caceis
INVESTOR SERVICES

CACEIS Bank Deutschland GmbH

Information document of the Clearing Member pursuant to EMIR Art. 39(7)*

January 2015

* Information document pursuant to Art. 39 (7) of EU regulation no. 648/2012 on OTC derivatives, central counterparties and trade repositories (EMIR) on the principal legal conditions for client account segregation.

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Introduction

Throughout this document references to “we”, “our” and “us” are references to CACEIS Bank Deutschland GmbH. Every reference to „CCP“, central counterparty, „clearing-member“ and „client“ is understood as a reference for a central clearingparty (CCP - Central Counterparty), a clearing-member and a client („you“) pursuant to the EMIR EU-Regulation.

What is the purpose of this document?

CACEIS Bank Deutschland GmbH (CACEIS) offers ist clients the clearing of securities transactions on different stock exchanges. As a Cash Equity Clearing Member, CACEIS is connected to the equivalent central clearing parties (CCPs) on different stock exchanges.

Pursuant to Art. 39 (5) EMIR, clearing members must offer their clients the choice between two account types, offering different levels of segregation, for clearing derivative contracts through a CCP recognised under EMIR: either Individual Client Accounts or Omnibus Client Accounts (see Section 1B below for a detailed explanation of the different client account types and segregation levels).

This document contains the disclosures required under EMIR on the available forms of account segregation for the clearing of derivative contracts:

Information on the levels of protection and the main legal implications of the different levels of account segregation offered, including information on the relevant aspects of insolvency law under the applicable legal jurisdiction. We will inform you separately on the costs associated with the client account segregation models we offer. Pursuant to Art. 39 (5) EMIR, clearing members must offer their clients the choice between two account types, offering different levels of segregation, for clearing derivative contracts through a CCP recognised under EMIR: either Individual Client Accounts or Omnibus Client Accounts (see Section 1B below for a detailed explanation of the different client account types and segregation levels).

This document contains the disclosures required under EMIR on the available forms of account segregation for the clearing of derivative contracts:

Information on the levels of protection and the main legal implications of the different levels of account segregation offered, including information on the relevant aspects of insolvency law under the applicable legal jurisdiction. We will inform you separately on the costs associated with the client account segregation models we offer.

Organisation of this document

This document is set out as follows:

Part 1A: Background information regarding clearing

Part 1B: Difference between the individual client account and the omnibus client account models

Part 1C: Considerations about insolvency

Part 2: Overview of the main variations on the different levels of segregation that the CCPs offer

What are you required to do?

Before selecting a certain client account segregation model you should use this information document as well as the information provided by the various CCPs to gain an overview of the available client account segregation models, the main differences between them and the general legal framework. If you require additional information or legal advice, you will need to consult third parties.

This document is intended as a decision-making aid. However, it does not constitute legal advice or any other form of advice, nor should it be construed as such. In particular, this information document, which has been prepared in compliance with regulatory requirements, does not result in an obligation of the Bank to provide advice to clients. This document describes the material legal implications whose effects will vary depending on the facts of each particular case. Moreover, the concrete terms of the segregation model offered will necessarily depend on the specific CCP through which a derivative contract is cleared. This being the case, you may need further information not contained in this document for your decision on the client account model best suited to your needs. It is your responsibility to review and conduct your own due diligence on the relevant rules, legal documentation and any other information provided to you on each of our client account offerings and those of the various CCPs through which we clear derivatives for you. You may wish to appoint your own professional advisors to assist you with this. Please note that the Bank assumes no liability for the accuracy or completeness of this information document.

Part 1-A: Information on the client account segregation model and insolvency law

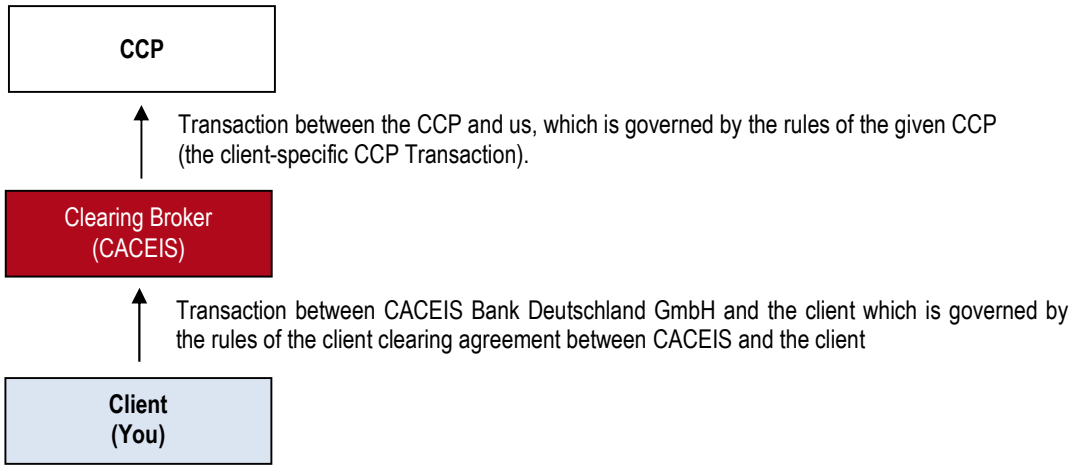
The market distinguishes two main models for clearing through CCPs: The “agency” model and the “principal-to-principal” model. In the European market most CCPs use the “principal-to-principal” clearing model. This document does not discuss any other models.Neither does this document address the topic of indirect clearing: If we are not a clearing member of the CCP through which a given transaction is to be cleared, we would need to enter into a contractual agreement with a clearing

member of the CCP in question in order to clear the transaction (indirect clearing).

The "principal to principal" clearing model

Clearing a transaction for a client through a CCP under the "principal to principal" model generally involves two legal relationships:

One between the Bank and the client and the other between the Bank and the CCP. The relationship between the client and the Bank is generally based on a contractual agreement on client clearing between the client and the Bank (client clearing agreement), while the relationship between the CCP and the Bank is governed by the applicable rules of the CCP in question.



Clearing under the principal-to-principal model, based on the applicable CCP rules and the agreement between the Bank and client on client clearing, results in two exactly matched but opposite transactions (i.e. with contrary positions): One between the client and the clearing member (Client Transaction) and a second transaction, corresponding to the Client Transaction, between the clearing member and the CCP (client-specific CCP Transaction). These equivalent but opposite transactions will be referred to below as matching transactions.

As the principal to the CCP, we are required to provide assets to the CCP as collateral to cover the risks from the client-related CCP Transactions. We must also – if necessary through margin payments – ensure that the total assets provided as collateral in connection with the client-related CCP Transactions cover the total risk to the CCP from those transactions at all times. With regard to the required collateral or margin payments, CCPs distinguish between initial margin, payable in advance, and variation margin, which are based on the changing present value of the client-related CCP Transactions. The assets that we provide to the CCP to meet the initial and variation margin requirements (referred to below as margin) must meet the criteria set by the CCP in question.

In accordance with the client clearing agreement, the Bank will in turn require the Client to provide collateral or margin for the Client Transactions. There may be circumstances where we will require the client to provide more collateral or higher margin

than those required from us by the CCP in connection with the client's CCP Transactions, or in which the value of the assets provided to us by a client as margin for the client's corresponding CCP Transactions exceeds the value of the margin provided by us to the CCP for those transactions (excess margin). With regard to such excess margin, the Bank is subject to special requirements (see below).

If the assets provided by the client as margin do not meet the requirements of the CCP, they may – if necessary and in accordance with the agreements between the client and us – be exchanged by us for assets meeting the requirements of the CCP.

What if the client wants to transfer (port) the Client Transactions to another clearing member?

There may be circumstances s where you (the Client) wish to transfer some or all of your Client Transactions to another clearing member on a business as usual basis (i.e. with us having been declared in default under the rules of the CCP) (non-default transfer/porting). This non-default porting must be distinguished from porting in case of a default by a clearing member within the meaning of Art. 48 EMIR. In particular, EMIR does not require CCPs and clearing members to facilitate such non-default porting. Consequently, whether and under what circumstances a non-default transfer can be carried out will depend on the conditions agreed between the client and the Bank and the rules of the CCPs that may be affected by the transfer. The client who wishes to transfer Client Transactions must also find a clearing member that is prepared to take on the client specific CCP Transactions and then enter into the necessary agreements for that clearing member to take on and continue the transactions.

It will generally be more difficult to carry out a non-default transfer of CCP Transactions recorded in an Omnibus Client Account than those recorded in an Individual Client Account. For more information, please refer to the related question, "Will the CCP Transactions and assets relating to the Client be automatically ported to a back-up clearing member?"

What happens if the Bank is declared to be in default under the rules of a CCP?

If the Bank is declared to be in default under the rules of a CCP, the CCP has two possibilities in principle for dealing with the client-related CCP Transactions and the assets provided as margin:

- The CCP can – with the consent or at the request of the client – try to transfer (port) the client's CCP Transactions and margin assets to another clearing member (back-up clearing member).
- If – for whatever reason – it proves impossible to port the transactions, the CCP will terminate the client's CCP Transactions (see below under "What happens if porting cannot be achieved?").

The porting process for a client's CCP Transactions may differ depending on the CCP. In some cases the transactions, along with the related margin, can be ported from the existing account set up by the Bank with the CCP (with the segregation level selected by the client) to another account created with the CCP by the back-up clearing member with a corresponding

segregation level. In other cases the transactions are terminated and liquidated, and the proceeds are used to open new CCP Transactions with the back-up clearing member on behalf of the client.

To facilitate the porting of client CCP Transactions, some CCPs – depending on the legal jurisdiction – require the clearing member to grant special security interests to any rights of return it may have with regard to the assets provided to the CCP for margin purposes.

Will the CCP Transactions and assets relating to the Client be automatically ported to a back-up clearing member?

No. A number of conditions must be met before the client-related CCP Transactions and assets provided as margin can be transferred to a back-up clearing member. These conditions are set out in detail in the rules of the CCP in question. An important condition is the client's consent or a request from the client for the transfer to be carried out.

In addition, the client needs to have a back-up clearing member willing to take over the client-related CCP Transactions. The client may appoint a back-up clearing member in advance. In general, however, this back-up clearing member will be unable to make a commitment to take over the client-related CCP Transactions prior to the default of the original clearing member, and will instead make this subject to certain conditions. The client may also be able to agree directly with the CCP in question (depending on its rules) that it may designate a back-up clearing member in case of a default by the original clearing member.7

The porting of client-related CCP Transactions in case of a default of the clearing member is less likely to occur if the client has not appointed a back-up clearing member prior to the default or agreed with the CCP on the appointment of a back-up clearing member.

If porting is achieved, your Client Transactions with us that match the CCP Transactions being ported will terminate as a rule in accordance with our client clearing agreement. To continue the client-related CCP Transactions ported to a back-up clearing member, it is to be expected that new Client Transactions corresponding to the ported transactions would be put in place between the client and the back-up member. The details will depend on the agreements between the client and the back-up clearing member and, if applicable, the rules of the CCP concerned. The type of account and level of segregation you choose will have an impact on whether and to what extent your CCP Transactions and margin assets can be ported to a back-up clearing member upon our default:

If you choose an Omnibus Client Account (described in more detail in Part 1 B), in most cases, all of our clients who have CCP Transactions and corresponding margin assets recorded in the same Omnibus Client Account will have to agree to use the same back-up clearing member, and the back-up clearing member will have to agree to accept all of the CCP Transactions recorded in that Omnibus Client Account. It is therefore likely to be more difficult to achieve porting in relation to an Omnibus Client Account than with an Individual Client Account.

What happens if porting is not achieved?

Each CCP is permitted to specify a period of time ("transfer period") after which, if it has not been able to achieve porting, it will be permitted to actively manage its risks in relation to the client-related CCP Transactions. This may include a liquidation of the positions and of the assets provided to it as margin. The transfer period is specified in the rules of the CCP and may differ from one CCP to another.

If the client wants to port its CCP Transactions, it will need to notify the CCP and show that it can satisfy the other conditions within the transfer period. The details, including the required form of the notification and the proof that the conditions are satisfied, are defined in the rules of the CCP in question.

If no such notice is received, the CCP will terminate the client-related CCP Transactions in accordance with its rules and pool them in a single compensation claim (close-out and settlement). If there is an amount owed by the CCP following the close-out and settlement, the rules of the CCP may call for a direct payment to the client, provided, that it knows its identity and can determine the share of the amount applicable to the client. If the CCP does not know the clients identity and/or does not know how much of the amount relates to it, the CCP will pay it to us (or our insolvency practitioner) for the account of our clients.

It is more likely that a CCP will be able to pay any such amount directly to the client, if it selects an Individual Client Account (described in more detail in Part 1 B). This is because the client's identity will typically be disclosed to the CCP in this case and it will be simple to determine any amounts payable to the client after termination and close-out calculations.

If the CCP terminates the client-related CCP Transactions, then the Client Transactions between us are also likely to be terminated and combined in a single compensation claim. The termination and settlement will be performed in accordance with the client clearing agreement and such calculations will likely mirror those performed by the CCP in respect of the client-related CCP Transactions. If the client is due a payment from the Bank as a result if the close-out calculations, any amount it receives directly from the CCP will be deducted from that payment.

Part 1-B: Differences between the segregation models

The types of accounts available

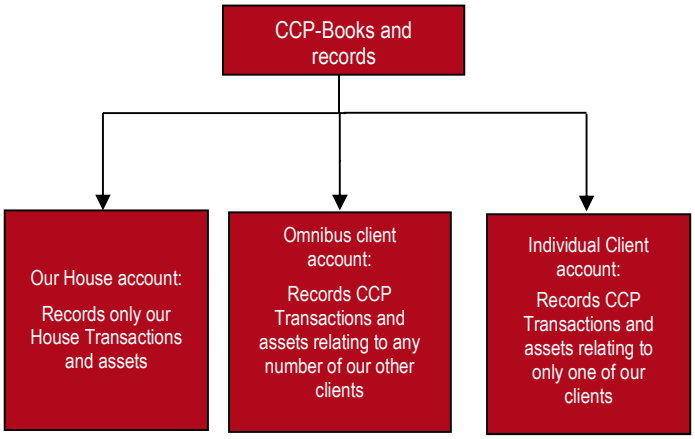
References to accounts or account types in this document always refer to accounts set up by the Bank for client-related CCP Transactions and held on the books of CCPs. The CCP uses these accounts to record client-related CCP Transactions and the assets provided as margin in respect of them.

There are two basic types of client account available: Omnibus Client Accounts and Individual Client Accounts. Some CCPs then offer different levels of segregation within those two client account models. The basic types and some of the different levels of segregation are described in Part 2 of this document.

Under all segregation models, bank transactions are segregated from Client Transactions: Transactions that we clear as a bank on our own account (House Transactions) and assets that we provide as margin for these transactions are segregated in the CCP's accounts from client-related CCP Transactions (including margin) that we clear on behalf of clients

Omnibus-Client-Account:

Under this account type, client-related CCP Transactions and assets provided as margin for them are segregated, i.e. recorded separately, from our House Transactions. With the omnibus model, however, the CCP Transactions that relate to you (including the assets you provide as margin) will be commingled with all CCP Transactions relating to other Bank clients who have also opted for this model.



Can CCP Transactions and related assets be netted with our House Transactions and assets?	No
Can CCP Transactions and related margin assets be netted with those relating to other clients?	Yes (provided the other clients CCP Transactions and margin assets are recorded in the same Omnibus Client Account)

In the case of omnibus accounts, CCPs must ensure that client-related CCP Transactions recorded in the omnibus account are not netted with House Transactions or other client-related CCP Transactions that are not recorded in the same Omnibus Client Account. The same applies to the related margin assets.

However, client-related CCP Transactions recorded in the same Omnibus Client Account for different clients can be netted (provided the conditions for such netting under the CCP's rules are met). The same applies to assets credited to the same

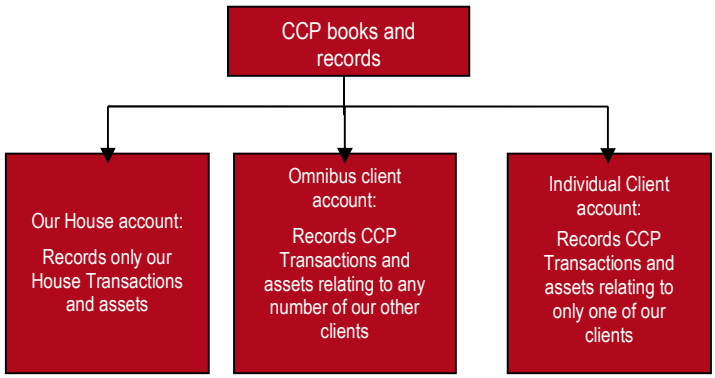
Omnibus Client Account, regardless of which client-related CCP Transactions such assets are intended to serve as margin for.

Please note that we treat other companies in our corporate group in the same way as our clients with regard to compliance with the EMIR clearing requirements and the account segregation models. That means that our group companies also choose between the various account models and thus may use the same Omnibus Client Account as our other clients.

Please see Part Two for an overview of the main risks you may face as a client if you choose an Omnibus Client Account and for details of the different levels of segregation that may be available with different CCPs.

Individual Account Segregation:

Under this account type, the CCP Transactions and assets that relate to a certain client in the CCP's accounts are segregated from those relating to the House Transactions and to the CCP Transactions and assets that relate to any of our other clients.



Can CCP Transactions and related assets be netted with our House Transactions and assets? ?	No
Can CCP Transactions and related margin assets be netted with those relating to other clients?	No

In the case of individual client segregation, CCPs must ensure – as in the case of omnibus accounts – that the client-related CCP Transactions recorded in an individual account as well as the related margin assets cannot be netted with House Transactions and margin assets.

Moreover, and in contrast to an Omnibus Client Account, the CCP must also ensure that the client-related CCP Transactions and corresponding margin collateral cannot be netted with client-related CCP Transactions or margin assets recorded in any other (omnibus or individual) account.

Other considerations for the selection of the client account model and the resulting protection level for assets provided as margin

The protection level for assets provided as margin depends on a number of factors: These include:

- decision for an Omnibus Client Account or an Individual Client Account (as discussed under "The available account types" above);
- when selecting an omnibus account, the specific type chosen among the versions offered by the CCP in question;
- the way in which margin collateral is provided, e.g. by title transfer, as a pledge or otherwise;
- whether the Bank requires higher margins from the client than the CCP (excess margin);
- whether the Bank returns the same type of asset as originally provided for margin purposes;
- the laws governing the Bank and the CCP in question, in particular the bankruptcy laws

Do you prefer a Gross or Net Omnibus Client Account?

While the CCPs are only required to offer one type of Omnibus Client Account and one type of Individual Client Account, some of them have developed a range of accounts within these two types with features that provide different degrees of segregation. These are discussed in more detail in Part 2.

There are two main levels of segregation within Omnibus Client Accounts:

- „Net" means that the margin called by the CCP in respect of the CCP Transactions is called on the basis of the net CCP Transactions recorded in the Omnibus Client Account.
- "Gross" means that it is instead called on the basis of the gross CCP Transactions recorded in the Omnibus Client Account

It may be easier to port CCP Transactions and their related margin collateral, both in business as usual and default circumstances, if you choose a Gross Omnibus Client Account over a Net Omnibus Client Account (provided the CCP offers such accounts). This is because the CCP is more likely to have sufficient assets on hand to transfer as margin to a back-up clearing member for each individual client-related CCP Transaction if it has called the margin on a gross basis. That said, different CCPs' accounts can differ considerably in their terms and conditions. For a proper assessment of the differences between the various models and versions, you should therefore examine the CCP's information about its specific account models.

Margin in cash or securities?

As noted under "The principal-to-principal clearing model" in Part 1 A, as a clearing member of the CCP, we are required to transfer assets provided by you as margin to the CCP. However – as also described above – CCPs only accept margin assets that meet the requirements set out in their rules. This generally means only cash in certain currencies and other highly

liquid non-cash assets.

The assets that we, as a Bank, will accept from you, the Client, as margin collateral for the Client Transactions are determined by the terms and conditions on client clearing agreed with you, taking market practices into account, as well as other related agreements on the provision of margins. The requirements agreed with you may differ from those of the CCPs. Consequently, there is a possibility that the assets that we accept from you as margin for the Client Transactions do not meet the margin suitability criteria of the CCPs. This may result in the Bank – on the basis of the terms agreed with you – transforming the margin assets provided by you into assets accepted by the CCP.

Provision of margins on a title transfer or a pledge basis

Transfer of ownership in case of title transfer

If the terms of the agreement with the client result in the assets being provided via title transfer, the client will lose ownership to the Bank when transferring the margin assets (transferred assets). Accordingly, the Bank's books will show the client assets transferred to the Bank for the Client Transaction in question.

The Bank has the right to transfer other assets to the CCP in place of those provided by the client via title transfer. If the client has a claim against the Bank for the return of the assets, the Bank will transfer assets of the same kind to the client in accordance with its agreements with the client.

If the client has a claim against the Bank for the return of the assets, then the client is exposed to the risk of the Bank not fulfilling this claim for a return of assets of the same kind. Unless a default by the Bank in accordance with the CCP's rules occurs at the same time, the client will have no claim to recourse against the CCP in case of such non-fulfillment of the return claim; neither will the client have a claim to assets recorded by the CCP as margin for client-related CCP Transactions. In this case, the client's rights will be limited to those of the Bank's other general creditors. This risk is reduced if the conditions for a default by the Bank according to the CCP's rules are met at the same time. In that case the CCP's protective measures for the respective client account model will come into force. The specific scope of protection and in particular the client's concrete claims vis-à-vis the CCP will vary depending on the CCP concerned, however.

Assets that the client transfers to the Bank for margin purposes via title transfer may be exposed to the risk that the Bank will go into default before these assets are transferred to the relevant CCP and recorded in the appropriate client account (transit risk). In a default of this kind, occurring after the assets are transferred to the Bank and before they are passed on to the CCP and recorded in the client account set up by it for that purpose, the assets would not be covered by the protection provided by the CCP for the selected client account model. For further details, please refer to the section "What happens if the Bank is declared to be in default by a CCP?" In practice, however, transit risk will arise only in exceptional cases. That is because the CCPs often call margin during the day at very short notice, or at times outside client's normal business hours, so that banks often use their own funds to satisfy margin calls from CCPs and seek to recover the amount from clients afterwards.

Security Interest

Where the client clearing agreement is subject to German law and provides for the transfer of assets by way of security interest (pledge), the client retains beneficial ownership of such assets after transferring them to the Bank. The Bank can liquidate such pledged assets, if the client is in default with its obligations.

The pledge may – depending on the choice of applicable law – be subject to other rules as well. For example, in case of a pledge under English law ("security interest"), the following applies:

In this case, the Client can grant the Bank the right to use the pledged assets. Until such time as the Bank exercises such a right of use, the assets remain under the client's ownership. Once we exercise the right – e.g. by transferring the assets to a CCP – ownership is transferred from the client to the Bank. From that time onward, the client will bear risks vis-à-vis the Bank as in the case of title transfer. The circumstances in which the Bank may exercise such right of use of the pledged assets and the purposes for which the Bank may use them will be set out in the client clearing agreement between us.

Treatment of excess margin called by the Bank

Under EMIR and in some cases the rules of the CCPs, the Bank is subject to special obligations regarding the treatment of excess margin, i.e. margin provided by clients in excess of the margin required from the Bank by the CCP. If a client chooses an Individual Client Account and the Bank collects excess margin from the client, the Bank is required to pass all such excess margin on to the CCP. A distinction must be made in this regard, however: The Bank is not required to transfer to the CCPany assets the client provides to the Bank for any other purpose than as collateral or margin to cover the client's current positions with that CCP. Nor is the Bank obliged to forward excess margin to a CCP if it consists of assets that do not meet that CCP's eligibility criteria for margin assets. In particular – unless the Bank agrees otherwise the Bank has no obligation to convert such assets into other assets meeting the CCP's eligibility criteria. The relevant details will be set out in the client clearing agreement between the client and the Bank.

If the Bank accepts margins in the form of a guarantee in its favour, the Bank is not obliged to transfer assets to the CCP in the amount by which the guarantee exceeds the margin called by the CCP for the customer-related CCP Transactions.

The Bank is not required to transfer excess margin amounts to the CCP if the client selects an omnibus account. In this case the client may – depending on the terms under which the excess margin is provided to the Bank and in particular whether via title transfer or a pledge – be exposed to the above-mentioned credit default risk on the Bank with regard to the client's claim to the return of the margin assets.

Return of the same type of assets

The terms agreed between the client and the Bank may determine whether the assets returned to the client must meet certain minimum criteria with regard to their similarity to the assets originally provided to the Bank for margin purposes.

If such minimum criteria are agreed, it needs to be noted that, in case of a default by the Bank, the assets returned to the client may not meet these minimum criteria. This is because CCPs have wide discretion to liquidate and value assets andwith regard to the form and manner in which return transfer claims are met in case of a default by a clearing member. Moreover, CCPs are often not aware of the terms under which clients originally provided collateral or margins to a bank and the resulting similarity criteria for the assets to be returned. This risk is present regardless of what type of client account you select.

Part 1-C: Information on insolvency law

General insolvency risks

If the Bank defaults and, in particular, if the Bank is subject to insolvency proceedings, your Client Transactions may not be maintained and you may not receive all of your assets back. There are also likely to be delays and additional costs (e.g. funding costs and legal fees). These risks arise in relation to both Individual and Omnibus Client Accounts because:

In general, if the Bank defaults, clients have no direct claims against the CCP with the possible exception of CCP-specific porting solutions or other client protection measures that CCPs may offer. Claims against the Bank would be the subject of the insolvency proceedings. Insolvency proceedings against the Bank would be requested by the German Federal Financial Supervisory Authority (BaFin) (please note that other regulatory measures are possible in respect of the Bank alongside insolvency proceedings). In insolvency proceedings, all powers in respect of the Bank's insolvent assets rest with the insolvency administrator; all legal action must be taken against or with the consent of the insolvency administrator (which can be a lengthy process with an uncertain outcome).

Any legal action or transaction (including Client Transactions, CCP Transactions or the posting of margins) can be contestedby the insolvency administrator if the legal criteria are met. Please see the section below on Article 102b of the Introductory Act to the Insolvency Code (EGInsO) for the special conditions pertaining to porting procedures.

Please also note that:

This document addresses only the case of the Bank's insolvency. Some or all of your assets may also not be returned to you if other parties in the clearing structure default – e.g. the CCP itself, a custodian bank or other agents

The Client's protection results in large part from CCP rules and the applicable legal system. It is important to note that two or more legal systems may be relevant in some cases. You should therefore obtain an overview of the applicable laws and in particular review the relevant CCP disclosures in making your decision on the segregation model and the resulting level of protection. In the light of the potential complexity caused by a possible interaction of multiple legal regimes, it may be prudent to take legal advice on this matter.

Protection from Article 102b EGInsO

Measures taken by a CCP to administer, close out or otherwise settle or transfer client positions as well as those with regard to the use and return of client collateral are subject to the special provisions of Article 102b of the Introductory Act to the Insolvency Code (EGInsO). This regulation takes precedence over the general provisions of German insolvency laws, and the measures covered under Art. 102b EGInsO are not subject to challenges under those laws. Nevertheless, legal transactions not covered by Article 102b EGInsO, but pertaining to such measures, could be challenged by the insolvency administrator.

Measures by BaFIN pursuant to the German Banking Act (Kreditwesengesetz – KWG)

In specific circumstances, in particular in the case of a risk to the stability of the financial system, BaFin may require our assets and liabilities to be spun off (in whole or in part) to another legal entity .Additionally, the German Federal Government could order a moratorium in case of serious risks to the German economy taken as a whole.

Impact on margins

Generally, your risk of loss will be highest when posting margin on a title transfer basis and lower when retaining ownership of the posted margin (for example, on a security interest (pledge) basis). There may be variations and exceptions here due to the applicable law. In this regard, please note that CCPs require margin to be posted on a title transfer basis for Individual Client Accounts. The actual risks that apply, their size and whether there may be third party claims on the assets will be highly dependent on the circumstances of the individual case.

Termination and close-out netting

If the Bank defaults and the CCP cannot port the CCP Transactions and the associated margin assets to a back-up clearing member, then we would expect the CCP Transactions to be terminated and the individual positions to be netted to produce a single compensation claim. The protection provided by respective segregation models in this scenario would depend on the circumstances of the particular case and the applicable insolvency law.

Legal opinions are being prepared or amended on the effectiveness of the termination and close-out netting provisions in various standard client clearing agreements. It is advisable to consult these opinions when deciding between the segregation models and to obtain further legal advice as needed.

Additionally – and the above remarks notwithstanding – please also note that, in case of a default by the Bank, your freedom to close out Client Transactions is more restricted under the client clearing agreement than in other standard arrangements with comparable provisions. Only in this way can it be ensured that the Client Transaction and the matching CCP Transaction coincide as far as possible – an indispensable condition for effective segregation of the client account.

Insolvency of CCPs and others

Although this disclosure deals only with a possible insolvency on the Bank's part, please note that the default of the CCP, a custodian or other agents may impact your Client Transaction and rights over assets.

In relation to CCP insolvency, in general, the rights of the Bank and client will depend on the law of the country in which the CCP is incorporated and the specific protections that the CCP has put in place. Please review the relevant CCP disclosures for details in this respect.

It may be prudent to seek legal advice in this regard.

Part 2: Main differences between the various segregation models offered by CCPs

As noted in Part 1 B, each CCP must offer at least one Omnibus Client Account and at least one Individual Client Account.

The specific details of the segregation models offered may vary among CCPs. This Part Two presents the main levels of segregation within each account type offered by CCPs of which we are aware. It also provides an overview of the main risks inherent in client account segregation and classifies them according to the various client account types.

The descriptions provided here are very high level and consider the typical features of these account types and levels of segregation.

However, the particular features of the individual accounts affect the levels of protection they offer and in particular the legal implications. It is therefore important to review the disclosures provided by the CCPs to fully understand the risks of any given account model. Each CCP is required to publish information about the account structures it offers. We have provided links to the relevant parts of the websites of selected CCPs that we use.

The comparative descriptions of principal account types and segregation levels provided below, along with the corresponding risk characteristics, were prepared on the basis of publicly available disclosure documents made available by a selection of CCPs. We are not responsible for, and do not accept any liability whatsoever, for any content or for any omissions or inaccuracies contained in the information produced by any CCP.

Risks used to compare each account type and level of segregation	Explanation of risk
Transit risk	Whether you are exposed to us at any point in the process of providing or receiving margin in respect of Client Transactions.
Fellow client risk	Whether assets provided to the CCP in respect of CCP Transactions relating to you could be used In case of insolvency to cover losses in CCP Transactions relating to another client.
Liquidation risk	Whether, if the CCP Transactions and assets relating to them were to be ported, there is a risk that any non-cash assets would be liquidated into cash. If this were to happen, the value given to such assets by the CCP may differ from what you perceive to be the full value of the assets.
Haircut risk	Whether the value of the assets that relate to CCP Transactions might be reduced or not increase by as much as you expect because the CCP applied a haircut that did not properly reflect the value of the asset.
Valuation mutualisation risk	Whether the value of the assets that relate to CCP Transactions could be reduced or not increase by as much as you expect because the assets posted in relation to other clients CCP Transactions have decreased in value.
CCP insolvency risk	Whether you are exposed to the insolvency or other failure of the CCP

For an individual account segregation model, contrary to the net-omnibus account segregation, the fellow-client risk and the valuation mutualisation risk do not exist.

Annex

Links to disclosure documents of selected CCPs

Please note that these links have been included for convenience only. If the links no longer open the relevant web page of the CCP, please contact the CCP directly to obtain the required documents.

Eurex Clearing AG:

http://www.eurexclearing.com/clearing-en/risk-management/client-asset-protection/143894/

LCH.Clearnet Ltd & SA:

http://www.lchclearnet.com/members-clients/members/fees-ltd/annual-account-structure-fees

Cassa di Compensazione e Garanzia S.p.A.

http://www.lseg.com/markets-products-and-services/post-trade-services/ccp-services/ccg/new-projects/ccg-within-emir

EuroCCP

http://www.euroccp.com/content/emir-implementation

This document was prepared by CACEIS Bank Deutschland GmbH on the basis of the Clearing Member Disclosure Document issued in February 2014 by the International Swaps and Derivatives Association, Inc. (ISDA) and the Futures and Options Association (FOA).