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eurex clearing circular 056/15

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Recipients: All Clearing Members, Non-Clearing Members and Registered Customers of Eurex Clearing AG and Vendors
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CCP Release 9.2: Change in processing of corporate actions in securities issued by SIX SIS, introduction of a commercial bank infrastructure for product-related payments in Swiss franc

Related Eurex Clearing circulars: 187/14, 037/15

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Content may be most important for:

☞ All departments

Attachments:

Updated sections of the Clearing Conditions for Eurex Clearing AG

Summary:

As announced in Eurex Clearing circular 037/15, the launch of CCP Release 9.2 is scheduled to take place on 22 June 2015. In this context, the Clearing Conditions for Eurex Clearing AG (hereafter referred to as Clearing Conditions) will be amended.

The amendments refer to the handling of quantities of securities resulting from corporate action events that do not conform with the minimum and/or multiple settlement unit thereof ("fractions"). The procedure will apply with T2S wave 1 for securities issued by SIX SIS.

Furthermore, Eurex Clearing offers an alternative to the currently sole settlement option of product related payments in Swiss franc via Swiss National Bank (SNB) to all Clearing Members located outside Switzerland and without a branch in Switzerland in cooperation with UBS AG as correspondent bank.

The amended sections of the Clearing Conditions as decided by the Executive Board of Eurex Clearing AG are attached to this circular.

All amendments will come into effect on **22 June 2015**.



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Amtsgericht

CCP Release 9.2: Change in processing of corporate actions in securities issued by SIX SIS, introduction of a commercial bank infrastructure for product-related payments in Swiss franc

As announced in Eurex Clearing circular 037/15, the launch of CCP Release 9.2 is scheduled to take place on 22 June 2015. In this context, the Clearing Conditions for Eurex Clearing AG (hereafter referred to as Clearing Conditions) will be amended.

The amendments refer to the handling of quantities of securities resulting from corporate action events that do not conform with the minimum and/or multiple settlement unit thereof ("fractions"). The procedure will apply with T2S wave 1 for securities issued by SIX SIS.

Furthermore, Eurex Clearing offers an alternative to the currently sole settlement option of product related payments in Swiss franc via Swiss National Bank (SNB) to all Clearing Members located outside Switzerland and without a branch in Switzerland in cooperation with UBS AG as correspondent bank.

The amended sections of the Clearing Conditions as decided by the Executive Board of Eurex Clearing AG are attached to this circular.

All amendments will come into effect on 22 June 2015.

Change in processing of corporate actions in securities issued by SIX SIS

SIX SIS announced that the standards defined by the Corporate Actions Sub-Group (CASG) and the Corporate Actions Joint Working Group (CAJWG) will be implemented in the Swiss market for all settlement transactions with T2S wave 1.

This means, amongst other things, that SIX SIS will round down fractions. As a consequence, Eurex Clearing will cut and cash settle non-minimum/non-multiple settlement unit conform fractional quantities for securities issued by SIX SIS. Please refer to the document "Eurex Clearing CCP Release 9.2 - Release Notes" available in the Member Section of the Eurex Clearing website www.eurexclearing.com for additional information.

The following provisions in the Clearing Conditions will be amended (see attachment 1):

- Chapter II Part 2 Number 2.7.5
- Chapter V Part 2 Number 2.3 Paragraph (3)

Introduction of a commercial bank infrastructure for product-related payments in Swiss franc

The Executive Board of Eurex Clearing AG decided amendments to the Clearing Conditions which permit the usage of a commercial bank infrastructure for the settlement of product-related payments in Swiss franc in cooperation with UBS AG.

Hereby, Eurex Clearing offers an alternative to the currently sole settlement option of product related payments in Swiss franc (e.g. variation margin, premiums, fees and penalties) via Swiss National Bank (SNB) to all Clearing Members located outside Switzerland and without a branch in Switzerland.

Consequently, those Clearing Members have the possibility to settle resulting product-related payment obligations in Swiss franc via UBS AG as a correspondent bank. The updated Clearing Member forms for set-up of a settlement structure are available for download on the Eurex Clearing website.

Existing set-ups for the settlement of payments in other currencies accepted by Eurex Clearing remain unaffected by this introduction.

The following provisions in the Clearing Conditions will be amended (see attachment 2):

- Chapter I Part 1 Number 1.4.1 Paragraph (2)
- Chapter I Part 1 Number 2.1.2 Paragraph (4) (b) (bb)

As of the effective date 22 June 2015, the updated Clearing Conditions will be published on the Eurex Clearing website www.eurexclearing.com under the following link:

Resources > Rules and Regulations > Clearing Conditions

Pursuant to Chapter I Part 1 Number 17.2.3 of the Clearing Conditions, the changes and amendments to the Clearing Conditions communicated with this circular are deemed to have been accepted by each Clearing Member, Non-Clearing Member and each Registered Customer unless it objects in writing to Eurex Clearing before the end of the Business Day prior to the actual effective date of such change and amendment of the Clearing Conditions. The right to terminate the Clearing Agreement or the Clearing License according to Chapter I Part 1 Number 2.1.4 Paragraph 2 Number 7.2.1 Paragraph 4 and Number 13 of the Clearing Conditions remains unaffected.

If you have any questions or require further information, please contact Trading & Clearing Services at tel. +49-69-211-1 17 00 or send an e-mail to: memberservices@eurexclearing.com.

28 May 2015

AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED

DELETIONS ARE CROSSED OUT

[...]

Chapter II Transactions Concluded at Eurex Deutschland and Eurex Zürich (Eurex Exchanges)

[...]

Part 2 Clearing of Futures Contracts

[...]

2.7 Clearing of Futures Contracts on Shares

[...]

2.7.5 Corporate Actions

In case of corporate actions which form the basis of underlyings whose delivery has not yet been effected, the regulations pursuant to Chapter V Number 2.3 apply *mutatis mutandis*.

[...]

Chapter V Transactions Concluded at the Frankfurter Wertpapierbörse

[...]

Part 2 Clearing of transactions concluded at the Frankfurter Wertpapierbörse (FWB)

[...]

2.3 Corporate Actions

[...]

(3) Cash Settlement of Non-Minimum/Non-Multiple Unit Conform Quantities

Eurex Clearing AG shall be entitled to determine that non-minimum/non-multiple unit conform quantities of securities or rights ("**Fractions**") resulting from corporate action events described in Paragraph (2) (b), (c) and (e) above shall be settled by payment of a cash amount. Upon such determination of a cash settlement by Eurex Clearing AG and notification of the Clearing Members thereof, the delivery obligations relating to the Fractions shall expire with debt-discharging effect and the Clearing Member obliged to deliver shall in lieu pay to Eurex Clearing AG and Eurex Clearing AG shall forward to the Clearing Member entitled to receive a cash amount in the currency of the underlying FWB Transaction and equal to the market value of the Fractions on the record date of the relevant corporate action event as determined by Eurex Clearing AG in its reasonable discretion and notified to the Clearing Members.

(43) Reversal of FWB Transactions

If an FWB Transaction is reversed after its conclusion pursuant to the Conditions for Transactions on FWB, the debits/credits, arising from corporate actions, to the accounts of Clearing Members concerned shall also be reversed with the value date of the FWB Transaction reversal.

(54) Corrections to corporate actions

Clearstream Banking AG may carry out corrections to corporate actions conducted by Eurex Clearing AG pursuant to Paragraph (2) or which should have been carried out, in regard of as yet unperformed or performed FWB Transactions (such corrections might be reversals, adjustments, etc.); in such cases of correction, Eurex Clearing AG shall be entitled to undertake corresponding corrections to corporate actions it has conducted pursuant to Paragraph (2) and to carry out any non-implemented corporate actions retroactively.

For the eventuality that corporate actions in regard of as yet unperformed or performed FWB Transactions were not carried out and afterwards corrected or implemented by the Clearstream Banking AG, Eurex Clearing AG shall reserve the right to waive the subsequent implementation of the corporate action in favour of assigning to the claimant Clearing Member its claims against other Clearing Members arising out of corresponding identical transactions with debt-discharging effect.

If the netting procedure in delivery instructions of performed or yet unperformed FWB Transactions has resulted in the existence of nominal value fractions, Eurex Clearing AG shall be entitled to meet the corresponding claims of the Clearing Members eligible for benefit by means of cash settlement.

Attachment 1 to Eurex Clearing circular 056/15	Eurex04e
Clearing Conditions for Eurex Clearing AG	As of 22.06.2015
	Page 3

(65) Change of method of holding in custody

If, due to a corporate action on the part of an issuer, securities held in collective custody or ancillary rights need to be held on a trust-custody basis or in a different way (hereinafter referred to as “**change of method of holding in custody**”) Eurex Clearing AG is entitled according to its best judgement and by safeguarding of the interests of the respective Clearing Member to effectuate transactions to be performed by Eurex Clearing AG by using securities or ancillary rights subject to such a change of method of holding in custody.

Eurex Clearing AG is also entitled, in case of delivery obligations with shares, fractional rights and ancillary rights which are not fully feasible, to clear such delivery obligations at Clearstream Banking AG on the first Business Day after the Business Day on which the delivery obligation came into existence after respective order by Eurex Clearing AG. Numbers 2.2.1 and 2.2.2 do not apply.

[...]

AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED

DELETIONS ARE CROSSED OUT

Chapter I General Provisions

Part 1 General Clearing Provisions

1 General Rules

[...]

1.4 Settlement of Transactions

1.4.1 Cash Clearing

[...]

- (2) In order to make cash payments in Swiss Francs, the Clearing Member is obliged to instruct the Swiss National Bank ("SNB") to honour the transfer instructions received from Eurex Clearing AG with respect to its SNB Account (as defined in Number 2.1.2 Paragraph (4) (b) (bb). Clearing Members which are allowed to maintain the cash account at a correspondent bank recognised by Eurex Clearing AG pursuant to Chapter I Part 1 Number 2.1.2 (4) (b) (bb) are obliged to instruct their correspondent bank accordingly.

[...]

2 Clearing Members

2.1 Clearing-License

[...]

2.1.2 General Prerequisite for Clearing-Licenses

[...]

(4) The applicant shall have the following accounts

[...]

(b) Cash Accounts:

[...]

(bb) for cash payments in CHF: an account with the Swiss National Bank (the "SNB Account") and an account with SIX Interbank Clearing AG (both accounts in the following jointly "SIC Account"). Clearing Members located outside of Switzerland and without a branch in Switzerland which have not chosen CHF as clearing currency according to the Clearing Conditions are allowed to substitute the SIC Account with an account with a correspondent bank recognised by Eurex Clearing AG;

[...]
