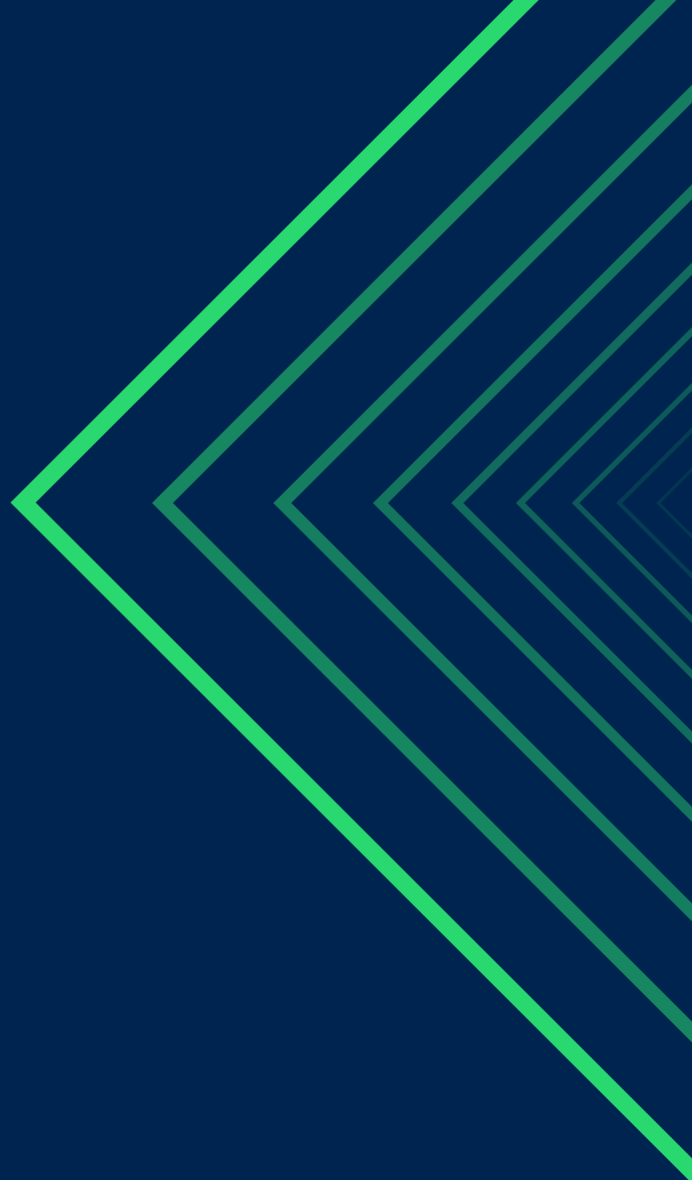




# Regulation Collateral



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## **1. Introduction**

This Regulation is enacted pursuant to and in accordance with the definition of “Collateral” and articles 4.7.2, 6.1.4, 6.1.5, 6.2.5, 6.2.7, 6.2.8 and 14.2.3 of the 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 applies as of 6 November 2023.

Changes to this Regulation will be implemented in accordance with the Changing Cboe Clear Rulebook & Regulations Procedure as published on Cboe Clear’s website. Changes in the percentage of collateral which must be maintained with Cboe Clear will be notified to all Clearing Participants.

## **2. Collateral account**

### **2.1 Title transfer**

The Clearing Participant shall transfer Collateral in cash or in Financial Instruments to Cboe Clear through title transfer.

Transfers of Financial Instruments as Collateral shall be made in accordance with the Cboe Clear Security Agreement.

### **2.2 Pledge**

Notwithstanding section 2.1 above, and under exceptional circumstances only, Cboe Clear may at its sole discretion accept collateral pledged to Cboe Clear by means of a pledge over collateral agreement at approved collateral agents/custodians.

## **3. Interest on cash Collateral, Contributions and Deposits**

Interest on cash Collateral, Contributions and Deposits shall be paid by Cboe Clear to the relevant Clearing Participant once a month, provided that the Clearing Participant has complied with its obligations under the Clearing Rules. The outcome of the monthly interest calculation will be charged or compensated, as applicable, in Cboe Clear’s monthly fee invoice. Cboe Clear will apply the interest compensations as published on its website for Collateral and Contributions. See Regulation Interoperability Fund for information on interest compensation for cash Deposits.

## **4. Taxation of coupons and redemption amounts**

Amounts received by Cboe Clear in respect of coupon payments and redemptions of Financial Instruments held as Collateral will be payable as received by Cboe Clear (i.e., on a

net basis following application of Cboe Clear's relevant tax treaty rate). Clearing Participants are liable for any resulting taxation differences and tax liabilities that may arise due to tax regime differences between Cboe Clear and the Clearing Participant.

Clearing Participants are required to provide Cboe Clear with standing payment instructions using the Cboe Clear Direct Debit Authorisations form with respect to the payment of coupons and redemptions.

## **5. Taxation of dividend payments**

Amounts received by Cboe Clear in respect of dividend payments arising in relation to Financial Instruments held as Collateral will be payable as received by Cboe Clear (i.e., on a net basis following application of Cboe Clear's relevant tax treaty rate). Clearing Participants are liable for any resulting taxation differences and tax liabilities that may arise due to tax regime differences between Cboe Clear and the Clearing Participant.

Clearing Participants shall provide Cboe Clear with standing payment instructions using the Cboe Clear Direct Debit Authorisations form with respect to the payment of dividends.

## **6. Instruction for deposits and withdrawals**

### **6.1 Deposit**

To deposit cash and Financial Instruments as Collateral, Contributions or Deposits, the Clearing Participant shall notify Cboe Clear by email. Each Clearing Participant shall have signed and submitted to Cboe Clear an "Authorisation Form" as set out in Annex 1.

#### **6.1.1. Financial Instruments**

Each deposit of Collateral, Contribution or Deposit must be approved by Cboe Clear. Clearing Participants will be notified of such approval by email. Once the deposit request has been approved, the Clearing Participant is required to transfer the Financial Instruments from its own account at the CSD or Credit Institution. The settlement instruction details of the Cboe Clear account can be found in the document "Cboe Clear Standard Settlement Instructions", which is available on the Cboe Clear website. Cboe Clear will instruct its agent to receive free of payment the agreed securities into its account.

#### **6.1.2. Cash**

Once the deposit request has been approved, the Clearing Participant is required to transfer the cash amount to Cboe Clear's cash account. The payment details of the Cboe Clear account can be found in the document "Cboe Clear Standard Settlement Instructions", which can be found on the Cboe Clear website.

### **6.2 Withdrawal**

To withdraw Collateral, Contributions or Deposits the Clearing Participant shall notify Cboe Clear by email. Each Clearing Participant shall have signed and submitted to Cboe Clear an "Authorisation Form" as set out in Annex 1.

Each withdrawal request must be approved by Cboe Clear.

Cboe Clear may request Clearing Participants with excess collateral of more than 125 % of their total Margin requirement, with a minimum of EUR 5 million, to initiate a withdrawal request in respect of the surplus.

#### **6.2.1 Financial Instruments**

Once the withdrawal request has been approved, Cboe Clear will instruct a delivery free of payment for Financial Instruments to be released from Cboe Clear's account. Cboe Clear will endeavour to instruct the delivery before 12.00 CET. Cboe Clear's settlement instruction details can be found in the document "Cboe Clear Standard Settlement Instructions", which is published on the Cboe Clear website. The Clearing Participant must ensure that the receiving instructions are in place with its CSD or Credit Institution.

#### **6.2.2 Cash**

Once the withdrawal request has been approved, Cboe Clear will instruct the transfer to the contra account, as stated in the Authorisation Form between a Clearing Participant and Cboe Clear. Cboe Clear will endeavour to instruct the delivery before 12.00 CET.

## **7. Deadlines for deposits and withdrawals**

Clearing Participants shall authorise Cboe Clear to directly debit the relevant account(s) of a Clearing Participant in an amount equal to the calls for Margin, Contributions and Deposits, in either EUR or USD at Cboe Clear's discretion. The Clearing Participant shall ensure that debit instructions received from Cboe Clear are honoured by the relevant bank and that sufficient funds are received in the relevant Cboe Clear account(s) within one (1) hour from Cboe Clear having issued a direct debit instruction. Cboe Clear may, at its sole discretion, waive a Clearing Participant's obligation to establish a direct debit authorisation subject to the satisfaction of certain conditions as Cboe Clear may set at that time. If the call for Margin, Contribution or Deposit is issued before 09:00 CET, the one (1) hour starts running at 09:00 CET.

Where calls for Margin, Contributions and Deposits are made and met in USD, Cboe Clear reserves the right to issue a call in EUR in an amount sufficient to substitute USD amounts the next Clearing Day when such substitution can be made. Cboe Clear shall return the relevant USD amounts once the Clearing Participant has met the subsequent call in EUR.

Withdrawal requests that are submitted to Cboe Clear on any Clearing Day before 11.00 CET, for both cash and Financial Instruments, will be effected the same day, subject to local holidays in the countries of origin of currencies as set out in the Cboe Clear Settlement Calendar, as published on Cboe Clear's website and updated from time to time.. Withdrawal notices received after this deadline will be effected the next Clearing Day.

## **8. Collateral reporting**

Cboe Clear will report accepted Collateral holdings including their current valuation to the Clearing Participant in the daily clearing output.

In respect of pledged Collateral permitted under section 2.2 above, the collateral custodian is responsible for reporting on (i) the holdings on the Collateral Account to the Clearing Participant and (ii) the corporate actions on the Financial Instruments deposited in the Collateral Account. The Clearing Participant shall pay any fees (including VAT when applicable) charged by the collateral custodian directly to the collateral custodian.

## **9. Cash and Financial Instruments acceptable as Collateral, Contribution and Deposit**

Cash and Financial Instruments acceptable as Collateral, Contribution or Deposit, as well as applicable haircuts and concentration limits, are listed in the Regulation Acceptable Collateral, published on the Cboe Clear website. Cboe Clear may determine if and when certain cash or certain Financial Instruments will cease to be acceptable as Collateral, Contribution or Deposit where Cboe Clear, in its sole discretion, deems such cessation as appropriate for risk management purposes including, without limitation, where:

- a) the holding of such Financial Instrument will result in Cboe Clear having to process Corporate Actions in relation to such Financial Instrument;
- b) the holding of such Financial Instrument subjects Cboe Clear to any local registration or notification requirements; or
- c) the holding by Cboe Clear of such cash or such Financial Instrument does not comply with any applicable law or regulation.

Upon any cash or Financial Instrument ceasing to be acceptable by Cboe Clear as Collateral, Contribution or Deposit, any such cash or Financial Instrument will immediately be given a zero value for purposes of calculating the value of a Clearing Participant's accepted Collateral, Contribution or Deposit holdings and such Clearing Participant shall undertake all steps necessary in order for such cash or Financial Instrument to be withdrawn from the relevant account with Cboe Clear.

Settlement and payment instructions are listed in the document "Cboe Clear Standard Settlement Instructions", published on the Cboe Clear website.

## Annex 1: Authorisation Form

Date: .....

Clearing Participant Name: .....

Clearing Participant Number: .....

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We herewith authorize Cboe Clear to act upon instructions to deposit / withdraw Collateral, Deposits and/or Contributions in / from account(s) pledged to Cboe Clear and in / from Collateral, Deposits and/or Contributions held at Cboe Clear sent from the following email address(es) without limitation:

Email:..... Email:.....

Email:..... Email:.....

Email:..... Email:.....

Cash withdrawals instructed via email must always be transferred in accordance to the following standing instructions:

Cash Correspondent BIC: .....

IBAN Account number: .....

Final beneficiary BIC: .....

Non-cash withdrawals instructed via email must always be transferred in accordance with the following standing instructions:

Place of Settlement (SSI): .....

CSD account: .....

Final beneficiary: .....

Two authorised signatures: .....

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For internal Cboe Clear use only:

Handled by  
Cboe Clear  
Employee

Handled by  
Cboe Clear  
Employee