

Regulation

pursuant to article 6.2.4 and 8.1.5 in the Clearing Rule Book

EUROCCP INVESTMENT POLICY

Capitalised terms used in this Regulation, and not otherwise defined, shall have the meaning as set out in the Clearing Rule Book.

This Regulation comes into force on 18 September 2019.

1. General

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

Any changes to these policies and procedures are subject to written decisions of the EuroCCP Management Board, validated by the EuroCCP Company Secretary, unless otherwise stated in this REIP and its annexes. The Management Board will not make such decision unless prior written approval has been received from the relevant regulators to the extent required, and advice has been received from the Risk Committee.

Such changes will not come into force prior to a period of 30 calendar days following publication of the amended REIP through newsflash and the EuroCCP website.

This REIP, as amended from time to time, will be published on the EuroCCP website.

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 the 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 the EuroCCP 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 the transaction types like holding cash overnight with a Central Bank and/ or entering into reverse repurchase agreements with a Central Bank.

EuroCCP

If EuroCCP receives collateral in the form of securities a haircut will be taken in line with the perceived risks connected to the collateral (including FX risk).

Subject to and in accordance with the provisions of 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 the Clearing Participants as collateral with the Liquidity Providers. Furthermore EuroCCP may use cash provided as collateral by the Clearing Participants for the purposes of making payments in accordance with the provisions of EMIR.

EuroCCP must see to it that the outstanding transactions are in agreement with the maturity schedule set out below at all times:

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 (commercial) counterparty is restricted to 50% per counterparty. No limit is set to maintaining the investment portfolio with central banks.

3. 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. the ICSDs Euroclear Bank Brussels and Clearstream Banking Luxembourg;
3. Central Banks in the countries belonging to the European Economic Area and Switzerland;
4. Credit Institutions listed in Annex 2, provided that EuroCCP has received legal advice to the effect that custody assets are protected against the insolvency of the custodian(s) and its sub-custodian(s) in question.

4. Legal documentation

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

Market standard agreements will be used to the extent possible. A list of the agreements will be maintained as Annex 3 to this REIP.

5. Monitoring and control procedures and responsibilities

This REIP is reviewed on a quarterly basis by the Management Board of EuroCCP and on an annual basis by the Risk Committee.

EuroCCP must instruct an internal or external auditor to provide a report on the compliance with the REIP at least once every calendar year. The engagement letter and the report will both be provided to the Risk Committee.

EuroCCP

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
Lloyds Bank Plc	GBP 250,000
ING Bank N.V.	EUR 500,000
ABN AMRO Clearing Bank N.V.	EUR 0
Skandinaviska Enskilda Banken AB (publ)	USD 250,000

Annex 1

Approved Countries/Currencies

- i. Austria
- ii. Belgium
- iii. Denmark
- iv. Finland
- v. France
- vi. Germany
- vii. Netherlands
- viii. Norway
- ix. Sweden

Bonds issued by the above listed national treasuries can be accepted.

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 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 or Netherlands <i>The maximum value of all securities held as collateral issued by France, Germany or Netherlands may be the full amount of the collateral value.</i>	100 %

EuroCCP's Management Board, after consultation with the Risk Committee, needs to formally approve an addition of an approved country to the list of approved countries.

EuroCCP's Management Board, after consultation with the EuroCCP Risk Board, needs to formally approve a removal of an approved country from the list of approved countries.

Annex 2

Approved Credit Institutions

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.

List of approved Credit Institutions where EuroCCP can hold cash and securities:

- ABN AMRO Clearing Bank N.V.
- Lloyds Bank plc
- Skandinaviska Enskilda Banken AB (publ)
- BNP Paribas Securities Services S.A.
- ING Bank N.V.

Annex 3

Legal Agreements

Counterparty	Type of Agreement	Date signed	End date	Revision date
ABN AMRO Clearing Bank NV	Master Deposit Agreement	21 October 2011	No date specified	No date specified
ABN AMRO Clearing Bank NV	Custody Agreement	9 March 2007	No date specified	No date specified
Skandinaviska Enskilda Banken AB (publ)	Custody Agreement	7 March 2008	No date specified	No date specified
Skandinaviska Enskilda Banken AB (publ)	Global Master Repurchase Agreement	17 May 2016	No date specified	No date specified
Skandinaviska Enskilda Banken AB (publ)	Legal advice to the effect that custody assets are protected against the insolvency of the Bank in question.	No date specified	No date specified	No date specified
ABN AMRO Clearing Bank NV	Legal advice to the effect that custody assets are protected against the insolvency of the Bank in question.	No date specified	No date specified	No date specified
ABN AMRO Clearing Bank NV	Service Level Agreement	1 October 2012	No date specified	No date specified
Lloyds Bank plc	Global Master Repurchase Agreement	3 March 2014	No date specified	No date specified
BNP Paribas Securities Services SA	Custody Agreement	2 June 2014	No date specified	No date specified
BNP Paribas Securities Services SA	Notice to the effect that custody assets are protected against the insolvency of the Bank in question.	No date specified	No date specified	No date specified
ING Bank N.V.	Global Master Repurchase Agreement	4 December 2015	No date specified	No date specified

EuroCCPs Management Board, after consultation with the EuroCCP Risk Board², needs to formally approve an amendment to/ addition of a legal agreement.

² The EuroCCP Risk Board consists of the Management Board, the CRO, CFO and the CCO.