

## **PUBLIC DISCLOSURE OF PROTECTION & SEGREGATION LEVELS (ARTICLE 39(7) OF REGULATION (EU) NO 648/2012 (EMIR))**

### **I. Preamble**

1. Pursuant to article 39(7) of Regulation (EU) No 648/2012 (European Market Infrastructure Regulation- EMIR) which entered into force on August 16<sup>th</sup> 2012 and in accordance with the provisions of the «Rulebook for Clearing of Transactions in Transferable Securities in Book Entry Form» and the «Rulebook for Clearing of Transactions in Derivatives» (hereinafter jointly referred to as the "**Rulebooks**"), as adopted by the Board of Directors of ATHEXClear at the meeting held on 28 July 2014 and approved by the Hellenic Capital Market Commission (hereinafter "**HCMC**") by virtue of Decision No 1/704/22.01.2015 of the HCMC Board of Directors, in relation to ATHEXClear's CCP Systems regarding securities and derivatives clearing, respectively (hereinafter jointly referred to as the "**Systems**"), Eurobank Equities Investment Firm S.A., as a Clearing Member of the Securities and Derivatives Markets of the Athens Exchange Group, shall publicly disclose the levels of protection and the costs associated with the different levels of segregation that it provides for clearing purposes, under the EMIR regulation.

2. The terms related to the segregation are the following and are applied per System of ATHEXClear separately, according to the Rulebooks.

3. Unless otherwise stated herein, the terms set out in this disclosure shall have the same meaning as the terms included in the Rulebooks.

### **II. Clearing Accounts**

4. Clearing is performed by ATHEXClear through the Clearing Accounts.

5. The Clearing Accounts are opened by ATHEXClear following an application of the Clearing Member on the condition that all documentation required under the Rulebooks is submitted.

6. For the purpose of complying with article 39(7) of Regulation (EU) No 648/2012, the Clearing Member shall hold the following Clearing Accounts, as the case may be:

#### **6.1 Own Clearing Account:**

The account held by the Clearing Member with ATHEXClear in its name for clearing its own transactions in line with the terms of the Rulebooks. An Own Clearing Account shall be kept pursuant to article 39 of Regulation (EU) No 648/2012 for the purpose of segregating the assets and positions held by the Clearing Member in its name and for its own account.

#### **6.2 Clients Clearing Account:**

The account held by the Clearing Member with ATHEXClear for its clients for the purpose of clearing the transactions of such clients in line with the terms of the Rulebooks. A Clients Clearing Account shall be kept pursuant to article 39(2) of Regulation (EU) No 648/2012 for the purpose of segregating in a commingled manner the assets and positions of the clients of the Clearing Member (omnibus client segregation).

#### **6.3 Client Clearing Account:**

The account held by the Clearing Member with ATHEXClear in the name of a Client for the purpose of clearing the transactions of the said Client in line with the terms of the Rulebooks. A Client Clearing Account shall be kept pursuant to article 39(3) of Regulation (EU) No 648/2012 for the purpose of segregating the assets and positions per Client (individual client segregation).

7. Clearing is performed by ATHEXClear per Clearing Account.

8. The risk and the obligation to provide collateral against ATHEXClear margin requirements, including the terms for providing credit limits, are calculated per Clearing Account.

9. Collateral of any kind provided in connection with a Clearing Account is kept in a segregated manner according to ATHEXClear records and is used solely for discharging the obligations of the said Clearing Account. By exception and under the terms of the Rulebook, ATHEXClear may use collateral of the Clearing Member's Own Clearing Account to cover a loss resulting from a Clients Clearing Account or a Client Clearing Account, on the condition that such collateral is in excess of ATHEXClear requirements regarding the Clearing Member's Own Clearing Account.

10. Without prejudice to the provisions of the above paragraph, any loss that may occur due to the default of a Clearing Account shall be solely borne by the said Clearing Account and any collateral provided in relation thereto. Accordingly, the remaining Clearing Accounts of the Clearing Member, including the related collateral, shall not be affected by the default and the relevant loss.

### **III. Terms covering loss**

11. In accordance with the segregation and the levels of protection per Clearing Account provided for in section II hereinabove, in case of default of the Clearing Member, ATHEXClear shall cover the loss per Clearing Account as per the terms of the Rulebooks, as follows:

11.1 The loss that occurs in relation to the defaulting Clearing Account shall be covered by the collateral provided in favor of ATHEXClear for the said Clearing Account.

11.2 If the default refers to a Clients Clearing Account or a Client Clearing Account the collateral of which does not suffice to cover the loss as per 11.1 above and for the purpose of covering the remaining part of the loss, ATHEXClear shall use any excess collateral of the Clearing Member's Own Clearing Account as may remain after covering any loss arising from the relevant Own Clearing Account.

11.3 If the collateral under 11.1 and 11.2 above does not suffice and for the purpose of covering the remaining part of the loss, ATHEXClear shall use the Clearing Member's share account in the Default Fund it manages pursuant to the Rulebooks.

11.4 If the contribution under 11.3 above does not suffice and for the purpose of covering the remaining part of the loss, ATHEXClear shall use its Dedicated Own Resources (skin in the game).

11.5 In case that the Dedicated Own Resources also do not suffice, the remaining part of the loss is covered by the other share accounts in the Default Fund based on their pro rata participation in the Default Fund as it stands prior to the triggering of the Default Fund for the purpose of covering the said loss.

11.6 Any other remaining part of the loss is covered by other financial resources of ATHEXClear that it maintains in compliance with the requirements of Regulation (EU) No 648/2012.

### **IV. Special provisions on levels of segregation**

12. The Clearing Member's Own Clearing Account, including any collateral provided in relation thereto, may be affected by a default related to a Clients Clearing Account or a Client Clearing Account as described in sections II and III hereinabove.

13. The Clients Clearing Account, including any collateral provided in relation thereto, shall under no circumstances be affected by default or loss incurred to any other Clearing Account of the Clearing Member. Nonetheless, in the event of loss arising from default of the Clients Clearing Account itself, such loss may, in case of insolvency of the Clearing Member, be borne by all clients of the said Clients Clearing Account, in particular due to the netting of client positions on Clients Clearing Account level, the margin requirements and the collateral calculated on the basis of such netting, and due to the right of ATHEXClear to close out all positions and use the collateral for the purpose of covering the netted loss resulting from such position close-out.

14. The Client Clearing Account, including any collateral provided in relation thereto, shall under no circumstances be affected by default or loss incurred to any other Clearing Account of the Clearing Member.

15. With respect to the cash settlement performed by ATHEXClear in relation to the transactions it clears, netting procedures apply per Clearing Member to all monetary rights and liabilities resulting from the Clearing Accounts held by the Clearing Member. Thus, monetary claims and liabilities may be netted among the Clearing Accounts of the Clearing Member, regardless of their type.

## V. Special provisions on collateral

16. Collateral is provided in cash, including foreign currency, and transferable securities pursuant to the Rulebooks.

17. In any case, the collateral provided to ATHEXClear, regardless of the Clearing Account for which it is provided, is established in the form of a legal pledge under Greek law (article 77 of law 3606/2007) and of financial collateral (law 3301/2004); ATHEXClear has the right to use such collateral pursuant to Directive 2002/47/EC (Collateral Directive).

18. Collateral in cash and foreign currency are kept in accounts with the Bank of Greece and equivalent credit institutions, as provided by the Rulebooks, in the name of ATHEXClear as collateral taker. Collateral kept as above does not constitute a title transfer financial collateral, although the relevant account(s) is (are) kept in the name of ATHEXClear, given that it solely serves the purpose of commingling the funds that make up the collateral provided by Clearing Members and does not constitute title transfer in favor of ATHEXClear.

19. For the purposes of facilitating the operation of Clients Clearing Accounts, the following are applicable with respect to the provision of collateral:

19.1 The provision of collateral in the form of transferable securities in the Dematerialized Securities System (DSS) of the Central Securities Depository (law 3756/2009, DSS Operation Regulation) in relation to a Clients Clearing Account is effected through the clients' collateral Share Account in the DSS (article 11a of the DSS Operation Regulation) and is subject to the following basic terms and conditions:

19.1.1 The collateral refers to transferable securities of clients indirectly held by the Clearing Member in its name but for the account of its clients.

19.1.2 The aforementioned legal pledge in favor of ATHEXClear is constituted through the clients' collateral Share Account and the respective Securities Account.

19.1.3 With respect to the transferable securities held as above, the Greek law (article 12(10) and (11) of law 3606/2007) shall apply, under which the seizure or blocking of such securities by the Clearing Member's lenders is prohibited, given that the actual beneficiaries of such securities are the clients of the Clearing Member and not the Clearing Member itself. In this regard, lenders of the clients are not entitled to seize such securities per se, considering that due to their commingled holding no segregation of securities in specie exists per client.

19.2 Respective provisions shall apply to collateral in cash or foreign currencies kept in a commingled manner by ATHEXClear with the Bank of Greece and credit institutions in relation to Clients Clearing Accounts, in implementation of the provisions of the aforementioned Greek law.

20. With respect to clients' collateral under 18 and 19 hereinabove, collateral provider against ATHEXClear is the Clearing Member.

21. With respect to Client collateral provided in relation to a Client Clearing Account, collateral provider against ATHEXClear is the Client.

## VI. Position Accounts

22. Besides Clearing Accounts ATHEXClear also keeps Position Accounts.

23. Each Position Account is uniquely linked with a Clearing Account.

24. The Position Accounts held in connection with the Clients Clearing Account enable the allocation by the Clearing Member of the positions of the relevant Clearing Accounts per client, under the Clearing Member's exclusive responsibility and on the basis of its customer relationships, and serve the purpose of facilitating the monitoring of positions, as well as the settlement of rights and obligations for delivery of transferable securities arising from such positions, where applicable.

25. Each Position Account is opened by ATHEXClear following an application of the Clearing Member, which operates the Clearing Account that shall be linked to the Position Account, on the condition that all information required by the Rulebooks will be submitted.

26. Position Accounts are also kept for the purposes of allocation per Member, Market Maker, or Fund/Portfolio Manager, as the case may be, and pursuant to the specific distinctions of such Position Accounts as defined in the Rulebook for Clearing of Transactions in Derivatives.

## VII. Position Transfer - Close-out

27. In case of default of the Clearing Member, the transfer of positions, kept in the Clearing Member's Clients Clearing Accounts or Client Clearing Accounts, including the transfer of the collateral relating to the accounts, is conducted in accordance with paragraphs (5) and (6) of article 48 of Regulation (EU) No 648/2012, as the case may be, under the specific provisions of the Rulebooks.

28. For the purpose of this transfer, the Clearing Member to which the positions are transferred shall have entered into an agreement with the clients of the defaulting Clearing Member in case of a Clients Clearing Account, or with the Client of the Clearing Member in case of a Client Clearing Account; such agreement must be notified to ATHEXClear, in accordance with its procedures at the latest on the day of default within the time limit set by ATHEXClear to this end. If ATHEXClear does not receive such notice timely, the transfer shall not take place and ATHEXClear shall proceed with the close-out of the positions of the Clearing Member and the exercise of its rights, in general, against the Clearing Member in order to handle the default.

## VIII. Close-out Netting

29. In the event of default of the Clearing Member in respect of one of its Clearing Accounts and if the transfer of positions is not possible under section VII above, ATHEXClear shall close out the positions of the relevant Clearing Account as well as the other Clearing Accounts of the Clearing Member, and shall take measures in order to cover the loss as set out in section III hereinabove.

30. If the close-out of the positions of the Clearing Member's Own Clearing Account results in a credit balance, ATHEXClear shall set off such credit balance with any pecuniary penalty it may impose on the Clearing Member regarding the default, in accordance with the Rulebooks.

31. As respects the use or realization of collateral provided in favor of ATHEXClear in case of default and relevant loss, the provisions of Greek law (law 3301/2004) and Directive 2002/47/EC (Collateral Directive) on financial collateral shall apply, whereas ATHEXClear shall be entitled, as collateral taker, to use, realize or appropriate the financial collateral by setting off the value of such collateral.

## IX. Insolvency proceedings

32. With respect to the CCP System through which it performs its clearing operations, ATHEXClear is subject to the provisions of Greek law (Law 2789/2000) incorporating Directive 98/26/EC (Settlement Finality Directive).

33. In the event of insolvency of the Clearing Member, within the meaning of the said law, ATHEXClear shall transfer positions, as set out in section VII hereinabove under the mandatory provisions of articles 5 and 6 of Regulation (EU) No 648/2012 and the terms of the Rulebooks.

34. ATHEXClear and the System are also subject to Greek law (article 79 (3) of law 3606/2007) under which if a Clearing Member is insolvent (article 1(j) of law 2789/2000, Directive 98/26/EC) clearing, settlement, close-out and netting operations, including the provision of collateral by such Clearing Member in favor of the System shall be fully valid and enforceable against any third party, on the condition that they refer to outstanding obligations of the

insolvent Clearing Member in the System as a result of transactions which were carried out before ATHEXClear became aware of the initiation of the insolvency proceedings (articles 3-7 of law 2789/2000 and Directive 98/26/EC).

**35.** Under Greek law (article 12 (10) and (11) of law 3606/2007) clients' funds, resulting, as in this case, from the close-out of clients' positions and in general held in respect of such positions, or clients' financial instruments, such as in this case, financial instruments provided as collateral on transferable securities in DSS and in general kept as collateral in relation to such positions, are protected under the aforementioned law as indirectly held in the name of the Clearing Member but for the account of its clients, and are hence segregated from the Clearing Member's own property. Accordingly, clients are similarly protected and their above assets are segregated, as the case may be, in case that the Clearing Member is placed under special liquidation (article 22 (7), 23 (3) of Law 3606/2007, article 145 (3) and (4) of Law 4261/2014).

**36.** If the balance of the said funds' or transferable securities' accounts is not adequate to satisfy the clients of the Clearing Member, in the event of insolvency, such clients shall be satisfied on a pro rata basis under Greek law (Law 3606/2007, Law 4261/2014).

#### **X. Fees on Clearing Accounts**

**37.** The minimum fees that apply with respect to the opening and maintaining of the Clearing Accounts, are those laid down in decision No 10 of ATHEXClear Board of Directors, as published.

#### **XI. Final terms**

**38.** The present terms apply in accordance with the provisions of the Rulebooks.

**39.** The drafting of these terms does not affect their validity under the Rulebooks as they are drafted solely for the purpose of publicly disclosing the levels of protection and segregation pursuant to article 39 (7) of Regulation (EU) No 648 / 2012, as set out in the Rulebooks.

**40.** Nonetheless, should these terms be changed, in particular as a result of an amendment to the Rulebooks, the respective terms shall be amended accordingly and publicly disclosed anew, pursuant to article 39 of Regulation (EU) No 648/2012.

