



Mizuho Bank Europe N.V.
Amsterdam Atrium, 3rd Floor
Strawinskylaan 3053
1077 ZX Amsterdam - The Netherlands
Tel: +31 (0)20 573 4343

Mizuho Bank Europe NV

Disclosure statement clearing services

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1 REFERENCES

- 1.1.1 Throughout this document (the **Disclosure Statement**) references to “we”, “our” and “us” are references to Mizuho Bank Europe N.V., a credit institution duly licensed in the Netherlands for the provision of clearing related services. References to “you” and “your” are references to the client. References to “CCP” refer to the EU central counterparty commercially named Euronext Clearing.¹

2 ACCOUNT SEGREGATION

2.1 Introduction

- 2.1.1 Based on article 39(5) of the European Markets Infrastructure Regulation, Regulation (EU) No. 648/2012 on OTC derivatives, central counterparties and trade repositories (**EMIR**), Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (**MiFIR**) and the Commission Delegated Regulation (EU) 2017/2154 of 22 September 2017 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council with regard to regulatory technical standards on indirect clearing arrangements (“**Indirect Clearing RTS**”), we are required to inform you about the levels of legal protection and costs associated with the different account structures available through our clearing services.

- 2.1.2 We are under the obligation to offer the clients for which we act as Clearing Member (**CM**) at the CCP the choice between at least two types of account setups. This minimum required offering includes (i) individual segregated accounts (**ISA**) and (ii) omnibus segregated accounts (**OSA**).

2.2 New account structures offered pursuant EMIR (Segregation)

- 2.2.1 We offer you the choice between an ISA and OSA account at the CCP. Such accounts have different structures, levels of protection and come at a different cost. The key elements of an ISA and OSA are described in more detail below. In both setups, we will offer you a client account which enables us to distinguish client collateral and positions (the **Client Account**) from our own collateral and positions (the **House Account**).

2.3 Omnibus Segregated Account (OSA)

- 2.3.1 An OSA offers you omnibus account segregation as set out in article 39(2) of EMIR. In an OSA account, multiple derivative positions and collateral of clients are being combined. In this setup, you will benefit from netting opportunities which will reduce your overall costs and charges. The OSA is the minimum level of segregation required under EMIR. It has the following features:

- (a) The CCP keeps separate records and accounts that distinguish the collateral and positions of the clients in the omnibus account from our House Account and/or other Client Accounts.
- (b) Depending on the account setup (gross or net), collateral in the OSA may be netted. When opting for a gross OSA, the margins owed are calculated separately for each

¹ The legal name of the Euronext Clearing is “*Cassa di Compensazione e Garanzia S.p.A.*”.

Client Account. When opting for a net OSA, margins are calculated on the basis of the total aggregated clients' positions.

- (c) Netting between positions and collateral registered in the OSA structure and those registered in the House Account, or other segregated Client Accounts (ISA or OSA), is not allowed.
- (d) Collateral held at CCP level that covers derivative positions within the OSA is not exposed to potential losses in our House Account and/or other segregated Client Accounts (ISA or OSA).
- (e) Client collateral in the OSA may be used to cover other client's positions within the OSA.
- (f) Excess collateral may be held by us.

2.4 Individual Segregated Account (ISA)

2.4.1 The ISA is a type of account setup aimed at achieving individual account segregation as described in article 39(3) of EMIR. As a client, your derivative positions and collateral are distinguished from other clients positions and collateral as well as our own positions, enabling you to achieve the most optimal form of segregation. Therefore, the ISA offers you the highest level of legal protection for your derivative positions and collateral. The key features of the ISA are:

- (a) Derivative positions and collateral are placed in separate individual accounts at the CCP and are distinguished from other Client Accounts and our House Account.
- (b) Derivative positions from the client within the ISA are netted, but netting is not allowed across accounts of different clients.
- (c) Collateral covering the positions in the ISA is not exposed to losses outside the ISA.
- (d) Excess margin cannot be held by us - all collateral called by us must be passed on to the CCP, including collateral called in excess.

3 PRICING AND FEE DISCLOSURE

3.1 Fee disclosures

3.1.1 Please note that the pricing disclosures in this document are indicative and for information purposes only. The fees published in this document are the standard undiscounted maximum fees we charge to all our clients. The actual fees and charges will depend on the specific client situation and written confirmation from us. A non-exhaustive list of parameters that may classify you for specific rebates, services and discounts includes, but are not limited to the following: trade volumes transactions, capital usage, availability of straight-through-processing and/or level of automation, level of operational support required, exchange membership, product mix, operational complexity, reporting requirements, credit and risk profile. These factors vary from client to client and may result in a client receiving a discount to the example of the fees listed. Alternatively, higher fees may be charged to clients that require more complex solutions

3.2 Pricing and Fees

Fee Type	Description	Fee	
		OSA	ISA
CCP Charges	CCP Charges directly incurred by us in connection with account.	Pass-through	Pass-through
Third Party Charges	Third Party Charges directly incurred by us in connection with account.	Pass-through	Pass-through
Account Opening Fee	Charge to open new account.	None	€ 5,000
Account Maintenance Fee	Maintenance fee charged per month per account.	None	€10,000
Clearing Fee	Charge per contract cleared.	€1.00 per contract	€1.00 per contract
Portfolio Fee	Charge based on capital required to support clearing portfolio.	100bps times the initial margin requirement	100bps times the initial margin requirement
Margin Financing Fee	Fee charged to fund exchange margin on behalf of account.	Benchmark +200bps	Benchmark +200bps

4 CCP MARGIN RULES

4.1 Introduction

4.1.1 Pursuant to EMIR Article 38(8), we are required to inform you about:

- (a) information on the way that the margin models of the CCP work;
- (b) information on the situations and conditions that might trigger margin calls;
- (c) information on the procedures used to establish the amount to be posted by the clients; and
- (d) a simulation of the margin requirements to which clients might be subject under different scenarios.

4.1.2 ESMA is required to develop and submit draft regulatory technical standards, within 12 months from the date of entry into force of EMIR (i.e. within 12 months of 24 December 2024), to further specify (among other things): (i) the information to be provided by clearing service providers to their clients and (ii) the requirements of the simulation of margins to be provided to clients and the type of output to be provided. At the time of publication of this disclosure statement, ESMA has not yet published the draft regulatory technical standards referred to above, therefore this document has been drafted on a 'best efforts basis' considering the requirements in EMIR Article 38(8) set out above and considering information made publicly available by ESMA.

- 4.1.3 Please note that the information provided in this disclosure statement with respect to the CCP derive from the Euronext Clearing Regulations (the **Euronext Regulations**), available at: <https://www.euronext.com/en/clearing/rules-and-regulations>

4.2 **General CCP margin information**

- 4.2.1 In accordance with the requirements under Article 38(8)(a) – (c) of EMIR, we provide the following explanation of how the margin models of the CCP (Euronext Clearing) function, the main circumstances under which margin calls may be made, and an outline of how collateral requirements are calculated and fulfilled.

- 4.2.2 Euronext Clearing applies margin models that aim to capture both current and potential future exposures associated with client positions, tailored by asset class. The models are risk-based and vary depending on the traded product (equities, fixed income, derivatives, etc.).

The main margin components are:

- (a) Initial Margin: Margin obligations at Euronext Clearing arise first from the need to collateralize positions with initial margin. For all positions registered in the clearing system, Euronext Clearing calculates, at margin account level, the potential loss that could occur over a given time horizon, using statistical analysis, market conditions and relevant correlations between instruments. When new positions are opened, existing positions are changed, or the risk profile of a clearing member deteriorates, this can trigger additional initial margin being called. For positions that move into the delivery phase, extra delivery margin is required to cover the specific risks associated with physical delivery of the underlying commodities.
 - (b) Variation Margin: In parallel, variation margin is called on a daily basis to reflect the current market value of positions. On each trading day, Euronext Clearing determines, for each relevant position, the difference between the new settlement price and either the original trade price (for trades done that day) or the previous day's settlement price (for existing positions). That difference is settled in cash between Euronext Clearing and the clearing members, including flows related to option premiums. Whenever market movements are adverse for a member, the resulting negative revaluation gives rise to a cash call in the form of variation margin.
 - (c) Intraday Margin: On top of these regular initial and daily variation margins, Euronext Clearing may request additional intraday margin. This happens when price volatility or changes in risk factors significantly increase the clearing house's exposure, or when a clearing member holds an overall risk position that Euronext Clearing considers high. In urgent situations, Euronext Clearing is allowed to use a simplified percentage-based approach to determine the extra amount. These intraday margin calls may be made on an ad hoc basis during the day, or, under general criteria set by Euronext Clearing, on a recurring daily basis for certain members or risk profiles.
- 4.2.3 Further margin or collateral calls can arise in special situations such as failed positions and inadequately covered or overly concentrated collateral. For unsettled transactions (failed positions), initial margin and, where necessary, intraday margin are applied separately from those for normally settled positions, to address the specific settlement risk. Where existing collateral becomes insufficient after haircuts or breaches of concentration limits, we must provide additional eligible collateral so that the margin requirements specified by Euronext Clearing remain fully met.

4.2.4 Margin requirements are calculated on a portfolio basis per margin account, taking into account our open positions, eligible netting effects and overall risk exposure. The CCP uses current market data and validated risk models to determine the resulting margin for each account and account structure.

4.2.5 We fulfil these margin requirements by posting eligible collateral as defined in the central counterparty's rules, which may include cash and certain high-quality financial instruments. All such collateral is subject to valuation haircuts and concentration limits set by the CCP.

4.2.6 For more details on the methodology, please refer to the following section of the Euronext Regulations:

- Article B.4.1.1 (Initial Margin)
- Article B.4.1.2 (Daily Variation Margin)
- Article B.4.1.3 (Additional Intraday Margin)
- Article B.4.1.4 (Daily Settlement Prices)
- Article B.4.1.5 (Calculation of Margins)

4.2.7 Margin methodologies vary by asset class and are described in the CCP's published documentation:

- (a) [Euronext Clearing Risk Methodologies](#)
- (b) [Parameters](#)

4.3 **Additional margin**

4.3.1 Beyond CCP-defined risk thresholds, we may impose additional margin requirements based on:

- (a) Your credit quality and responsiveness
- (b) Your position concentration or strategy
- (c) Discretionary risk buffers agreed contractually

All margin calls must be met by the deadlines set by the CCP or as otherwise agreed in our clearing arrangements.

4.4 **Margin Simulation**

Euronext Clearing provides a publicly available risk simulation tool called [Euronext ClearSim](#), through which you may simulate your portfolio under current market conditions to obtain indicative margin requirements.

5 **DEFAULT MANAGEMENT PROCEDURES**

5.1 **Legal Protection at CCP**

5.1.1 CCPs are required to disclose their respective levels of legal protection and the applicability with the different insolvency regimes within the EU/EEA. The information document from the

CCP we use can be found here: <https://www.euronext.com/en/media/4538/download> (the **Euronext Protection Disclosure**).

5.2 Introduction

5.2.1 In the event of our default as a clearing member, your segregated positions and collateral are subject to specific default management procedures carried out by Euronext Clearing. The default management procedure (**DMP**) is the structured process a CCP uses to handle the default of a clearing member. If we were to default, Euronext Clearing would manage your positions and collateral in accordance with its default procedures set out in section B.6.2 of the Euronext Clearing regulations. Because Euronext Clearing does not treat all accounts in the same way, the outcome depends on the account structure under which your positions are held (ISA / gross OSA / net OSA).

5.2.2 First, Euronext Clearing is obligated to trigger procedures to transfer (port) your positions and collateral to a designated clearing member, provided the necessary agreements have been promptly executed as described under section 5.3 below.² However, portability is an obligation of means and is not guaranteed; if the transfer fails for any reason, Euronext Clearing will liquidate your positions, as described under sections 0 - **Error! Reference source not found.** below.³ If liquidation occurs, the immediate cost you bear is that the assets deposited in your segregation account (Individual or Omnibus) will be used to cover the losses and associated costs stemming from the closure of your positions registered in that specific account structure.⁴ You should note that if your positions are registered in an OSA (net or gross), the collateral in that account is pooled with other clients in the group and may be used to cover losses resulting from the liquidation of positions belonging to any other client within that same Omnibus structure, should portability fail.⁵ Importantly, your assets are legally protected and cannot be used to cover losses related to the liquidation of our own trading positions (our House Account), although our House assets may be used to cover losses in your client account if necessary.⁶

5.3 Porting

5.3.1 If we are declared to be in default by the CCP, it will aim to port the transactions and assets relating to you (and, where applicable, your clients) to a receiving clearing member, provided that you meet the conditions for porting:

- (a) you must have a valid porting agreement in place that designates a receiving clearing member; and
- (b) the required porting documentation must already have been delivered to Euronext Clearing or must be submitted within four hours after the occurrence of our default (unless Euronext Clearing grants an extension).

² Article B.6.2.1-bis Euronext Regulations.

³ Article B.6.2.1, paragraph 4 Euronext Regulations.

⁴ Article B.6.2.3, paragraph 1(a) Euronext Regulations, and Article 5.3.6 Euronext Protection Disclosure.

⁵ Article 4.2.6 Euronext Protection Disclosure.

⁶ Article B.6.2.3, paragraph 2 Euronext Regulations.

5.4 What if porting is not achieved

- 5.4.1 If the necessary conditions for porting are not satisfied within the permitted timeframe, Euronext Clearing will terminate and close out all positions recorded in the relevant client account structure. During the close-out process positions held within the same client account structure may be netted against each other, but positions held in different account structures (for example ISA versus gross OSA, or client versus house) may not be netted. Euronext Clearing will determine the close-out value of the positions and apply the collateral available in that account structure to cover losses.

5.5 How collateral is used and payments are made

- 5.5.1 If porting succeeds, Euronext Clearing will transfer the positions and associated collateral in the relevant client account structure to the designated clearing member. If porting does not occur collateral in the relevant client account structure will be used to cover the losses arising from the close-out of positions, and any remaining excess will be returned to our insolvency practitioner together with an indication of the account structure to which the collateral relates.⁷
- 5.5.2 In some cases, after the close-out calculation, an amount may be owed by Euronext Clearing in respect of the terminated CCP transactions. Whether that amount is paid directly to you or to our insolvency practitioner depends on whether Euronext Clearing can identify you and attribute the payment to your positions.
- 5.5.3 Direct payment is more likely under ISA and gross OSA indirect structures, because your identity is known to the CCP and your positions can be attributed at client level.
- 5.5.4 In structures where the CCP does not know your identity (for example net OSA or some gross OSA variants), Euronext Clearing will pay the amount to our insolvency practitioner for distribution to clients.⁸

5.6 Loss allocation

- 5.6.1 If the losses generated by our default exceed our posted collateral and guarantee deposits, Euronext Clearing activates a loss allocation mechanism (the "default waterfall") that sequentially utilizes resources provided by the CCP itself and by non-defaulting clearing members.⁹

5.7 Dutch Bankruptcy

- 5.7.1 Unless explicitly agreed otherwise, we provide our clearing services under the Dutch law concept of a mandate agreement (*lastgeving*). A mandate agreement is a service provision agreement under which one of the parties, (the **Mandatory**) has engaged itself towards the other party (the **Mandator**) to perform one or more juridical acts for account of the Mandator (article 7:414(1) Dutch Civil Code). When we as Mandatory enter into transactions pursuant to the clearing agreement, we do so as an intermediary for you, but in our own name as an independent principal market participant, holding all positions in our own name. However, we

⁷ Sections 4.2.6 and 4.1.5 Euronext Protection Disclosure.

⁸ Sections 4.2.6, 4.3.6, 4.4 and 4.5 Euronext Protection Disclosure.

⁹ Article B.6.2.3, paragraph 1 Euronext Regulations.

will act for the account and risk of you, meaning that all profits, costs and losses that are related to such transactions and positions are for your account and risk.

- 5.7.2 Per 1 April 2016 the Dutch Giro Securities Act (*Wet giraal effectenverkeer*) provides that derivatives contracts or positions that we enter into as an intermediary (*tussenpersoon*) for the risk and account of a client, pursuant to the clearing agreement, will be legally segregated from our bankrupt estate (*boedel*). The segregation will include collateral provided in connection with such derivative contracts or positions; excess collateral provided to us will not be included. Only clients that have rights and obligations towards us (**Client-Positions**) corresponding with those of us under the cleared transactions (**Corresponding Positions**) are entitled to the segregated pool in our bankruptcy. As set out in the explanatory notes to the Dutch Giro Securities Act, the Client-Positions do not need to be documented as a separate derivative transaction matching the terms of the Corresponding Position (that we have towards a CCP); also economic positions created via a mandate agreement qualify as Client-Positions.
- 5.7.3 As a result, derivatives contracts and positions entered into by us as intermediary for your risk and account may in case of our bankruptcy be ported to a back-up clearing member or, when porting is not possible, liquidated. In case of liquidation the proceeds of such liquidation will in principle not become part of our bankrupt estate.

6 COMMERCIAL TERMS

6.1 Introduction

- 6.1.1 The purpose of this section is to disclose to you the general terms and conditions under which we provide indirect clearing services to our clients with respect to exchange-traded derivatives contracts cleared by our CCP. This document addresses the requirements set out under the Indirect Clearing RTS supplementing MiFIR.
- 6.1.2 The term “**indirect clearing services**” refers to the circumstances where we are a clearing member of an EU CCP and our direct client is an intermediary with clients of its own who are using our clearing services via that intermediary.

6.2 Description of general terms and conditions of indirect clearing arrangements

- 6.2.1 We provide indirect clearing services under the general terms and conditions specified below. The actual terms and conditions are to be set out in detail in the agreement between us, including all schedules and appendices thereto, that we enter into with you for such purposes (the “**Agreement**”). Please note that the specific terms and conditions of the Agreement that we enter into with any client may differ depending on our analysis of the risks that the trading activities of such client, or of the indirect client of such client, may present. We will also take into account normal due diligence considerations, including credit risk issues in deciding whether to make direct clearing services or related indirect clearing services available to any particular person.
- 6.2.2 Before providing indirect client services to you, we will generally require that you:
- (a) provide us with such information that we may request in order to verify your identity as required by law or as we may otherwise require for account opening purposes;
 - (b) confirm to our satisfaction that you are a credit institution (authorized in accordance with Directive 2013/36/EU) or investment firm (authorized in accordance with

Directive 2014/65/EU) or an entity established in a third country that would be considered to be a credit institution or investment firm if that entity were established in the European Union;

- (c) confirm to our satisfaction that you provide clearing services to your clients constituting indirect clearing services, on reasonable commercial terms and you have publicly disclosed the general terms and conditions under which you provide those services. These terms should be agreed with us;
- (d) confirm that you satisfy all requirements applicable to you as a client offering clearing services to your clients under the Indirect Clearing RTS;
- (e) provide us with all necessary information relating to the clearing chains used by you and ensure that the requirements of the Indirect Clearing RTS with respect to long chains are fulfilled at all times;
- (f) undertake to honor all obligations of your clients towards us with regard to the transactions covered by the indirect clearing arrangement;
- (g) confirm to our satisfaction that you have established procedures which, following the occurrence of an event of default, will enable you to satisfy your obligations to provide us information about the indirect clients;
- (h) confirm to our satisfaction that you meet our minimum financial resources and operational capacity requirements appropriate for your business, experience and the nature of the trading in which you or your clients intend to engage or for our clearing services which would be provided pursuant to the Agreement. You must agree to provide us with such financial information, including a current financial statement, as we may request from time to time and to notify us promptly of any material change in your financial condition;
- (i) confirm to our satisfaction that you have full power and authority to enter into the Agreement and to enter into the transactions contemplated thereby for your account or on your behalf;
- (j) provide all information and access reasonably required for us to conduct clearing due diligence and regulatory obligations. We may refuse, suspend, or cease clearing services if the client does not satisfy applicable due-diligence or regulatory criteria;
- (k) acknowledge that all exchange-traded derivatives transactions effected for your account or on your behalf are subject to applicable law (**Applicable Law**), including exchange and clearing organization rules that require your consent to be subject to the jurisdiction of the markets on which you trade, and that you will conduct all activities subject to the Agreement in accordance with such Applicable Law;
- (l) agree to meet all margin calls with respect to exchange-traded derivatives contracts that we clear for your account or on your behalf in such form and amounts and within such time as we may determine, consistent with Applicable Law;
- (m) grant a Dutch security interest and right to use the collateral;
- (n) acknowledge that, upon an event of default, as that term is defined in the Agreement, we will have certain rights as set out in the Agreement, including the right, in addition

to any remedy otherwise available in law or equity, to liquidate any or all exchange-traded derivatives contracts held in your name or on your behalf by any lawful means and to apply any collateral to meet any amounts you owe us;

- (o) acknowledge that we will not be liable to you for any losses that may be incurred except insofar as such losses are a direct result of our negligence, willful misconduct or fraud and, further, that in no event will we be liable for any consequential, indirect or punitive damages;
- (p) agree to assist us and take such action as we may reasonably require to enable us to identify, monitor and manage any material risks arising from the provision of indirect clearing services that could affect our resilience to adverse market developments. We shall establish internal procedures to ensure that this information cannot be used for commercial purposes;
- (q) acknowledge that you have read and understood all disclosure statements that we have provided you, including the appropriate disclosure statement relating to indirect clearing; and
- (r) agree that the Agreement will be interpreted in accordance with the laws of the Netherlands and submit to the jurisdiction of the courts in Amsterdam.

6.2.3 In addition, the Agreement would include suitable representations made by you as to capacity and authority and the holding of necessary licenses, provisions as to limits which we will set in relation to indirect clearing services, obligations on your part in relation to payments and deliveries due on exchange traded derivatives cleared by us for your clients, and events of default and close-out provisions. Please note that this is a non-exhaustive list setting out our significant terms and requirements.

7 DISCLAIMER

7.1.1 This disclosure is based on information available as of the date mentioned above. The actual margin obligations may vary due to portfolio changes, market movements, CCP model updates, or collateral valuation changes. This document is not intended to replace the official Euronext Clearing documentation, which remains binding in the version in force from time to time.

7.1.2 Whilst this document will be helpful to you when making this decision, this document does not constitute legal or any other form of advice and must not be relied on as such. This document provides a high level analysis of several complex and/or new areas of law, whose effect will vary depending on the specific facts of any particular case, some of which have not been tested in the courts. It does not provide all the information you may need to make your decision on which account type or level of segregation is suitable for you. It is your responsibility and, where applicable, the responsibility of your clients to review and conduct independent due diligence on the relevant rules, legal documentation and any other information provided on each of the account offerings and those of the CCP on which we clear derivatives for you and, where applicable, your clients. You and, where applicable, your clients may wish to appoint independent professional advisors to assist with this.

7.1.3 We shall not in any circumstances be liable, whether in contract, tort, breach of statutory duty or otherwise for any losses or damages that may be suffered as a result of using this document. Such losses or damages include (a) any loss of profit or revenue, damage to

reputation or loss of any contract or other business opportunity or goodwill and (b) any indirect loss or consequential loss. No responsibility or liability is accepted for any differences of interpretation of legislative provisions and related guidance on which it is based.

- 7.1.4 Please note that this disclosure has been prepared on the basis of Dutch law. However, issues under other laws may be relevant to your due diligence. For example, the law governing the CCP rules or related agreements; the law(s) governing our insolvency; the law of the jurisdiction of incorporation of the CCP; and the law of the location of any assets.