



EMCF Newsletter

23 SEPTEMBER 2009

NUMBER 9

Introduction

Due to the fact that there seems to be some confusion on some important issues, we thought it wise to send out a separate communication to clarify a number of things and to provide further specification on the latest state of affairs:

Legal documentation

By now, all new EMCF Clearing Participants (CPs), meaning those that have not already been active as a CP for any of the MTFs cleared by EMCF, should have received a package with legal documents to be signed. If you have not received these documents, please urgently contact Erik Westerling at EMCF (erik.westerling@euromcf.com , telephone +31 20 527 2832) and the situation will be remedied swiftly.

Insofar this was not clear before, this is what you are required to do:

	GCP	DCP	Return by:
Clearing Participant Agreement (CPA)	Please sign and return a copy of the CPA to EMCF (attn. Erik Westerling)		25 September
Statement of Authority (SoA)	Please fill out, sign and return a SoA for each Trading Participant you (intend to) clear for, including your own company if it also acts as a TP.	Please fill out, sign and return a SoA for your own company acting as a TP.	25 September (needed to finalize the production set-up)

A blank Statement of Authority can be retrieved by following the enclosed link:

Although you are required to return an original signed copy of these legal documents, for the sake of speed of processing, please send a scanned copy of the signed documents per e-mail to erik.westerling@euromcf.com as soon as they are available and consequently send the originals by regular mail.

Collateral and pledge agreements

At the request of the Nordic market participants, EMCF has put a lot of effort in increasing the possibilities to pledge collateral in order to cover margin requirements. For this purpose the number of collateral custodians will be extended and will include the local CSDs.

Having said that, it is also important to note that implementing these local service extensions may at no time jeopardize the role of the CCP and its function in the centre of the market structure. Therefore, it is essential to have safe and controlled procedures in place as well as a sound legal structure based on local law. Setting up this legal structure and putting in place these procedures, has proven to be a time consuming process especially given the differences between the various legal jurisdictions and market parties involved (commercial banks, central banks and CSDs in three different countries) and

European
Multilateral
Clearing Facility
N.V.

Rokin 55
1012 KK
Amsterdam
The Netherlands

Telephone
+31 20 527 2832

Fax
+31 20 527 4663

E-mail
mcf@euromcf.com

Website
www.euromcf.com

the fact that different contracts are needed for the various options per country.

Apart from the one global custodian used by EMCF from the start for CPs to place collateral with (Fortis Bank in the Netherlands), and especially for the introduction of CCP clearing in the Nordics, we have been working towards setting up collateral custodian arrangements with the following institutions:

Custodian	secs	cash	scope	Legal jurisdiction	Anticipated availability
VP securities	Y		Danish custodian	Danish	9-Oct
Danish National Bank		Y	DKK only	Danish	To be investigated
Euroclear Finland	Y		Finnish custodian	Finnish	9-Oct
Euroclear Sweden	Y		Swedish custodian	Swedish	9-Oct
SEB AB	Y	Y	Nordic/global custodian	Swedish	9-Oct
Nordea A/S	Y	Y	Nordic custodian	Danish	9-Oct

For pledging of cash collateral in DKK with the Danish central bank, this will not be possible as per 9 October. The reason for this is that the Bank will only accept such deposits if they are placed in the name of EMCF. Normally, collateral is held in the name of the Clearing Participant and pledged to EMCF. Therefore, the market first needs legal clarity on what this means in terms of protection of the collateral placed in this manner, in case of a default of the CCP. That's why the availability date is now unknown and depends on the outcome of the legal investigation. Please note that cash collateral in any currency (including DKK) can still be placed with the other available collateral custodian banks.

For each of the others, the current situation is as follows:

Custodian	Pledge Agreement	Contact persons	Account opening procedures	Timelines + instruction details	
				cash	securities
Euroclear Finland (automated collateral service)	Available (on EMCFs website as of tomorrow)	Not yet appointed by Euroclear Finland. Available before 1 October 2009.	Being drafted by EFi and EMCF. Planned ready by: 1 October 2009	N/A	
Euroclear Sweden	Being drafted. Planned ready by	Ops/CRM EMCF mcf@euromcf.com	Inform EMCF. Format ready by 29 September 2009	N/A	Drafted by EMCF. Ready by 29 September 2009.
VP Secs Denmark	Available (on EMCFs website as of tomorrow)	Not yet appointed by Euroclear Sweden. Available before 1 October 2009.	Being drafted by VP Secs. Planned ready by: 1 October 2009	N/A	Being drafted by VP Secs. Planned ready by: 1 October 2009
Nordea Denmark A/S	Available. Last check being made by Norton Rose together with Danish law firm.	Your regular relationship manager. If new client: globalbanks@nordea.com	Available at Nordea Bank if and when requested.	Nordea Bank Denmark A/S BIC: NDEADKDK Withdrawal acc: [customer collateral account] Ifo account :	Being drafted by Nordea. Planned ready by 1 October 2009.

European Multilateral Clearing Facility N.V.

Rokin 55
1012 KK
Amsterdam
The Netherlands

Telephone
+31 20 527 2832

Fax
+31 20 527 4663

E-mail
mcf@euromcf.com

Website
www.euromcf.com

				[customer account] Cut-off time depos and withdr: 12:30 CET	
SEB AB	Being drafted. Planned ready by	Yvonne Siljelöf: +46-8-7635477 phone +46 70-7635477 mobile yvonne.siljelof@seb.se Andreas Thuresson +46-8-7636400 phone +46 70-7636400 mobile andreas.thuresson@seb.se	Please contact your SEB Clients relations Manager or one of the contact persons as listed on the left.	Being drafted by SEB. Planned ready by	Being drafted by SEB. Planned ready by

So some of the work is still in progress and will expectedly be finalized in the coming week. The following is important to keep in mind:

- 1) please inform EMCF (Erik Westerling (erik.westerling@euromcf.com) or Willem Mooijer (willem.mooijer@emcf.com) regarding your preferred solution of pledging collateral to EMCF. That way we can inform you directly about the details and required documents, as and when they become available.
- 2) Although we will do everything in our power to have all listed alternatives ready and available on the 9th of October, it is not a process that is completely under our control to accomplish. Therefore, it can happen that some alternatives will be completely ready and able to use, while others may take a bit more time to fully complete (expectedly maybe some more days to ultimately a few more weeks). Therefore, please keep in mind that if for some unforeseen reason, your preferred solution for placing collateral is not yet in place on the 9th of October, as a general fall back solution you can always, if only temporarily, use an account opened with Fortis Bank Nederland NV, as global custodian to pledge collateral to cover your margin requirement. That is also why we have provided all potential new CPs with the standard Fortis Bank custody agreement and the Pledge over Collateral Account Agreement under Dutch law. If necessary, this account can be set up in a few days. Again, this will only be necessary if your particular preferred solution should not be ready and available on the starting date. EMCF will do its utmost to make sure all offered possibilities will be available at that time.

We advise you to seriously consider this given the fact that we cannot guarantee the availability of all alternatives on the 9th of October. Again, even if you use this as a fall back scenario, you can switch over to your preferred solution when it becomes available.

For any further questions on this, please contact:
Willem.mooijer@euromcf.com, or
Erik.westerling@euromcf.com.

**European
Multilateral
Clearing Facility
N.V.**
Rokin 55
1012 KK
Amsterdam
The Netherlands

Telephone
+31 20 527 2832

Fax
+31 20 527 4663

E-mail
mcf@euromcf.com

Website
www.euromcf.com