

Regulation Investment Policy

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Introduction

This Regulation is enacted pursuant to and in accordance with articles 6.2.4 8.1.5 and 9.1.1 of the EuroCCP Clearing Rule Book.

Capitalised terms used in this Regulation, and not otherwise defined herein, shall have the meaning ascribed thereto in the Clearing Rule Book.

This Regulation will apply from 7 December 2020.

Changes to this Regulation will be implemented in accordance with the EuroCCP Procedure Changes to Clearing Rules as published on EuroCCP's website.

1. Purpose

This Regulation records the policies and procedures which EuroCCP has put in place to safeguard (1) cash provided by Clearing Participants to EuroCCP held in Non-segregated Cash Collateral Account(s) and/or Segregated Client Cash Collateral Account(s), (2) cash contributions held in EuroCCP's Clearing Fund and (3) cash held as part of EuroCCP's own capital.

2. Approved investments

EuroCCP may invest into the following transaction types¹:

1. hold cash intraday and overnight in current cash accounts with Central Banks in the countries belonging to the European Economic Area and Switzerland;
2. acquire through an outright buy government securities issued by the countries listed in Annex 1 in the currencies listed in the same Annex. These securities may have a (remaining) tenor of up to 12 months;
3. hold cash intraday and overnight in current cash accounts with Credit Institutions listed in Annex 2, provided that collateral, in the form of securities issued by countries listed in Annex 1, is received by EuroCCP;
4. place deposits with Credit Institutions as listed in Annex 2 with a tenor of no more than one month for cash belonging to EuroCCP's Clearing Fund and a tenor of no more than 12 months for all other cash, provided that collateral, in the form of securities issued by the countries listed in Annex 1, is received by EuroCCP;
5. enter into reverse repurchase agreements with a tenor of no more than 12 months with Credit Institutions listed as listed in Annex 2 for the purchase and sale of government securities issued by the countries listed in Annex 1.

¹ In case of EuroCCP being granted access to services offered by Central Banks in the countries belonging to the European Economic Area, EuroCCP will promptly review the usage of the transaction types listed above. This particularly applies to transaction types like holding cash overnight at a Central Bank and/ or entering into reverse repurchase agreements with a Central Bank.

If EuroCCP receives collateral in the form of Financial Instruments a haircut will be applied in line with the perceived risks connected to the Financial instrument (including Forex risk).

EuroCCP will unconditionally apply the requirements as set in the Maturity schedule (stated below) to transactions.

Maturity schedule

	Maximum holding	Minimum holding
Overnight	100 %	10 %
Term up to 1 week	50 %	NA
Term up to 2 weeks	50 %	NA
Term up to 1 month	50 %	NA
Term up to 3 months	50 %	NA
Term up to 6 months	25 %	NA
Term up to 12 months	0 %	NA

EuroCCP is required to maintain at least one account with a Credit Institutions which is not a Clearing participant of EuroCCP.

The allocation of the total investment portfolio per counterparty, which is not recognised as a central bank, is restricted to 50% per counterparty. Limit restrictions will not be applied in the event EuroCCP's investment portfolio is held at central bank(s).

In accordance with the requirements of EMIR, EuroCCP shall hold cash overnight with Credit Institutions listed in Annex 2 and shall ensure that such holdings are collateralised for not less than 95 percent, calculated over an average period of one calendar month. Consequently, a maximum of 5 percent of cash held with Credit Institutions listed in Annex 2, calculated over an average period of one calendar month, can be held on an uncollateralised basis with Credit Institutions listed in Annex 2

- Where securities have been received by EuroCCP as collateral for an approved transaction the following is applicable: EuroCCP will ensure that collateral is provided to EuroCCP with a market value of at least 102% of the cash placements.
- EuroCCP will mark to market the collateral valuation on a daily basis and will normally demand a same day collateral top-up if the collateral value falls short of the agreed percentage of the cash placements. EuroCCP will agree to call collateral top-ups while taking into account a minimum transfer amount as may be agreed with the counterparty. The following minimum transfer amounts have been agreed with the counterparties:

Counterparty	Minimum transfer amount, margins
ABN AMRO Clearing Bank N.V.	EUR 0
Citibank, National Association	USD 0
ING Bank N.V.	EUR 500,000
Skandinaviska Enskilda Banken AB (publ)	USD 250,000

3. Liquidity providers

Subject to and in accordance with provisions of European Market Infrastructure Regulation (hereafter "EMIR"), EuroCCP may obtain short term financing from any of the Credit

Institutions as listed in Annex 2 or from Central Banks in the countries belonging to the European Economic Area and Switzerland (Liquidity Providers) for the purposes of obtaining liquidity. EuroCCP may for this purpose use collateral provided by Clearing Participants as collateral with the Liquidity Providers. Additionally EuroCCP may use cash provided as collateral by Clearing Participants for the purposes of making payments in accordance with the provisions as set in EMIR.

4. Approved custodians

EuroCCP may hold the securities resulting from approved transactions with:

1. regulated Central Securities Depositories domiciled in one of the European Economic Area countries and Switzerland;
2. International Securities Depositories "ICSDs" (Limited to Euroclear Bank Brussels and Clearstream Banking Luxemburg);
3. Central Banks in the countries belonging to the European Economic Area and Switzerland;
4. Credit Institutions listed in Annex 2, under the condition that EuroCCP has received legal advice to the effect that custody assets are protected against insolvency of the respective custodian(s) and its sub-custodian(s) in question.

5. Concentration limits

Collateral holdings are required to be diversified at all times across permitted securities and diversified across approved issuing countries, in order to prevent inappropriate concentrations of investments.

As such EuroCCP is required to comply with the following concentration limits:

Concentration limits

Maximum value of total collateral value per respective security <i>The maximum value of collateral held in one unique security may not exceed 25 % of the total collateral value.</i>	25 %
Maximum value of total collateral value per issuing country <i>The maximum value of all securities held as collateral issued by one country excluding France, Germany, USA and Netherlands may not exceed 50 % of the total collateral value.</i>	50 %
Maximum value of total collateral value per issuing country being France, Germany, USA or Netherlands <i>The maximum value of all securities held as collateral issued by France, Germany, USA or Netherlands may be the full amount of the collateral value.</i>	100 %

6. Legal documentation

EuroCCP shall not enter into transactions, maintain cash or custody accounts without legal agreements governing these transactions and accounts.

Market standard agreements will be used to the extent possible.

7. Monitoring and control procedures and responsibilities

This document is reviewed on a quarterly basis by EuroCCP's Management Board and on an annual basis by the EuroCCP's Risk Committee.

EuroCCP must instruct an internal or external auditor to provide a report on the compliance with this Regulation at least once every calendar year. The engagement letter and the report will both be provided to EuroCCP's risk committee.

Annex 1

Approved Countries

Austria
Belgium
Denmark
Finland
France
Germany
Norway
Sweden
The Netherlands
United States of America

Treasury securities issued by the above listed national treasuries can be accepted.

EuroCCP's Management Board, after consultation with EuroCCP's risk committee, needs to formally approve an addition or removal of an approved country to the list of approved countries.

Annex 2

Approved Credit Institutions

ABN AMRO Clearing Bank N.V.
BNP Paribas Securities Services S.A.
Citibank, National Association
ING Bank N.V.
Euroclear Bank NV/SA
Skandinaviska Enskilda Banken AB (publ
BNP Paribas Securities Corporation
Credit Agricole Corporate & Investment Bank
JP Morgan Clearing Corporation
RBC Capital Markets
Societe Generale New York Branch
Standard Chartered Bank plc

In order to be admitted to the list of approved Credit Institutions, EuroCCP is required to perform a due diligence on a Credit Institution which has requested to be included on the list of approved Credit Institutions.

The Credit Institution needs to comply with at least the following criteria at all times:

- a long term credit rating of at least a issued by Standard & Poor's; and
- a long term credit rating of at least A2 issued by Moody's.

EuroCCP's Management Board, after consultation with the EuroCCP Risk Board needs to formally approve an addition or removal of a Credit Institution to the list of approved Credit Institutions.