

**EMIR DISCLOSURES**

**EMIR - PAREL disclosure of prices and fees of clearing services for Cash Equity**

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## INTRODUCTION

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On 16 August 2012 the European Market Infrastructure Regulation (EMIR) came into force in the European Union effecting changes in the legal and regulatory landscape for central counterparties in the EU (CCPs) and clearing members of such CCPs, in relation to both listed and OTC derivatives.

- One of the objectives of EMIR is to provide greater transparency in relation to the services provided by CCPs and clearing members and to that end it imposes new disclosure requirements related to the fees charged for services. EMIR Article 38 paragraph 1 requires that a CCP and its clearing members shall publicly disclose the prices and fees associated with the services provided (including discounts and rebates and the conditions to benefit from those reductions).
- EMIR Article 39 paragraph 5 requires that a clearing member shall offer its clients, at least, the choice between omnibus client segregation and individual client segregation and inform them of the costs and level of protection associated with each option.
- EMIR Article 39 paragraph 7 requires that CCPs and clearing members shall publicly disclose the levels of protection and the costs associated with the different levels of segregation that they provide.

This document does not amend or vary any position of any agreement with PAREL or otherwise affect the interpretation of any such agreement including any fee schedule that you have previously agreed or may agree with PAREL in the future.

## 1 PURPOSE OF THIS DOCUMENT

This document is intended to provide customers and prospective customers with information relating to the costs and fees associated with different segregation account types to be offered by PAREL under EMIR. As with most clearing firms PAREL's cost structure is client-specific and based on a large number of factors, many of which are set forth herein.

The exact fees charged in respect of the provision of Cash Equity clearing and related services will be agreed with each client and the terms and conditions governing the charging and payment of such fees will be documented in the client agreement.

## 2 PRICING CONSIDERATIONS

PAREL fees for clients are based on a number of variable factors and criteria.

The most important being a client's individual circumstances, and may vary over time to take into account changes in the legal, regulatory, tax or business environment for example. Alternatively, higher fees may be charged to clients that require more complex solutions.

Some of the common factors which may be taken into account as of the date of this supplement are set out in the table below.

Products, CCPs		Lower Fees	Higher Fees
Products	Listed or OTC	Listed	OTC
CCPs	Choice of CCP	Dependent on individual CCP fees	
	Account opening, maintenance and transactional costs charged by each CCP	Dependent on individual CCP fees	
Processing	Straight-through processing	STP	Non-STP
Account and settlement Type and Volumes		Lower Fees	Higher Fees
Type	Omnibus or Individual Account	Omnibus Account	Individual Account
Number of accounts	Number of accounts required to be held at the CCP	Low Numbers of accounts	High Numbers of accounts
Volume of transactions	Number of transaction cleared	High Volumes	Low Volumes
Volumes of Settlements	Number of settlements on Cash, Physical Delivery, DVP, FOP	High Volumes	Low Volumes
Additional Factors		Lower Fees	Higher Fees
Internal Operational costs		Low Internal Operational costs	High Internal Operational costs
Credit and Internal Risk Weighting		High Client Credit Rating	Low Client Credit Rating
Capital and Liquidity Costs		Low Capital and Liquidity Impact on PAREL	High Capital and Liquidity Impact on PAREL

### 3 CLIENT CLEARING FEES

#### 3.1 PAREL FEES

Fees for the provision of Cash Equity clearing services on the CCP services currently offered are detailed below. The fees schedule included below is indicative only and remains subject to the criteria set out above under 'Pricing Considerations'.

The fees set out are exclusive of additional charges relating to the provision of segregated accounts. In addition to the fees charged by PAREL, clients will be required to meet charges levied by third parties for the provision of clearing services, as set out below.

The exact basis of the fees will be agreed with each client, in accordance with the terms of the client clearing agreement.

Subject to this, PAREL reserves the right to change at any time and without notice the Client Clearing fees described in this document (which will be updated as appropriate) and subject to the terms set out in the contractual agreement between the client and PAREL.

Fee Type	Fee
Transaction Charge	EUR 1€ per cleared execution

### 3.2 MINIMUM FEE

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PAREL also applies a minimum fee to those clients whose activity is below thresholds set by the firm.

### 3.3 THIRD PARTY FEES

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In addition to the fees charged by PAREL for the provision of clearing services, clients are required to meet any charges levied by third parties and incurred by PAREL in relation to their cleared transactions. These charges may include, but are not limited, to the following:

- CCP fees
- CSD fees related to clearing
- Regulatory charges
- Taxes
- Any other out-of-pocket expenses

## 4 CCP CLIENT ACCOUNT STRUCTURES FEES

EMIR Article 39(5) sets out a requirement for CCPs and clearing members to offer a choice to clients of Omnibus Segregated Accounts (“OSA”) or Individual Segregated Account (“ISA”). If they opt for individual segregated accounts (ISA), clients will be subject to additional fees. The additional fees reflect the additional operational complexity of the individual segregated account which require additional reconciliations and movements of cash collateral. Clients should note that, they may also be subject to additional third party charges.

## 5 OSA FEES

No additional charges.

## 6 ISA FEES

The Individual Segregated Account (ISA) will be subject to the following fees.

Fee Type	Fee
Maintenance fee	EUR 10 000 per year per ISA per CCP

**Should you require any further information, please do not hesitate to contact your PAREL Relationship Manager.**

## DISCLAIMER

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The information contained within this document is believed to be reliable but PAREL does not warrant its completeness or accuracy. Opinions and estimates contained herein constitute PAREL judgment and are subject to change without notice. PAREL shall not be liable for any errors, omissions or opinions contained within this document. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. For the avoidance of doubt, any information contained

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