing AG and Clearstream Banking AG. The collateral will be managed by Xemac[®] in accordance with the GC Pooling[®] business concept. Eurex Clearing AG will accept the GC Pooling[®] ECB Basket (ISIN DE000A0AE077) as eligible security for Eurex Clearing margining purposes and apply a specific Basket ISIN Haircut. The Clearing Conditions for Eurex Clearing AG have been amended to reflect the new service offering.

Kindly forward this product announcement to all involved departments within your company.



Eurex Clearing AG
Mergenthalerallee 61
65760 Eschborn
Mailing address:
60485 Frankfurt/Main
Germany

T +49-69-211-1 17 00
F +49-69-211-1 17 01
customer.support@eurexexchange.com
Internet:
www.eurexclearing.com

Chairman of the
Supervisory Board:
Prof. Dr. Peter Gomez

Executive Board:
Andreas Preuß (CEO),
Jürg Spillmann, Thomas Book,
Gary Katz, Michael Peters,
Peter Reitz

Aktiengesellschaft mit
Sitz in Frankfurt/Main
HRB Nr. 44828
Amtsgericht
Frankfurt/Main

Introduction of Reuse of GC Pooling® Collateral for Eurex Clearing Margining

With this circular Eurex Clearing AG announces the introduction of the reuse of GC Pooling® collateral for Eurex Clearing margining effective November 26, 2010.

The new service will be offered to Clearing Members who participate in the Eurex Repo GC Pooling® trading at Eurex Repo GmbH and use Clearstream Banking AG's collateral management system Xemac® to fulfill the Eurex Clearing margin obligations. The service allows cash providers to allocate collateral to Eurex Clearing AG in the scope of the GC Pooling® ECB Basket including high-grade ECB-eligible instruments that have been received from cash takers.

In addition to the current Xemac® Contract Conclusions for Eurex Margining and GC Pooling®, amongst others, a new Xemac® Contract Conclusion "GC Pooling® for Eurex Margining" based on a new contract definition type will be created for the reuse service, and hence enabled within the existing infrastructure of Eurex Clearing AG and Clearstream Banking AG.

The collateral will be managed by Xemac® in accordance with the GC Pooling® business concept: Xemac® prices and ECB Haircuts will be used to evaluate the bond collateral. The concentration limits of Eurex Clearing AG for the respective instruments will not be applicable for the reuse service.

Eurex Clearing AG will set up the GC Pooling® ECB Basket-ISIN DE000A0AE077 as eligible bond collateral. As of November 26, 2010, the GC Pooling® ECB Basket will be listed as admissible security on the Eurex Clearing website in Excel sheet "Collateral Acceptance and Haircuts" under the following path:

www.eurexclearing.com > Risk Management > Risk Parameters

A list of the underlying GC Pooling® ECB Basket instruments is available for download on the Eurex Repo website under the following path:

www.eurexrepo.com > GC Pooling > Baskets > GC Pooling® ECB Basket

Eurex Clearing AG will apply a specific Basket ISIN Haircut to the Xemac® exposure under the new Xemac® Contract Conclusion, i.e. the collateral nominal value of the GC Pooling® ECB Basket underlyings allocated in Xemac® to cover the claim amount in favor of Eurex Clearing AG. This Haircut is configured on the basis of risk management standards and will be reviewed regularly by Eurex Clearing AG. Eurex Clearing AG will apply this Basket ISIN Haircut to the respective collateral value of the Xemac® exposure provided with each revaluation.

The Basket ISIN Haircut will be published in Excel sheet "Collateral Acceptance and Haircuts" on above-mentioned Eurex Clearing website link.

The Clearing Conditions for Eurex Clearing AG have been amended to reflect the new service offering. According to the amendments, the collateral received in the context of the GC Pooling® transactions as well as own securities which are booked to the Xemac® pool will be available vis-à-vis Eurex Clearing AG to cover the claim amount under the new Xemac® Contract Conclusion. Upon request, the collateral provisioning may be operated by German Settlement Institutions via their account on behalf of the Clearing Member. The Clearing Member remains responsible for the settlement and must be the owner of the securities held in the account.

Attached please find the amendments of the Clearing Conditions for Eurex Clearing AG as well as the respective application forms.

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The amendments of the Clearing Conditions for Eurex Clearing AG will also be available for download from the Eurex website as of November 26, 2010, under the following path:

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

The Clearing Members who wish to participate in the reuse of GC Pooling[®] for Eurex Clearing margining service are requested to apply using the attached forms under 2. and 3., if applicable.

Once the application has been processed, Eurex Clearing AG will create the new Xemac[®] Contract Conclusion "GC Pooling[®] for Eurex Clearing Margining" which is to be confirmed by the Clearing Member or Settlement Institution, if applicable. The participants will then be requested to initially enter a claim amount of zero. Once the claim amount is defined, no manual allocation / release of single instruments is required by the Xemac[®] participant.

Please return the two forms to Eurex Clearing Member Services & Admission to the fax number +49-69-211-1 17 01.

Clearing Members who are not yet GC Pooling[®] participants and are interested in the new service offering are requested to contact the Eurex Repo Sales Team on tel. +49-69-211-1 41 93 or by e-mail: eurex.repo@eurexrepo.com or the Clearstream Banking Sales team on tel. +352-243-3 23 94 or by e-mail: to gssf@clearstream.com.

In order to become a Xemac[®]-Eurex participant for Eurex Clearing Margining, please contact the above-mentioned contact at Clearstream Banking AG.

Should you have any questions or require more detailed information please contact the above mentioned Sales teams of Eurex Repo GmbH or Clearstream Banking AG.

November 11, 2010

MODIFICATIONS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED

DELETIONS ARE CROSSED OUT

[...]

**Chapter I
General Provisions**

[...]

**Part 3
Margin and Security Interest Rights**

[...]

3.4 Margin in the form of Securities and Book-Entry Securities (Wertrechte)

(1) [...]

(2) [...]

(3) The Clearing Member shall provide the collateral required pursuant to Paragraph 1 by granting a lien in favour of Eurex Clearing AG on all securities deposited in its pledged securities account through an appropriate pledge agreement. The Clearing Member shall notify Clearstream Banking AG or SegalIntersettle AG of the execution of such a pledge agreement. To the extent that the Clearing Member provides the collateral in book-entry securities, such book-entry securities shall be assigned to Eurex Clearing AG; the foregoing provisions shall apply mutatis mutandis. In deviation to Paragraph 1, a Clearing Member may also provide securities by pledge or assignment by using the Collateral Management System Xemac® („Xemac”) of Clearstream Banking AG on the basis of the applicable provisions of the Special Conditions for Collateral Management (“SC Xemac”). The requirement of Paragraph 1 Sentence 2 applies as well. In connection with the provision of margin vis-à-vis Eurex Clearing AG via Xemac, a Clearing Member may also use securities or book-entry securities which it has received as collateral – in accordance with Number 3.3.1 of the Terms and Conditions for Participation and Trading on Eurex Repo GmbH – in relation to GC Pooling ECB Basket Repo transactions (Re-use within the meaning of No. 28 Paragraph 1 (b) SC Xemac). In deviation to Paragraph 1 Sentence 1, a Clearing Member participating in the trading of GC Pooling Repos and using the Re-use related type of contract in Xemac may, upon request, provide margin in Xemac also via the account of a settlement institution within the meaning of Chapter IV Number 1.1.2 Paragraph 2 b), provided that such settlement institution is domiciled in Germany.

(4) Securities or book-entry securities shall be deposited as follows: The Clearing Member shall instruct Clearstream Banking AG or SegalIntersettle AG in good time to transfer the securities to its pledge

account at Clearstream Banking AG or SegalIntersettle AG. Clearstream Banking AG or SegalIntersettle AG shall then inform Eurex Clearing AG of such transfer. Eurex Clearing AG will thereupon credit the value or the Number of securities to the collateral clearing account (Number 4.4) of the Clearing Member and take such deposit into consideration when assessing the margin required to be maintained immediately after notification through Clearstream Banking AG or by SegalIntersettle AG, provided that such notification is issued no later than the point in time determined by Eurex Clearing AG for the respective market. In case the securities or book-entry securities not accepted as margin are transferred to the trust deposit, Eurex Clearing AG shall arrange for a refund. In connection with the provision of margin via Xemac, the procedures specified in SC Xemac shall apply.

(5) [...]

(6) [...]

(7) [...]

Application & Power of Attorney for the use of a German Settlement Institution for provision of Securities via Xemac for the Reuse of GC Pooling Collateral

Eurex Clearing AG
 Member Services & Admission
 60485 Frankfurt am Main
 Fax Frankfurt: +49-(0)69-2 11-1 17 01

Applicant:	_____	_____
	Name of the Account Holder /Settlement Agency	Name of the Clearing Member
Address :	_____	_____
	Street /-House No.	
	_____	_____
	Additional Street Address	
	_____	_____
	Zip Code / City	
	_____	_____
	Country	
Contact Person:	_____	_____
	First Name / Last Name	
	_____	_____
	Telephone / Fax	
	_____	_____
	E-Mail	

As Clearing Member of Eurex Clearing AG we request the allowance to use a German Settlement Institution for provisioning of Securities through Xemac® in the framework of the Reuse of GC Pooling Collateral and according to Chapter I Number 3.4 Paragraph 3 of the Clearing Conditions. The above mentioned Settlement Institution will instruct on their below mentioned account and make the necessary declarations on our behalf, through the Clearstream Banking AG Collateral Management System, for the purpose of granting securities interest to Eurex Clearing AG. This relates to such securities or claims for securities held on fiduciary basis, booked on the respective account of the Settlement Institution, which are in our ownership. . For this purpose we issue the following Power of Attorney.

We, the undersigning parties are familiar with the Special Conditions for Collateral Management (SB Xemac®) of Clearstream Banking AG and accept them, as being amended from time to time, as the basis for Collateral Management in the aforementioned sense.

 Power of Attorney

We hereby grant to the above mentioned Settlement Institution Power of Attorney to provide to Eurex Clearing AG through the Collateral Management System Xemac at any time and on our behalf with the requested amount of securities collateral according to Chapter I Number 3.4 of the Clearing Conditions. This is limited to such securities which are available on the below mentioned account and relates to such securities or claims for securities held on fiduciary basis, booked on the respective account of the Settlement Institution, which are in our ownership.

Account Holder Institution	Account No.

Application & Power of Attorney for the use of a German Settlement Institution for provision of Securities via Xemac for the Reuse of GC Pooling Collateral

In case of our default as Clearing Member, according to chapter I part 7 ("Default") of the Clearing Conditions, Eurex Clearing AG is allowed to sell the pledged securities in the open market without prior notice and to demand the transfer of the securities directly from Clearstream Banking AG to an account specified by Eurex Clearing AG.

This Power of Attorney remains valid until revocation to Eurex Clearing AG.

Date

Place

Company stamp and signature of the Clearing Member

Date

Place

Company stamp and signature of the Account Owner / Settlement Institution