



Eurex is one of Europe's leading derivatives exchanges

Caja Madrid becomes the first Spanish company to join *Eurex Repo*

- Companies who are admitted to Eurex Repo can potentially (re-)finance themselves under better conditions than those who are not members of this platform, since the counterparty risk is eliminated by the CCP which guarantees the fulfilment of transactions
- The membership of Caja Madrid at Eurex Repo also allows the company to act as a intermediary with other domestic companies so that they can finance their positions in the Spanish Treasury via this electronic trading platform, something that up to now they have been unable to do, as no Spanish company has been a member until now.

Madrid, 2 July 2010. Caja Madrid has become the first Spanish company to become a member of Eurex Repo, the only platform in Europe that offers all the advantages of electronic trading combined with the anonymity and risk mitigation of Central Counterparty (CCP).

[Explanation – not for the press release: Eurex Repo is the electronic market for repo and money market transactions; Eurex Clearing is the attached clearing house but a separate firm, both Eurex Repo and Eurex Clearing belong to Eurex, Eurex is part of Deutsche Börse Group.]

Caja Madrid will be able to optimise management of the European Treasuries Public Debt portfolios under better conditions than those companies who are not members of such a electronic market with central clearing (CCP), and it will mean a significant saving in costs and a reduction in risk. This comes at a time when the market situation of banking finance is complex, as a result of the crisis of sovereign debt in Europe.

Specifically, Caja Madrid has been incorporated as a Direct Clearing Member (DCM) in *Eurex Repo*, the *Eurex* platform for *Repo* transactions.

Companies that belong to *Eurex Repo* can access trading of Repo transactions more easily, since trading is combined with the CCP of *Eurex Clearing*. That is, *Eurex Clearing* guarantees charges and payments between parties and the good outcome of transactions, mitigating counterparty risk.

The membership of Caja Madrid to *Eurex Repo* also allows the company to act as a intermediary with other domestic companies so that they can finance their Spanish Treasury Debt positions, something that until now they could not do, as no Spanish company was a member of this kind of platform.

Caja Madrid is one of the most active companies in Spain in the Repo market, which has allowed it to anticipate the deterioration of conditions in the financial markets and request its membership into *Eurex Repo* in good time.

With this step comes the culmination of a process that has lasted several months, during which the Caja has been subject to a detailed evaluation as a requirement of membership to this marketplace. To become a member it is necessary to pass several criteria both in terms of the size of the balance sheet, the operating capacity and to provide the clearing fund contribution foreseen by the clearing house and regulators.

Eurex has some very rigorous risk systems in the calculation of margins and collaterals that each member must deposit, in order to cover any type of bankruptcy that a company which uses the clearing house can suffer.

Operating in the Repo market is very frequent in the interbank sphere and is carried out with short term assets, usually with maturities of up to 12 months.

Eurex Repo is among the leading platforms for electronic trading of repo transactions and its Repo markets operate in Euros and Swiss Francs. The repo market in Swiss Francs began in 1999, then in Euros in 2001 and the GC Pooling system opened in 2005.

More than 235 participants from ten countries are currently trading in *Eurex Repo*. It is the only platform in Europe that offers all the advantages of electronic trading combined with the anonymity that *Eurex Clearing AG* offers as a Central Counterparty (CCP) and *Clearstream Banking* as a centralised system for the management of collaterals.

Eurex Repo is a 100% subsidiary of *Eurex Frankfurt AG*. Repo transactions allow financial entities to lend or borrow their fixed income portfolios in exchange for liquidity. The ECB and the majority of the central European banks use repo transactions to control the liquidity of the system.