

clear to trade

Eurex Group

Europe's global financial marketplace

The Eurex Group is a leading global provider for trading and clearing services organized to deliver innovation and excellence across the value spectrum.

We do this by setting global benchmarks for efficiency and integrity, and the most effective allocation and management of risk. And our expertise as a technology pioneer means we continue to deliver new product combinations, new functionalities and new sources of liquidity.

Eurex is one of the world's largest derivatives exchanges, with market participants connected from 700 locations worldwide, and a trading volume that exceeds 1.5 billion contracts a year. In 2008, Eurex partnered with the International Securities Exchange (ISE), significantly expanding our liquidity network into the US.

On a combined basis, Eurex and ISE are the global market leader in individual equity and equity index derivatives.

Eurex Clearing is Europe's largest central counterparty, processing gross risks valued at almost €10 trillion every month.

Eurex Group also includes Eurex Bonds, an electronic communication network for off-exchange wholesale trading in fixed income securities and treasury discount papers, as well as Eurex Repo, one of the leading electronic trading solutions for sale and repurchase agreements.

Working with partners around the world, and in a growing range of asset classes, the Eurex Group is dedicated to helping shape more effective global markets, where all participants can find new opportunities.

Eurex Clearing

Setting standards that make a stronger market

Recent events have shown that stable markets need a sound clearing infrastructure at their center. This is precisely what Eurex Clearing does.

As Europe's largest central counterparty, Eurex Clearing processes gross risks valued at almost €10 trillion every month – that's equivalent to around three quarters of the European Union's annual aggregate output.

At Eurex Clearing, we're setting the industry benchmarks for risk management – including pre-trade controls and the tools you need to monitor and manage your post-trade activities in real time.

We provide proactive systems, ready to adapt whenever your needs change.

And in today's volatile market, we're relied upon as the early warning system that lets you know when something unusual occurs.

Eurex Clearing never stops looking and listening for ways to strengthen the market, using technology to simplify processes before passing improvements on to everyone.

Because Eurex Clearing has always put the integrity of the market first, to keep you **clear to trade**.

The largest central counterparty in Europe

In 2008 we processed more than 2.17 billion transactions.

Broad European distribution

We serve more than 100 clearing members located in 10 countries.

Strong lines of defense

We retain an overall collateral pool of approximately EUR 45 billion, plus additional safeguards.

Multiple asset classes

We clear derivatives, equities, repo, energy, fixed income, agriculture...and more to come.

Real-time risk management

Eurex Clearing is the world's only major clearing house to control risk continuously by recalculating positioning – in real-time.

The outstanding positions of each clearing participant are valued at market prices. In case the risk position deteriorates, additional margins are called immediately.

This is possible because trading and clearing are integrated under one roof. The necessary verification processes are directly built in the trading system and risk management is carried out simultaneously.

Pre-trade risk controls

With the rise of direct market access and the potential risk arising from algorithmic trading tools, Eurex Clearing has pioneered systems that help proactively safeguard the marketplace.

Our pre-trade risk protections provide members with a set of tools that help them better control order flow for specific products and accounts, including...

- Maximum Order Quantity, enabling members to set limits in specific products, for both on-exchange and OTC products.
- Order Limits per Time Interval, a pre-trade risk measure that considers trading activity during a specific time-frame for a prespecified product/account combination.
- Working Order Limits, which take into account the accumulated quantity of open orders. This feature aims at limiting the risk of order execution.

OTC Clearing

Eurex Clearing is the largest clearing house for OTC transactions in Europe.

Our members get the security of Eurex Clearing for everything from OTC Block Trades to OTC Vola Trades. They not only have minimal risk; they also get the benefit of straight-through processing – making things easier for the back office. And, as members are only pledging collateral to Eurex Clearing instead of multiple counterparties, you're using your capital more efficiently, lowering costs and keeping more control.

With the breadth of Eurex Clearing products now available, we will continue to bring the OTC market all the benefits our on-exchange customers already enjoy – and in an increasing range of asset classes. In other words, little counterparty risk, superior risk management systems, seamless post-trade management and the flexibility of customized trading – as well as standardized clearing and settlement.

Eurex Credit Clear European CDS clearing

With the turmoil in credit markets as a backdrop, the enormous, widely-held exposure in CDS contracts has highlighted the need to strengthen market safety and integrity, with effective and sound risk management services.

Central clearing services are the most effective way to mitigate existing counterparty risk in OTC derivatives and to improve market transparency.

For this reason, Eurex Clearing supported the implementation of the industry self-commitment given by the major market participants to the European Commission to use a European CCP for European CDS products by July 31, 2009.

For Eurex Credit Clear – our European OTC clearing solution for CDS – Eurex Clearing has developed a state-of-the-art risk management model, with implementation supported by proven application modules from Calypso Technology, a leading provider of risk solutions for credit derivatives.

Designed in close consultation with users, Eurex Credit Clear will enable customer governance of products and functionalities; economic benefits will be shared with the industry. Eurex Credit Clear is also interlinked with the Depository Trust & Clearing Corporation (DTCC) Trade Information Warehouse to deliver straight-through processing and a seamless integration into existing OTC market infrastructure.

The initial product scope covers a European CDS suite of iTraxx® indexes and selected single name iTraxx® Index constituents. In a next step further European single names will be added to provide full coverage of the iTraxx® benchmark index constituents.

Lines of defense

Eurex Clearing guarantees the fulfilment of every contract in every market where we provide our services. To keep this promise to our clients, we have created a multi-level security system we call our Lines of Defense.

While the key element in this system is margin – which members deposit as collateral for open positions – Eurex Clearing's Lines of Defense include multiple safety nets to protect the marketplace, including...

- Position close out
- Collaterals of clearing member in default
- Fund contribution of clearing member in default
- Eurex Clearing reserves
- Remaining Clearing Fund
- Eurex Clearing equity capital

These stress-tested safety measures are combined for maximum stability and reliability.

The Eurex/ISE Link

In 2007, the International Securities Exchange (ISE) joined the Eurex Group – the all-electronic options exchange in the U.S. Starting in November 2009,* Eurex customers will be able to trade and clear ISE options via the Eurex/ISE Link.

The Link maximizes opportunity with a minimum of effort. Members will receive the opportunity to trade options contracts at ISE without becoming an ISE member or a member of the Options Clearing Corporation (OCC). Trading members just need to sign a Tripartite Agreement with their clearing member and Eurex Clearing AG. After implementation of a straightforward software application, Eurex customers have U.S. options data delivered directly to their screen, and then use their existing account to clear all transactions.

*Subject to all necessary regulatory approvals.

For more information please contact:

Frankfurt

Neue Börsenstraße 1
60487 Frankfurt/Main
Germany

Key Account Austria,
Germany, Netherlands,
Nordic, Portugal, Spain

France Schuster

T: +49-69-211-1-52 38
F: +49-69-211-1-44 77

Key Account Asia &
Middle East

Tobias Knobbe

T: +49-69-211-1-23 39
F: +49-69-211-61-23 39

London

One Canada Square
Floor 42
Canary Wharf
London E14 5DR
Great Britain

Key Account Gibraltar,
Great Britain, Ireland

John Gammer

T: +44-20-78-62 7244
F: +44-20-78-62 7297

Zurich

Selnaustrasse 30
8021 Zurich
Switzerland

Key Account Dubai,
Greece, Italy, Middle East,
Switzerland, Turkey

Markus-Alexander Flesch

T: +41-58-854-29 48
F: +41-58-854-24 66

Chicago

Sears Tower
233 South Wacker Drive
Suite 2450
Chicago IL 60606
USA

Key Account Canada,
USA

Vassilis Vergotis

T: +1-312-544-10 58
F: +1-312-544-10 01

Paris

17 rue de Surène
75008 Paris
France

Key Account Belgium,
France, Luxembourg

Paul Beck

T: +33-1-55 27-67 72
F: +33-1-55 27-67 50



Eurex Clearing AG
Neue Börsenstraße 1
60487 Frankfurt/Main
Germany

For more information visit www.eurexclearing.com

This publication is published for information purposes only and shall not constitute investment advice and does not constitute an offer, solicitation or recommendation to acquire or dispose of any investment or to engage in any other transaction. This publication is not intended for solicitation purposes but only for use as general information. All descriptions, examples and calculations contained in this publication are for illustrative purposes only. Order No. CSE-005-0809