

Clearing Conditions

2 Part - Settlement of Transactions

2.1 Subpart - Settlement of Futures Contracts

2.1.1 Sub-Subpart

~~Settlement of Futures Contracts on a Notional Long-Term Bond of the Federal Republic of Germany (Bund Futures)~~

2.1.1.1 General Provisions

~~(1) Eurex Clearing AG shall be a contracting party to all deliveries and payments arising out of the settlement of futures contracts.~~

~~(2) Clearing Members must fulfill their delivery and payment obligations in accordance with the instructions of Eurex Clearing AG.~~

~~(3) The following shall apply to the procedures for delivery and payment pursuant to paragraph (1):~~

~~All physical deliveries and payments shall be concurrently performed between the Clearing Members on the second Exchange day after the Notice Day (subsection 2.1.1.4); physical deliveries of securities shall be made through DBC and payments shall be made through LZB.~~

~~Each Clearing Member and Eurex Clearing AG must ensure, through appropriate instruction to DBC or SEGA, that transactions can be processed on the Exchange day on which the delivery notice is given. All Clearing Members must ensure their ability to effect deliveries and payments thereof through sufficient deposits in the securities account with DBC or SEGA and credit balances in the Clearing Member's account at LZB.~~

2.1.1.2 Daily Settlement

~~(1) For each contract, profits and losses arising out of open positions on any Exchange day will be determined at the end of the Post-Trading Period and credited to or debited from the internal cash clearing account. For open positions from the previous Exchange day, the amount to be credited or debited shall equal the difference between the daily settlement prices of the contract in question on the relevant Exchange day and the previous Exchange day. For transactions on the relevant Exchange day, the amount to be credited or debited shall equal the difference between the price at which the transaction was concluded and the daily settlement price for such Exchange day.~~

~~(2) The daily settlement price shall equal the volume-weighted average of the prices of the five last transactions, provided that no more than 15 minutes have passed since the transactions, or, if more than five transactions were entered into during the final minute of trading, the volume-weighted average of the prices of all transactions entered into during such period.~~

~~If it is not possible to determine a price pursuant to the above provisions, or if the price so determined does not reflect the true market conditions, Eurex Clearing AG shall determine the settlement price.~~

~~(3) Paragraph (1) shall apply to the legal relationship between General Clearing Members or Direct Clearing Members and the Non-Clearing Members represented by them mutatis mutandis.~~

2.1.1.3 Margin Requirements

~~(1) The basic provisions for margin requirements are set forth in subsections 1.3.1 through 1.3.5. In addition thereto, the following provisions shall apply:~~

~~(2) With respect to futures contracts, margin must, for positions that may be netted, be maintained to cover the risk that the prices of contracts with different delivery months will not move in exactly the same direction ("Spread Margin"). The netting involves offsetting, to the extent possible, a net long position in one contract against a net short position in another contract with a different delivery month.~~

~~(3) In addition to the margin required under paragraph (2), a further margin requirement ("Additional Margin") shall be calculated in an amount sufficient to cover any change to the cost of closing all futures positions that cannot be netted in accordance with paragraph (2) assuming the least favorable price developments, as determined by Eurex Clearing AG, until the next calculation of the margin requirements.~~

2.1.1.4 Performance

~~(1) A delivery obligation arising out of a short position in a Bund futures contract may only be performed by the delivery of debt securities designated by Eurex Clearing AG – specifically, Federal Government Bonds (Bundesanleihen) – with a remaining term of eight and one-half to ten and one-half years. The debt securities shall have a minimum issuance volume of DM 4 billion or in the case of new issues from January 1, 1999 onwards EUR 2 billion. Clearing Members with open short positions must notify Eurex Clearing AG between the close of trading and the end of the Post-Trading-Period on the day that is two Exchange days before the tenth calendar day of a quarter-end month (the "Notice Day") which debt securities they will deliver. Any prior delivery notices may be amended until the end of such Post-Trading-Period. If the delivery notice is not given in a timely manner, Eurex Clearing AG will select the debt securities to be delivered by such Clearing Member.~~

~~One day prior to the delivery day pursuant to subsection 2.1.1.1 paragraph (3) the Clearing Members must confirm to the clearing house in writing the actual availability of the debt securities which they have notified.~~

~~(2) Eurex Clearing AG will, after the end of the Post-Trading-Period on the Notice Day, allocate to the Clearing Members with open long positions the debt securities notified for delivery, using a selection procedure that ensures the neutrality of the allocation process. The Clearing Members will be informed on the next Exchange day as to which debt securities were allocated to them and at what tender price (subsection 2.1.1.1 paragraph (2) sentence 2 of the Conditions for Trading at the Eurex Exchanges).~~

~~(3) Paragraphs (1) and (2) shall apply to the legal relationship between General Clearing Members or Direct Clearing Members and their Non-Clearing Members; paragraph (2) shall apply mutatis mutandis to the legal relationship between Clearing Members or Non-Clearing Members, as the case may be, and their respective customers.~~

2.1.1.5 Default in Delivery or Payment

~~(1) In the event that a Clearing Member which is obligated to deliver is in default and fails to deliver the debt securities notified by it on the delivery day and pursuant to the instructions of Eurex Clearing AG, Eurex Clearing AG shall be entitled to take the following measures:~~

- ~~• Eurex Clearing AG is entitled to obtain by means of securities lending the notified debt securities and deliver them to the Clearing Member which did not receive delivery in a timely manner.~~

- ~~Eurex Clearing AG is entitled to designate from the basket of deliverable bonds debt securities other than those notified as debt securities to be delivered and to deliver such debt securities to the Clearing Member which did not receive delivery in a timely manner.~~

~~In such case, the defaulting Clearing Member must deliver the debt securities so notified by Eurex Clearing AG.~~

~~Eurex Clearing AG is entitled to obtain the notified debt securities by means of securities lending and to deliver them to the Clearing Member which did not receive delivery in a timely manner.~~

- ~~In the event that the debt securities to be delivered are not delivered to Eurex Clearing AG as part of the standard transfer arrangement of DBC by the fifth Exchange day after the delivery day, Eurex Clearing AG shall be entitled to make a replacement purchase with respect to the undelivered debt securities. The replacement purchase is to be carried out through a replacement transaction on a stock exchange on the fifth Exchange day after the delivery day. Eurex Clearing AG will deliver the debt securities acquired through such replacement transaction to the Clearing Member which did not receive delivery in a timely manner.~~

~~(2) Measures set forth in paragraph (1) are binding on the Clearing Member which did not receive delivery in a timely manner.~~

~~(3) Any costs arising from the measures taken in accordance with 2.1.1.5 paragraph (1) must be paid by the defaulting Clearing Member.~~

~~(4) Furthermore, Eurex Clearing AG will charge the defaulting Clearing Member a contractual penalty. The contractual penalty shall be calculated as follows:~~

~~Eurex Clearing AG is entitled to a contractual penalty from the defaulting Clearing Member until delivery is made by the defaulting Clearing Member or until a replacement purchase is made by Eurex Clearing AG on the fifth Exchange day in the amount of 40 ticks per contract and calendar day. In addition, Eurex Clearing AG will charge a contractual penalty until delivery is made in an amount representing a specified percentage – to be announced by Eurex Clearing AG in advance – of the equivalent of the debt securities to be delivered; such percentage shall be based on the money-market rates prevailing in the market.~~

~~(5) In the event that any payment is not made on the payment date, subsection 1.7.1 paragraph (4) and subsection 1.7.2 paragraph (5) shall apply mutatis mutandis.~~

~~(6) The right of Eurex Clearing AG and the Clearing Member which did not receive delivery in a timely manner to claim further damages shall remain unaffected.~~

2.1.2 Sub-Subpart

~~Settlement of Futures Contracts on a Notional Medium-Term Debt Security of the Federal Republic of Germany (BOBL Futures)~~

2.1.2.1 General Provisions

~~The provisions of subsection 2.1.1.1 shall apply mutatis mutandis.~~

2.1.2.2 Daily Settlement

The provisions of subsection 2.1.1.2 shall apply mutatis mutandis.

2.1.2.3 Margin Requirements

The provisions of subsection 2.1.1.3 shall apply mutatis mutandis.

2.1.2.4 Performance

(1) A delivery obligation arising out of a short position in a BOBL futures contract may only be performed by the delivery of debt securities designated by Eurex Clearing AG.

Delivery may be made with debt securities, – specifically, Federal Debt Obligations (Bundesobligationen) and Federal Treasury Obligations (Bundesschatzanweisungen) – which have an original term of no more than five years and a remaining term of no less than three and one-half years, as well as with debt securities which were deliverable with respect to a long-term Bund futures and have a remaining term of three and one-half to five years. The debt securities shall have a minimum issuance volume of DM 4 billion or in the case of new issues from January 1, 1999 onwards EUR 2 billion.

Clearing Members with open short positions must notify Eurex Clearing AG after the close of trading but before the end of the Post-Trading Period on the date that is two Exchange days before the tenth calendar day of a quarter-end month (the "Notice Day") which debt securities they will deliver. Any prior delivery notices may be amended until the end of such Post-Trading Period. If the delivery notice is not given in a timely manner, Eurex Clearing AG will select the debt securities to be delivered by such Clearing Member.

One day prior to the delivery day the Clearing Members must confirm to the clearing house in writing the actual availability of the of debt securities which they have notified.

(2) Eurex Clearing AG will, after the end of the Post-Trading Period on the Notice Day, allocate to the Clearing Members with open long positions the debt securities notified for delivery, using a selection procedure that ensures the neutrality of the allocation process. The Clearing Members will be informed on the next Exchange day as to which debt securities were allocated to them and at what tender price (subsection 2.1.2.1 paragraph (2) sentence 2 of the Conditions for Trading at the Eurex Exchanges).

(3) Paragraphs (1) and (2) shall apply to the legal relationship between General Clearing Members or Direct Clearing Members and their Non-Clearing Members; paragraph (2) shall apply mutatis mutandis to the legal relationship between Clearing Members or Non-Clearing Members, as the case may be, and their respective customers.

2.1.2.5 Default in Delivery or Payment

The provisions of subsection 2.1.1.5 shall apply mutatis mutandis.

2.1.8 Sub-Subpart

Settlement of Futures Contracts on a Notional Short-Term Debt Security of the Federal Republic of Germany or the Treuhandanstalt (SCHATZ Futures)

2.1.8.1 General Provisions

~~(1) Eurex Clearing AG shall be a contracting party to all deliveries and payments arising out of the settlement of futures contracts.~~

~~(2) Clearing Members must fulfill their delivery and payment obligations in accordance with the instructions of Eurex Clearing AG.~~

~~(3) The following shall apply to the procedures for delivery and payment pursuant to paragraph (1):~~

~~All physical deliveries and payments shall be concurrently performed between the Clearing Members on the second Exchange day after the Notice Day (subsection 2.1.8.4); physical deliveries of securities shall be made through DBC and payments shall be made at LZB.~~

~~Each Clearing Member and Eurex Clearing AG must ensure, through appropriate instruction to DBC or SEGA, that transactions can be processed on the Exchange day on which the delivery notice is given. All Clearing Members must ensure their ability to effect deliveries and payments thereof through sufficient deposits in the securities account with DBC or SEGA and credit balances in the Clearing Member's account at LZB.~~

2.1.8.2 Daily Settlement

~~(1) For each contract, profits and losses arising out of open positions on any Exchange day will be determined at the end of the Post-Trading Period and credited to or debited from the internal cash clearing account. For open positions from the previous Exchange day, the amount to be credited or debited shall equal the difference between the daily settlement prices of the contract in question on the relevant Exchange day and the previous Exchange day. For transactions on the relevant Exchange day, the amount to be credited or debited shall equal the difference between the price at which the transaction was concluded and the daily settlement price for such Exchange day.~~

~~(2) The daily settlement price shall equal the volume-weighted average of the prices of the five last transactions entered into, provided that no more than 15 minutes have passed since these transactions; or, if more than five transactions were entered into during the final minute of trading, the volume-weighted average of the prices of all transactions entered into during such period.~~

~~If it is not possible to determine a price pursuant to the above provisions, or if the price so determined does not reflect the true market conditions, Eurex Clearing AG shall determine the settlement price.~~

~~(3) Paragraph (1) shall apply to the legal relationship between General Clearing Members or Direct Clearing Members and the Non-Clearing Members represented by them mutatis mutandis.~~

2.1.8.3 Margin Requirements

~~(1) The basic provisions for margin requirements are set forth in subsections 1.3.1 through 1.3.5. In addition thereto, the following provisions shall apply:~~

~~(2) With respect to futures contracts, margin must, for positions that may be netted, be maintained to cover the risk that the prices of contracts with different delivery months will not move in exactly the same direction ("Spread Margin"). The netting involves offsetting, to the extent possible, a net long position in one contract against a net short position in another contract with a different delivery month.~~

~~(3) In addition to the margin required under paragraph (2), a further margin requirement ("Additional Margin") shall be calculated in an amount sufficient to cover any change to the cost of closing all futures positions that cannot be netted in accordance with paragraph (2) assuming the least favorable price developments, as determined by Eurex Clearing AG, until the next calculation of the margin requirements.~~

2.1.8.4 Performance

~~(1) A delivery obligation arising out of a short position in a SCHATZ futures contract may only be performed by the delivery of debt securities designated by Eurex Clearing AG.~~

~~Delivery may be made with debt securities – specifically Federal Treasury Obligations (Bundesschatzanweisungen) – which have an original term of no more than two and one-quarter years and a remaining term of no less than one and three-quarter years, as well as with Federal Debt Obligations (Bundesobligationen), four-year Federal Treasury Obligations (Bundesschatzanweisungen), Federal Government Bonds (Bundesanleihen) or, to the extent that the Federal Republic of Germany assumes unlimited and direct liability thereunder, debt securities of the Treuhandanstalt which are listed on a stock exchange – which have on the delivery day a remaining term of one and three-quarter to two and one-quarter years. The issuing volume of the debt securities shall amount to at least DM 4 billion or in the case of new issues from January 1, 1999 onwards EUR 2 billion.~~

~~Clearing Members with open short positions must notify Eurex Clearing AG between the close of trading and the end of the Post-Trading Period on the day that is two Exchange days before the tenth calendar day of a quarter-end month (the "Notice Day") which debt securities they will deliver. Any prior delivery notices may be amended until the end of such Post-Trading Period. If the delivery notice is not given in a timely manner, Eurex Clearing AG will select the debt securities to be delivered by such Clearing Member.~~

~~One day prior to the delivery day pursuant to subsection 2.1.8.1 paragraph (3) the Clearing Members must confirm to the clearing house in writing the actual availability of the debt securities which they have notified.~~

~~(2) Eurex Clearing AG will, after the end of the Post-Trading Period on the Notice Day, allocate to the Clearing Members with open long positions the debt securities notified for delivery, using a selection procedure that ensures the neutrality of the allocation process. The Clearing Members will be informed on the next Exchange day as to which debt securities were allocated to them and at what tender price (subsection 2.1.8.1 paragraph (2) sentence 2 of the Conditions for Trading at the Eurex Exchanges).~~

~~(3) Paragraphs (1) and (2) shall apply to the legal relationship between General Clearing Members or Direct Clearing Members and their Non-Clearing Members; paragraph (2) shall apply mutatis mutandis to the legal relationship between Clearing Members or Non-Clearing Members, as the case may be, and their respective customers.~~

2.1.8.5 Default in Delivery or Payment

~~(1) In the event that a Clearing Member which is obligated to deliver is in default and fails to deliver the debt securities notified by it on the delivery day and pursuant to the instructions of Eurex Clearing AG, Eurex Clearing AG shall be entitled to take the following measures:~~

- ~~Eurex Clearing AG is entitled to obtain by means of securities lending the notified debt securities and deliver them to the Clearing Member which did not receive delivery in a timely manner.~~
- ~~Eurex Clearing AG is entitled to designate from the basket of deliverable bonds debt securities other than those notified as debt securities to be delivered and to deliver such debt securities to the Clearing Member which did not receive delivery in a timely manner.~~

~~In such case, the defaulting Clearing Member must deliver the debt securities so notified by Eurex Clearing AG.~~

~~Eurex Clearing AG is entitled to obtain the notified debt securities by means of securities lending and to deliver them to the Clearing Member which did not receive delivery in a timely manner.~~

- ~~In the event that the debt securities to be delivered are not delivered to Eurex Clearing AG as part of the standard transfer arrangement of DBC by the fifth Exchange day after the delivery day, Eurex Clearing AG shall be entitled to make a replacement purchase with respect to the undelivered debt securities. The replacement purchase is to be carried out through a replacement transaction on a stock exchange on the fifth Exchange day after the delivery day. Eurex Clearing AG will deliver the debt securities acquired through such replacement transaction to the Clearing Member which did not receive delivery in a timely manner.~~

~~(2) Measures set forth in paragraph (1) are binding on the Clearing Member which did not receive delivery in a timely manner.~~

~~(3) Any costs arising from the measures taken in accordance with subsection 2.1.8.5 paragraph (1) must be paid by the defaulting Clearing Member.~~

~~(4) Furthermore, Eurex Clearing AG will charge the defaulting Clearing Member a contractual penalty. The contractual penalty shall be calculated as follows:~~

~~Eurex Clearing AG is entitled to a contractual penalty from the defaulting Clearing Member until delivery is made by the defaulting Clearing Member or until a replacement purchase is made by Eurex Clearing AG on the fifth Exchange day in the amount of 40 ticks per contract and calendar day. In addition, Eurex Clearing AG will charge a contractual penalty until delivery is made in an amount representing a specified percentage – to be announced by Eurex Clearing AG in advance – of the equivalent of the debt securities to be delivered; such percentage shall be based on the money-market rates prevailing in the market.~~

~~(5) In the event that any payment is not made on the payment date, subsection 1.7.1 paragraph (4) and subsection 1.7.2 paragraph (5) shall apply mutatis mutandis.~~

~~(6) The right of Eurex Clearing AG and the Clearing Member which did not receive delivery in a timely manner to claim further damages shall remain unaffected.~~

~~2.1.11 Sub-Subpart~~

~~Settlement of Futures Contracts on a Notional Medium-Term Jumbo Pfandbrief (Medium-Term Jumbo Pfandbrief Futures)~~

~~2.1.11.1 General Provisions~~

~~The provisions of subsection 2.1.1.1 shall apply mutatis mutandis.~~

2.1.11.2 Daily Settlement

The provisions of subsection 2.1.1.2 shall apply mutatis mutandis.

2.1.11.3 Collateral Requirements

The provisions of subsection 2.1.1.3 shall apply mutatis mutandis.

2.1.11.4 Performance

~~(1) A delivery obligation arising out of a short position in a medium-term Jumbo Pfandbrief futures contract may only be performed by the delivery of Jumbo Pfandbriefe designated by Eurex Clearing AG. The point of time of the delivery of Jumbo Pfandbriefe shall be determined by Eurex Clearing AG.~~

~~Delivery may only be made with Jumbo Pfandbriefe which have a remaining term of three and one-half to five years and which have a AAA rating (pursuant to subsection 2.1.11.1 paragraph (2) sentence 3 of the Conditions for Trading at the Eurex Exchanges). The Jumbo Pfandbriefe must have a minimum issuance volume of DM 1 billion or in the case of new issues from January 1, 1999 onwards EUR 500 million and a straight bond format. In addition thereto, the issuers must name at least three institutions as market makers for the cash market (Frankfurt Stock Exchange) in the case of issuing Jumbo Pfandbriefe.~~

~~In the case of issuing new contracts, Eurex Clearing AG may, in exceptional cases, fix anew the basket of deliverable Jumbo Pfandbriefe.~~

~~Clearing Members with open short positions must notify Eurex Clearing AG after the close of trading but before the end of the Post-Trading Period on the date that is two Exchange days before the tenth calendar day of a quarter-end month (the "Notice Day") which Jumbo Pfandbriefe they will deliver. Any prior delivery notices may be amended until the end of such Post-Trading Period. If the delivery notice is not given in a timely manner, Eurex Clearing AG will select the Jumbo Pfandbriefe to be delivered by such Clearing Member.~~

~~One day prior to the delivery day the Clearing Members must confirm to the clearing house in writing the actual availability of the of Jumbo Pfandbriefe which they have notified.~~

~~(2) Eurex Clearing AG will, after the end of the Post-Trading Period on the Notice Day, allocate to the Clearing Members with open long positions the Jumbo Pfandbriefe notified for delivery, using a selection procedure that ensures the neutrality of the allocation process. The Clearing Members will be informed on the next Exchange day as to which Jumbo Pfandbriefe were allocated to them and at what tender price (subsection 2.1.11.1 paragraph (2) sentence 2 of the Conditions for Trading at the Eurex Exchanges).~~

~~(3) Paragraphs (1) and (2) shall apply to the legal relationship between General Clearing Members or Direct Clearing Members and their Non-Clearing Members; paragraph (2) shall apply mutatis mutandis to the legal relationship between Clearing Members or Non-Clearing Members, as the case may be, and their respective customers.~~

2.1.11.5 Default in Delivery or Payment

~~The provisions of subsection 2.1.1.5 shall apply mutatis mutandis.~~