

Eurex Clearing Circular 095/18

Clearing of Repo transactions from BrokerTec Europe Ltd.

Summary

The Executive Board of Eurex Clearing took the decision to offer clearing services for Repo transactions concluded at BrokerTec Europe Ltd.

This circular contains further information about the launch date, eligible instruments, novation process, operational processes and member admission.

Attachments:

- none

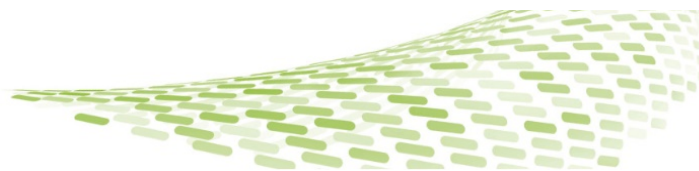
Date: 7 November 2018

Recipients: All Clearing Members and Non-Clearing Members of Eurex Clearing AG and Vendors

Authorized by:
Matthias Graulich

Target group:
All departments

Contact:
Your Key Account Manager Clearing,
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Clearing of Repo transactions from BrokerTec Europe Ltd.

Starting in December 2018, Eurex Clearing expands its Repo clearing service to Repo transactions in Specials and GC Baskets traded at the NEX BrokerTec trading platform, the Multilateral Trading Facility (MTF) operated by BrokerTec Europe Ltd.

1. Eligible Instruments

The scope of BrokerTec Repo transactions eligible for clearing comprises Special and GC Baskets. Repo transactions in GC Pooling are not in scope. The effective scope of eligible collateral securities and currencies is based on the Eurex Clearing eligibility framework. A detailed list of ISINs and currencies will be published and amended from time-to-time on the Eurex Clearing website www.eurexclearing.com.

2. Novation Process

Repo trades, which are concluded on the BrokerTec platform will be registered with Eurex Clearing for novation and clearing via a direct technical interface. Acceptance and novation of trades will be subject to a validation of mandatory trade information and certain risk-related criteria. As the case may be, Eurex Clearing rejects any trade which does not pass the validation and novation process. Upon novation, Eurex Clearing becomes the legal counterparty to the Repo buyer and the Repo seller.

3. Clearing Process

The operational clearing processes at Eurex Clearing for Repo transactions from BrokerTec are equal to those processes which are applicable for Repo transactions received from any other trading venue like Eurex Repo GmbH. In particular, netting procedures, settlement locations, settlement timings, reporting, risk management and collateral management will be deployed commonly across transactions concluded at different trading venues.

In particular, Clearing Members can use the same settlement accounts across trading venues. Unless a trade is marked for gross processing, using a single settlement account allows for settlement netting of Repo transactions in the same collateral security and settlement currency concluded at different trading venues.

In the member reports, transactions from different Repo trading venues can be differentiated by the market identifier code (MIC) of the MTF.

4. Member Admission

Existing Direct Clearing Members and General Clearing Members with a Eurex Clearing Repo Clearing License, who wish to clear Repo transactions from BrokerTec at Eurex Clearing, only have to register a settlement account for BrokerTec Repo transactions with Eurex Clearing and conduct basic test scenarios in our simulation environment. A new Clearing License is not required.

The clearing of BrokerTec Repo transactions is not available for Specific Repo License Holders and Basic Clearing Members.

If you have any questions or need further information please contact your Key Account Manager Clearing at clearing.services-admission@eurexclearing.com.