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**AMENDMENTS ARE MARKED AS FOLLOWS:**

**INSERTIONS ARE UNDERLINED**

**DELETIONS ARE CROSSED OUT**

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Chapter VIII of the Clearing Conditions of Eurex Clearing AG

# Clearing of OTC Derivative Transactions

As of 18.05.2018

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## Part 1 General Provisions

- (1) Eurex Clearing AG offers the Clearing and settlement of derivatives traded over-the-counter ("**OTC Derivative Transactions**"), provided that such OTC Derivative Transactions meet the applicable novation criteria set out in this Chapter VIII.
- (2) In addition to this Chapter VIII, the provisions of Chapter I, including in particular the Elementary Clearing Model Provisions, the Individual Clearing Model [Provisions, the ICM for Specified Clients](#) Provisions, the U.S. Clearing Model Provisions and the Basic Clearing Member Provisions shall apply to the Clearing of OTC Derivative Transactions, unless otherwise provided hereinafter.
- (3) This Chapter VIII does not apply to the Clearing of Eurex Off-Book Trades as specified in Chapter II Part 4 and the OTC Transactions specified in Chapter V Part 1 Number 1.3.

### 1.1 Clearing License

#### 1.1.1 Granting of the Clearing License

In order to participate in the Clearing of OTC Derivative Transactions, a clearing license for the relevant Transaction Types is required (each an "**OTC Clearing License**"). The OTC Clearing License may be granted by Eurex Clearing AG upon written application. Each OTC Clearing License may be restricted to certain product groups within the scope of a Transaction Type if this is provided for in respect of such OTC Clearing License. Notwithstanding Chapter I Part 1 Number 2.1.1 Paragraph (4), an OTC Clearing License, as regulated in more detail in the respective Clearing Agreement, will be exclusively issued as a

- (i) General Clearing License which entitles its holder to clear Own Transactions, UDC-Related Transactions, SC-Related Transactions and RC-Related Transactions (all as defined in Chapter I Part 1 Number 1.2.3) or, in respect of OTC IRS U.S. Clearing Members, Own Transactions and, if the OTC IRS U.S. Clearing Member is an OTC IRS FCM Clearing Member, also OTC IRS FCM Client Transactions or
- (ii) Direct Clearing License which entitles its holder to clear Own Transactions only.
- (iii) Basic Clearing Member Clearing License which entitles its holder to clear Own Transactions.

#### 1.1.2 Prerequisites of the Clearing License

The prerequisites to be fulfilled for the granting of an OTC Clearing License are set out in Part 2 of this Chapter VIII for each relevant Transaction Type (as defined in Chapter I Part 1 Number 1.1.2).

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## 1.2 Conclusion of Transactions

OTC Derivative Transactions pursuant to this Chapter VIII are concluded by way of novation in accordance with the following provisions:

### 1.2.1 Novation

- (1) For the purposes of including OTC Derivative Transactions into the Clearing by Eurex Clearing AG, the trade record of the relevant Original OTC Transaction has to be transmitted to Eurex Clearing AG via an Approved Trade Source System / ATS (both as defined in Paragraph (7)(a) below).
- (2) Whenever the trade record of an Original OTC Transaction, including, as the case may be, a Credit Limit Token (as defined in Sub-Paragraph (b)(ii) below), is transmitted to Eurex Clearing AG via an ATS (such record, including, as the case may be, a Credit Limit Token, hereinafter referred to as a **"Trade Record"**); and
  - (a) the parties to the Original OTC Transaction are Clearing Members or Basic Clearing Members, each holding the relevant OTC Clearing License or OTC IRS FCM Clients; or
  - (b) if any party to the Original OTC Transaction is neither a Clearing Member holding the relevant OTC Clearing License nor a Basic Clearing Member: According to such Trade Record, the Clearing Member holding the relevant OTC Clearing License has been designated as a Clearing Member for such party with respect to the relevant Original OTC Transaction, and
    - (i) has accepted in the system of Eurex Clearing AG the Original OTC Transaction for Clearing, or
    - (ii) outside the system of Eurex Clearing AG and prior to the conclusion of the Original OTC Transaction, such Clearing Member has approved that it will act as a Clearing Member for such party with respect to such Original OTC Transaction and resulting CCP- and CM-RC Transactions and clear such transaction, and such approval has been submitted to Eurex Clearing AG via the ATS in the form of a credit limit token (**"Credit Limit Token"**) as part of the Trade Record, and
  - (c) Eurex Clearing AG accepts such Original OTC Transaction for inclusion in the Clearing Procedures by making an OTC Trade Novation Report available to the Clearing Member (in the case of an OTC IRS FCM Clearing Member, acting on behalf of the relevant OTC IRS FCM Client) or Basic Clearing Member (or the Clearing Agent acting on behalf of the Basic Clearing Member) electronically via its system,

OTC Derivative Transactions will be concluded by way of novation (i) in accordance with Chapter I Part 1 Number 1.2.2 Paragraph (2) [and, with respect to ECM Transactions, Chapter I Part 2 Subpart A Number 2.1](#), (ii) in the case of CCP-OTC IRS FCM Client Transactions, Chapter I Part [4-5](#) Number 1.4, or (iii) in case of a

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Basic Clearing Member Transaction, Chapter I Part 5 Number 1.3, within the novation process as provided for with respect to the Transaction Type in Part 2.

- (3) Any acceptance of the Original OTC Transaction by Eurex Clearing AG for inclusion in the Clearing and the related novation pursuant to Chapter I Part 1 Number 1.2.2 Paragraph (2) [and, with respect to ECM Transactions, Chapter I Part 2 Subpart A Number 2.1.](#), or, in the case of CCP-OTC IRS FCM Client Transactions, Chapter I Part ~~4-5~~ Number 1.4, and, in case of a Basic Clearing Member Transaction, Chapter I Part ~~5-6~~ Number 1.3, as applicable, will be subject to the novation criteria pursuant to Number 1.2.3 and will be based on the Trade Record including, as the case may be, the Credit Limit Token, provided by the ATS on behalf of the parties to the Original OTC Transaction. Eurex Clearing AG relies on the accuracy of the data set out in the Trade Record, including, as the case may be, the Credit Limit Token and is neither able nor obliged to verify whether the Trade Record received properly reflects the terms of the Original OTC Transaction entered into by the relevant parties, nor whether the respective Clearing Member – as indicated in the Credit Limit Token submitted to Eurex Clearing AG via the ATS – has actually approved that it will act as a Clearing Member for the respective party with respect to such Original OTC Transaction and resulting CCP- and CM-RC Transactions and clear such transaction.
- (4) Under the CCP Transactions created upon novation, the relevant Clearing Member or Basic Clearing Member has, in economic terms, the same economic role (e.g. as floating rate payer or as fixed rate payer, respectively) as such Clearing Member or Basic Clearing Member (in case of Own Transactions), or Registered Customer (in case of RC-Related Transactions) or Undisclosed Direct Client (in case of UDC-Related Transactions) or Specified Client (in case of SC-Related Transactions) of the Clearing Member had under the Original OTC Transaction (in the case of STM Transactions, subject to the amendments pursuant to Part 2 Number 2.1.4 Paragraph (3)). The same principle applies to CM-RC Transactions *mutatis mutandis*. Under the CCP-OTC IRS FCM Client Transactions created upon novation, the relevant OTC IRS FCM Client has, in economic terms, the same economic role (e.g. as floating rate payer or as fixed rate payer, respectively) as such OTC IRS FCM Client had under the Original OTC Transaction.
- (5) It is the responsibility of the parties to the Original OTC Transaction to agree on a bilateral basis that the Original OTC Transaction shall be cancelled upon novation. With respect to any Original OTC Transaction to which an OTC IRS FCM Client is a party, this provision shall not apply and instead only Chapter I Part 5 Number 1.4 Paragraph (4) applies.
- (6) If a CM-RC Transaction, a Client Clearing CM-RC Transaction or a CM-Customer Transaction, or any provision thereof, is not valid or not enforceable vis-à-vis the respective Registered Customer or other customer, this shall not affect the validity and enforceability of the CCP Transaction between Eurex Clearing AG and the relevant Clearing Member.

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- (7) For the purposes of this Chapter VIII,
- (a) **“Approved Trade Source System”** or **“ATS”** means a provider of trade information to be appointed by each of the parties to an Original OTC Transaction, and recognised by Eurex Clearing AG, for the purpose of transmitting Trade Records of OTC Interest Rate Derivative Transactions for Clearing with Eurex Clearing AG, as published on the website of Eurex Clearing AG ([www.eurexclearing.com](http://www.eurexclearing.com)).
  - (b) **“CCP-OTC IRS FCM Client Transaction”** means with respect to a Clearing Agreement with an OTC IRS FCM Client in the form appended to the Clearing Conditions as Appendix 9, an OTC Derivative Transaction established between Eurex Clearing AG and the relevant OTC IRS FCM Client pursuant to Paragraph (2) and Chapter I Part [4-5](#) Number 1.4.
  - (c) **“CCP Transaction”** means any OTC Derivative Transaction between Eurex Clearing AG and the relevant Clearing Member created pursuant to Chapter I Part 1 Number 1.2.2 Paragraph (2) or between Eurex Clearing AG and the relevant Basic Clearing Member created pursuant to Chapter I Part [5-6](#) Number 1.3 Paragraph (2) or a CCP-OTC IRS FCM Client Transaction between Eurex Clearing AG and the relevant OTC IRS FCM Client.
  - (d) **“CM-RC Transaction”** means, with respect to a Clearing Agreement with a Registered Customer in the form appended to the Clearing Conditions as Appendix 2 or Appendix 3, an OTC Derivative Transaction corresponding to a certain CCP Transaction and which has been created between the Clearing Member and a Registered Customer pursuant to Chapter I Part 1 Number 1.2.2 Paragraph (2) [provided that if a CCP Transaction is subject to the Elementary Clearing Model Provisions, it is a matter of the relevant bilateral agreement\(s\) between the Clearing Member and the relevant Registered Customer whether a CM-RC Transaction will be concluded between the Clearing Member and such Registered Customer.](#)
  - (e) **“Client Clearing CM-RC Transaction”** means, with respect to the Individual Clearing Model Provisions under Client Clearing Documentation, a transaction corresponding to a CCP Transaction and which has been created between the Clearing Member and the Registered Customer of the Clearing Member in accordance with the Client Clearing Agreement (as defined in Chapter I Part 3 Subpart C Number 2.1.1) between the relevant Clearing Member and its Registered Customer and which are not subject to these Clearing Conditions. A Client Clearing CM-RC Transaction shall exclusively be regulated by the Client Clearing Agreement which may refer to these Clearing Conditions.
  - (f) **“CM-Customer Transaction”** means a transaction corresponding to a CCP Transaction and which has been created between the Clearing Member and an Undisclosed Direct Client or a Specified Client of the Clearing Member in accordance with the contractual arrangements between them. A CM-Customer Transaction shall exclusively be subject to the contractual arrangements

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between the relevant Clearing Member and its Undisclosed Direct Client or Specified Client, which may refer to these Clearing Conditions.

- (g) **“OTC Trade Daily Summary Report”** means a report that lists events occurring after the original novation which will be made available to the Clearing Members or Basic Clearing Members holding an Interest Rate Derivatives Clearing License (or the Clearing Agent acting on behalf of the relevant Basic Clearing Member) electronically via Eurex Clearing AG's system on each Business Day. The last OTC Trade Daily Summary Report will be made available at or around 11 pm (Frankfurt am Main time).
- (h) **“OTC Trade Novation Report”** means a report produced by Eurex Clearing AG on the basis of the Trade Records transmitted via the relevant Approved Trade Source System which specifies the Original OTC Transactions to be novated into OTC Interest Rate Derivative Transactions (as defined in Part 2 of this Chapter VIII) as well as the respective CCP Transactions.
- (i) **“STM Transaction”** means an STM Eligible Transaction in respect of which an STM Election has been made.

### 1.2.2 Legal Effectiveness of Novation

The novation becomes legally effective at the point ~~of~~in time when Eurex Clearing AG accepts the relevant OTC Derivative Transaction for Clearing by making the relevant OTC Trade Novation Report available to the relevant Clearing Member (and, in the case of a CCP-OTC IRS FCM Client Transactions, to the OTC IRS FCM Clearing Member acting on behalf of the relevant OTC IRS FCM Client) or, as the case may be, Basic Clearing Member (or Clearing Agent acting on behalf of the Basic Clearing Member) electronically via Eurex Clearing AG's system.

### 1.2.3 Novation Criteria

- (1) Eurex Clearing AG will accept an Original OTC Transaction for inclusion in the Clearing in accordance with the novation process if the following novation criteria are fulfilled:
  1. A Trade Record of the Original OTC Transaction must be transmitted to the system of Eurex Clearing AG via an ATS and the Original OTC Transaction was either
    - (i) entered into between two Clearing Members, two Basic Clearing Members or a Clearing Member and a Basic Clearing Member, in each case holding the relevant OTC Clearing License on the basis of the specifications made in such Trade Record, or
    - (ii) accepted by the relevant Clearing Member(s) holding the relevant OTC Clearing License, as provided for in Number 1.2.1 Paragraph (2)a)(i) or Number 1.2.1 Paragraph (2)a)(ii);

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2. The Trade Record must specify in respect of the relevant Original OTC Transaction (i) that it is to be cleared by Eurex Clearing AG as well as (ii) (A) if any party of the Original OTC Transaction is a Clearing Member or Basic Clearing Member which does not hold the relevant OTC Clearing License, the Clearing Member holding the relevant OTC Clearing License selected by such party or (B) if any party of the Original OTC Transaction is an OTC IRS FCM Client, the OTC IRS FCM Clearing Member of such OTC IRS FCM Client or (C) if any party of the Original OTC Transaction is a Basic Clearing Member, the Clearing Agent of such Basic Clearing Member ;
3. (i) The Trade Record is transmitted to Eurex Clearing AG in a format which allows Eurex Clearing AG to import the relevant data in its system, as communicated by Eurex Clearing AG to Clearing Members or Basic Clearing Members (or the Clearing Agent acting on behalf of the relevant Basic Clearing Member) that hold an OTC Clearing License and (ii) no information required with respect to the terms of the relevant OTC Derivative Transaction as set out in Part 2 is missing;
4. No Termination Date has occurred with respect to a Clearing Member through which the novated Original OTC Transaction is to be cleared;
5. No Basic Clearing Member Termination Date has occurred with respect to a Basic Clearing Member in respect of which the novated Original OTC Transaction is to be cleared;
6. No Registered Customer who is a party to the Original OTC Transaction has been excluded from the Clearing of OTC Transactions;
7. No OTC IRS FCM Client Termination Date has occurred with respect to an OTC IRS FCM Client that is a party to the Original OTC Transaction;
8. Original OTC Transactions that are transmitted to the system of Eurex Clearing AG must be of a product type recognised by Eurex Clearing AG as published on its website ([www.eurexclearing.com](http://www.eurexclearing.com)) and provided for in this Chapter VIII (the "**Product Type**");
9. The Clearing Member(s) (including, in the case of OTC Derivative Transactions that are OTC IRS FCM Client Transactions, the relevant OTC IRS FCM Clearing Member(s) acting for the account of the relevant OTC IRS FCM Client(s)) and Basic Clearing Member(s) seeking to clear the relevant OTC Derivative Transaction must have delivered Eligible Margin Assets to Eurex Clearing AG as required pursuant to Chapter I Part 1 Number 3, the Elementary Clearing Model Provisions, the Individual Clearing Model Provisions, the [ICM for Specified Clients Provisions](#), the U.S. Clearing Model Provisions and the Basic Clearing Member Clearing Provisions, to cover the calculated risks resulting from all Transactions and the CCP Transaction to be created;



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- (iv) if the Credit Limit Token was created incorrect or incomplete or should not have been created.

### 1.2.5 Special Provisions with respect to the Conclusion of CM-RC Transactions

- (1) By entering into the relevant Clearing Agreement, the Registered Customer (i) authorises Eurex Clearing AG to capture and maintain records vis-à-vis the respective ATS and (ii) confirms that it has appointed the relevant ATS to receive trade communications and to generate and send trade communications to Eurex Clearing AG on its behalf, and that the Clearing Member has agreed to this. Eurex Clearing AG may rely on such trade communications.
- (2) The Clearing Member and the Registered Customer agree that, upon conclusion of a CCP Transaction between Eurex Clearing AG and the Clearing Member based on a Trade Record of an Original OTC Transaction (including, as the case may be, a Credit Limit Token) submitted by the ATS to Eurex Clearing AG on behalf of the Registered Customer pursuant to Number 1.2.1, a corresponding CM-RC Transaction will, simultaneously, be concluded between the Clearing Member and the Registered Customer pursuant to Number 1.2.1 in conjunction with Number 1.2.2 Paragraph (2) of the General Clearing Provisions. The Registered Customer agrees to be legally bound by each such corresponding CM-RC Transaction and acknowledges that no further specific agreement to be legally bound shall be required to be given by the Registered Customer at the time of the conclusion of such corresponding CM-RC Transaction.
- (3) The Clearing Member and the Registered Customer should check and verify without undue delay all notices and reports received from Eurex Clearing AG with regard to the correct conclusion of Transactions and inform Eurex Clearing AG of any mistakes, errors, omissions, deviations or irregularities in such notice or report in accordance with Number 4.6 of the General Clearing Provisions.
- (4) Without prejudice to its obligations in respect of the relevant CCP Transaction, Eurex Clearing AG does not assume any liability vis-à-vis the Clearing Member or the Registered Customer in respect of inaccuracies in the Trade Record submitted pursuant to Paragraph (2) above, or if the Trade Record has not been initiated by the Registered Customer.
- (5) The Registered Customer, by entering into the relevant Clearing Agreement, irrevocably authorises Eurex Clearing AG to receive, also on its behalf, and for purposes of the conclusion of the corresponding CM-RC Transaction between the Clearing Member and the Registered Customer pursuant to Paragraph (2) above, any acceptance by the Clearing Member of the related Original OTC Transaction for Clearing.
- (6) [If the RC-Related Transaction in respect of the relevant Registered Customer is subject to the Elementary Clearing Model Provisions, the provisions of this Number 1.2.5 are subject to Chapter I Part 2 Subpart A Number 2.1.](#)

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### 1.2.6 Special Provisions with respect to Client Clearing CM-RC Transactions

- (1) By entering into the relevant ICM Clearing Agreement for ICM-CCD, the Registered Customer authorises Eurex Clearing AG to capture and maintain records vis-à-vis the respective ATS.
- (2) By entering into the relevant ICM Clearing Agreement for ICM-CCD, the Registered Customer confirms that (i) it has appointed the relevant ATS to receive trade communications and to generate and send trade communications to Eurex Clearing AG on its behalf, and that (ii) the Clearing Member has agreed to this. Eurex Clearing AG may rely on such trade communications.
- (3) The Clearing Member and the Registered Customer should check and verify without undue delay all notices and reports received from Eurex Clearing AG with regard to the correct conclusion of Transactions and inform Eurex Clearing AG of any mistakes, errors, omissions, deviations or irregularities in such notice or report in accordance with Number 4.6 of the General Clearing Provisions.
- (4) Without prejudice to its obligations in respect of the relevant CCP Transaction, Eurex Clearing AG does not assume any liability vis-à-vis the Clearing Member or the Registered Customer in respect of inaccuracies in the Trade Record submitted pursuant to Paragraph (2) above, or if the Trade Record has not been initiated by the Registered Customer.

### 1.3 Transaction Accounts

- (1) With regard to the accounts of the Clearing Member or, as relevant, the OTC IRS FCM Client or the Basic Clearing Member Chapter I Part 1 Number 4 together with Part 2 Subpart B Number 2, Subpart C Number 2, Part 3 Subpart A Number 4, [Part 4 Number 3.1](#) or Part [4-5](#) Number 3, or, in the case of a Basic Clearing Member, together with Chapter I Part [5-6](#) Number 5 apply in addition to the following provisions.
- (2) In deviation from Chapter I Part 1 Number 4 together with Part 2 Subpart B Number 2, Subpart C Number 2, Part 3 Subpart A Number 4, Part 4 Number [3.1](#), [Part 5 Number 3](#) and Part [5-6](#) Number 5, Eurex Clearing AG opens and maintains with respect to each Clearing Member (other than an OTC IRS FCM Clearing Member) the following transaction accounts in which the Transactions of the Clearing Member to be cleared have to be booked:
  - (a) with respect to UDC-Related [Transactions and SC-Related](#) Transactions: upon request, additional Customer Accounts; and
  - (b) with respect to RC-Related Transactions: upon request, additional Indirect Client Accounts.

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#### 1.4 Tax Gross-up Obligations of Clearing Members, OTC IRS FCM Client and Basic Clearing Members

If a Clearing Member, an OTC IRS FCM Client or a Basic Clearing Member is obliged by law to deduct or withhold a tax amount or other fiscal charge from a payment which it ~~is~~ has to make, it shall pay to Eurex Clearing AG such additional amounts as are necessary to ensure that Eurex Clearing AG receives the full amount to which it would have been entitled at the time of such payment if no deduction or withholding were required. If a Clearing Member, an OTC IRS FCM Client or a Basic Clearing Member is obliged to pay such additional amounts pursuant to Sentence 1, the Clearing Member, OTC IRS FCM Client or Basic Clearing Member shall not be entitled to terminate a CCP Transaction due to such obligation.

#### 1.5 Emergency Resolutions

- (1) The Executive Board of Eurex Clearing AG may adopt a resolution in response to Extraordinary Market Conditions (as defined in Chapter I Part 1 Number 17.3.1 Paragraph (2)) ("**Emergency Resolution**") which shall supersede and supplant all resolutions or provisions of Chapter VIII of the Clearing Conditions that are contrary to or inconsistent with the Emergency Resolution, except for this provision. In urgent matters such decision may also be taken by a senior officer generally appointed by the Executive Board of Eurex Clearing AG for such purposes, provided that the decision by such officer is afterwards approved by the Executive Board of Eurex Clearing AG.
- (2) Except as otherwise determined in an Emergency Resolution or in connection with a corresponding action due to Extraordinary Market Conditions, the powers exercised by Eurex Clearing AG under this Number 1.5 shall be in addition to and not in derogation of the powers granted to Eurex Clearing AG elsewhere in these Clearing Conditions.
- (3) Eurex Clearing AG will consult with the EMIR Risk Committee before any Emergency Resolution is adopted if such prior consultation is possible taking account of the circumstances of the relevant case and in accordance with the principle of good faith and if this would not constitute a breach of law or of requirements set out in an order of a court of competent jurisdiction or stipulated by a competent governmental, quasi-governmental, or regulatory body. Otherwise, the EMIR Risk Committee will be consulted after the Emergency Resolution was adopted. In this case, a decision of the Executive Board of Eurex Clearing AG or the designated Member(s) of the Executive Board of Eurex Clearing AG has to be obtained before an Emergency Resolution will be implemented and the decision may not be taken by a senior officer generally appointed by the Executive Board of Eurex Clearing AG.

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## **Part 2 Clearing of OTC Interest Rate Derivative Transactions**

### **2.1 General Provisions**

#### **2.1.1 Applicable General Provisions**

The general provisions of Part 1 apply to all OTC interest rate derivative transactions to be cleared by Eurex Clearing AG ("**OTC Interest Rate Derivative Transactions**"), except where deviating or supplementary provisions for OTC Interest Rate Derivative Transactions are set out in this Part 2.

#### **2.1.2 Consultation of Clearing Members and Basic Clearing Members/Committees**

##### **2.1.2.1 Determination of Transactions to be included in the Clearing**

- (1) On the basis of the relevant Transaction Type specific novation criteria set out in Number 2.1.4.1 below, Eurex Clearing AG determines the product types of OTC Interest Rate Derivative Transactions to be included in the Clearing of Eurex Clearing AG in consultation with the IRS Product Committee and publishes the relevant product types on its website ([www.eurexclearing.com](http://www.eurexclearing.com)).
- (2) Where a Trade Record containing an OTC Interest Rate Derivative Transaction which falls within a product type recognised by Eurex Clearing AG pursuant to Paragraph (1) provides for any additional terms which are not contemplated in Numbers 2.2 to 2.4 below, such as e.g. optional or mandatory early termination provisions, such additional terms will not be included in the OTC Trade Novation Report and will not become part of the terms applicable to a CCP Transaction or a CM-RC Transaction, if applicable. Eurex Clearing AG will not store or record any data relating to such additional provisions.
- (3) Eurex Clearing AG will determine those product types of OTC Interest Rate Derivative Transactions that may be cleared by OTC IRS FCM Clearing Members (acting for the account of OTC IRS FCM Clients) pursuant the U.S. Clearing Model Provisions ("**FCM OTC Interest Rate Derivatives Transactions**") in consultation with the IRS Product Committee and publish the relevant product types on its website ([www.eurexclearing.com](http://www.eurexclearing.com)).

The determination will be based upon a review of at least the following factors: (i) trading volume; (ii) liquidity; (iii) availability of reliable prices; (iv) ability of Eurex Clearing AG and the relevant OTC IRS U.S. Clearing Members to gain access to the relevant market for purposes of creating, liquidating, transferring, auctioning, and/or allocating positions; (v) Eurex Clearing AG's capability to measure risk for setting appropriate margin requirements; and (vi) any unusual risk characteristics of a product.

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Transactions that may be cleared by OTC IRS FCM Clearing Members must be within a class of contracts for which Eurex Clearing AG has been found eligible to offer clearing services by the CFTC.

OTC IRS FCM Clearing Members may not clear any OTC Interest Rate Derivative Transactions which are not determined to be FCM OTC Interest Rate Derivatives Transactions pursuant to this Number 2.1.2.1 Paragraph (3).

### 2.1.2.2 IRS Product Committee

If at least 3 (three) Clearing Members (including Basic Clearing Members) are holders of an Interest Rate Derivatives Clearing License, Eurex Clearing AG shall establish a committee consisting of Clearing Members and/or Basic Clearing Members which are holders of an Interest Rate Derivatives Clearing License (as defined in Number 2.1.3) with respect to the following matters in connection with the Clearing of OTC Interest Rate Derivative Transactions (hereinafter the “**IRS Product Committee**”):

1. Determination of the product types of OTC Interest Rate Derivative Transactions, and
2. material amendments to the Clearing Conditions in connection with the Clearing of OTC Interest Rate Derivative Transactions.

Eurex Clearing AG will consult with the IRS Product Committee before it takes a decision on any material changes of its procedures or methods or any amendments to the Clearing Conditions in connection with the matters set out in Numbers 1. and 2. above and in cases where the Clearing Conditions expressly provide for a consultation with the IRS Product Committee before any measures are taken.

The statutes for the IRS Product Committee as published on the website of Eurex Clearing AG ([www.eurexclearing.com](http://www.eurexclearing.com)) in the English language shall form an integral part of these Clearing Conditions.

### 2.1.3 License for the Clearing of OTC Interest Rate Derivative Transactions

The OTC Clearing License granted for the Clearing of OTC Interest Rate Derivative Transactions (the “**Interest Rate Derivatives Clearing License**”) entitles

- (i) the relevant General Clearing Member to clear OTC Interest Rate Derivative Transactions that are Own Transactions, RC-Related Transactions, UDC-Related Transactions, SC-Related Transactions or OTC IRS FCM Client Transactions (in respect of which the Clearing Member act as an OTC IRS FCM Clearing Member) under the Elementary Clearing Model Provisions, the Individual Clearing Model Provisions, [the ICM for Specified Clients Provisions](#) or the U.S. Clearing Model Provisions, as applicable,
- (ii) the relevant Direct Clearing Member to clear OTC Interest Rate Derivative Transactions that are Own Transactions under the Elementary Clearing Model Provisions and

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- (iii) the relevant Basic Clearing Member to clear OTC Interest Rate Derivative Transactions that are Own Transactions under the Basic Clearing Model Provisions; without prejudice to Number 2.1.2.1 Paragraph (3), the relevant Clearing Member or Basic Clearing Member may elect that the Interest Rate Derivatives Clearing License shall be restricted to the Clearing of OTC Interest Rate Derivative Transactions in only some or one of the currencies referred to in Number 2.1.3.1.

The owner of an Interest Rate Derivatives Clearing License may additionally clear zero coupon inflation swaps (“**ZCIS**”) if the following requirements are met:

- (a) The relevant Clearing Member or Basic Clearing Member has elected whether to clear ZCIS on the indexes HICPxT and FRCPI (EUR inflation), whereas for EUR inflation it is not possible to elect only one of the two inflation indexes but only both together, and/or on the UK-RPI index (GBP inflation); and
- (b) The OTC Clearing License of the Clearing Member or Basic Clearing Member covers the currencies elected for the clearing of ZCIS.

### 2.1.3.1 Requirements for the Granting of an Interest Rate Derivative Clearing License

The general requirements for obtaining a Clearing License set out in Chapter I Part 1 Number 2.1.1 to 2.1.3 and 2.3.1 shall apply (except for Chapter I Part 1 Number 2.1.2 Paragraph (4) (a) (eegg) and Number 2.1.2 Paragraph (5) (e)). In addition, the institution applying for an Interest Rate Derivatives Clearing License shall meet the following requirements:

- (a) the institution is a participant in an ATS;
- (b) confirmation that a license agreement is concluded between the institution and Swaps Monitor Publications, Inc., New York for the usage of data to determine the relevant Business Day;
- (c) in addition to the cash accounts required pursuant to Chapter I Part 1 Number 2.1.2 Paragraph (4) (b), if the Interest Rate Derivatives Clearing License of the relevant Clearing Member or Basic Clearing Member covers OTC Interest Rate Derivative Transactions in USD, a bank cash account in USD;
- (d) if the Interest Rate Derivatives Clearing License of the relevant Clearing Member or Basic Clearing Member covers OTC Interest Rate Derivative Transactions in GBP, a bank cash account for GBP;
- (e) if the Interest Rate Derivatives Clearing License of the relevant Clearing Member or Basic Clearing Member covers OTC Interest Rate Derivative Transactions in JPY, a bank cash account for JPY;
- (f) if the Interest Rate Derivatives Clearing License of the relevant Clearing Member or Basic Clearing Member covers OTC Interest Rate Derivative Transactions in DKK, a bank cash account for DKK;

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Clearing AG processes and accepts or rejects Original OTC Transactions submitted to it for Clearing as quickly as technologically practicable, using automated systems. Original OTC Transactions which are submitted to Eurex Clearing AG at any other time will be processed and accepted or rejected at the beginning of the next Business Day. However, Original OTC Transactions submitted to Eurex Clearing AG at 10:00 pm (Frankfurt am Main time) may be processed and accepted or rejected that or the following Business Day.

- (3) As a result of the novation process, all Original OTC Transactions which fulfil all novation criteria will be accepted for Clearing and all Original OTC Transactions which do not fulfil all novation criteria, including the requirement to provide sufficient Eligible Margin Assets in time according to Part 1 Number 1.2.3 Paragraph (1) Clause 9, will be rejected.
- (4) If an Original OTC Transaction has been accepted for Clearing, an OTC Trade Novation Report will be made available to the relevant Clearing Member (in respect of an OTC IRS FCM Client Transaction, to the relevant OTC IRS FCM Clearing Member acting on behalf of the relevant OTC IRS FCM Client) or to the relevant Basic Clearing Member (or Clearing Agent acting on behalf of the Basic Clearing Member) electronically via Eurex Clearing AG's system. The last OTC Trade Novation Report will be made available at or around 23:00 CET. Such last OTC Trade Novation Report summarizes all Novations of the respective Business Day.
- (5) Upon rejection of an Original OTC Transaction for Clearing, Eurex Clearing AG will inform the respective Clearing Member of such non-acceptance as quickly as technologically practicable.
- (6) A Clearing Member, a Registered Customer, an OTC IRS FCM Client or a Basic Clearing Member (or Clearing Agent acting on behalf of the Basic Clearing Member) may subsequently cancel the submission with respect to any CCP Transaction intended to be transferred pursuant to Number 2.6 or to be terminated pursuant to 2.7, provided that (i) the cancellation request is entered by the Clearing Member (and, in respect of an OTC IRS FCM Client Transaction, by the relevant OTC IRS FCM Clearing Member acting on behalf of the relevant OTC IRS FCM Client), the Registered Customer, the OTC IRS FCM Client or the Basic Clearing Member (or Clearing Agent acting on behalf of the Basic Clearing Member) into the system of, and received by, Eurex Clearing AG, and (ii) each, the responsible Clearing Member, in case the request is entered by a Registered Customer, or the relevant OTC IRS FCM Clearing Member (acting on behalf of the relevant OTC IRS FCM Client), in case the request is entered on behalf of its OTC IRS FCM Client, and the other Clearing Member or Basic Clearing Member (or Clearing Agent acting on behalf of the Basic Clearing Member) that is a party to the relevant transaction have given their prior consent in the system of Eurex Clearing AG.

#### **2.1.5.4 Scheduled Intraday Margin Calls**

- (1) If Eurex Clearing AG determines that the aggregate value of the Eligible Margin Assets actually delivered to Eurex Clearing AG is insufficient to provide the cover

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required in order to fulfil the margin requirement (as set forth in Number 2.1.7) also taking into account all CCP Transactions pursuant to Numbers 2.6, 2.7 and Number 2.8. (any such shortfall the “**Shortfall Margin Requirement**”), Eurex Clearing AG will require from the Clearing Member (in the case of CCP-OTC IRS FCM Client Transactions, from the relevant OTC IRS FCM Clearing Member acting for the account of the relevant OTC IRS FCM Client) or from the Basic Clearing Member intra-day to provide additional Eligible Margin Assets in an amount up to the Shortfall Margin Requirement in accordance with the following provisions.

- (2) The Transactions resulting from CCP Transactions pursuant to Numbers 2.6, 2.7 and Number 2.8 to be covered by, as well as the amount of, the Shortfall Margin Requirement shall be notified by Eurex Clearing AG in a Preliminary OTC Margin Call Report and an OTC Margin Call Report.

A “**Preliminary OTC Margin Call Report**” means a preliminary report produced by Eurex Clearing AG and made available at 12:00 noon, 2:00 pm and 6:00 pm (each Frankfurt am Main time) that specifies the respective CCP Transactions pursuant to Numbers 2.6, 2.7 and 2.8, to which the Shortfall Margin Requirement applies and the amount of the Shortfall Margin Requirement calculated by Eurex Clearing AG as per the time when the relevant Preliminary OTC Margin Call Report is made available (the “**Preliminary Shortfall Margin Amount**”).

An “**OTC Margin Call Report**” means a report produced by Eurex Clearing AG and made available at 1:00 pm, 3:00 pm, 7:00 pm, and 10:30 pm (each Frankfurt am Main time) that specifies the respective CCP Transactions, to which the Shortfall Margin Requirement applies as well as the Final Shortfall Margin Amount.

The “**Final Shortfall Margin Amount**” shall be the lower of the (i) Preliminary Shortfall Margin Amount and (ii) the amount of the Shortfall Margin Requirement calculated by Eurex Clearing AG as per the time when the relevant OTC Margin Call Report is made available.

- (3) Eurex Clearing AG will debit the Final Shortfall Margin Amount set forth in an OTC Margin Call Report in the agreed Clearing Currency from the relevant Clearing Member Cash Account, relevant Basic Clearing Member Cash Account or relevant OTC IRS U.S. Clearing Member Cash Account, as relevant, in accordance with the daily cash clearing procedure pursuant to Chapter I Part 1 Number 1.4.1. If such Clearing Currency can no longer be settled, Eurex Clearing AG shall convert the Final Shortfall Margin Amount in USD at the exchange rate determined by Eurex Clearing AG (as mentioned in the relevant Preliminary OTC Margin Call Report or OTC Margin Call Report).
- (4) The payment made by direct debit of the Final Shortfall Margin Amount determined in the OTC Margin Call Report produced and made available by Eurex Clearing AG at 1:00 pm, 3:00 pm and 7:00 pm (each Frankfurt am Main time) shall constitute cover in respect of the Margin to which the margin requirement pursuant to Number 2.1.7 relates and accordingly will constitute (i) Proprietary Margin or Omnibus Margin delivered by the Clearing Member pursuant to the Elementary

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Clearing Model Provisions, (ii) Segregated Margin delivered by the Clearing Member pursuant to the Individual Clearing Model Provisions, (iii) [Margin delivered by the Clearing Member pursuant to the ICM for Specified Clients Provisions](#) (iv) OTC IRS FCM Client Margin delivered by the relevant OTC IRS FCM Clearing Member for the account of the relevant OTC IRS FCM Client pursuant to the U.S. Clearing Model Provisions or (iv) Basic Clearing Member Margin delivered by the Basic Clearing Member pursuant to the Basic Clearing Member Provisions. The payment made by direct debit of the Final Shortfall Margin Amount determined in the OTC Margin Call Report produced and made available by Eurex Clearing AG at 10:30 pm (Frankfurt am Main time) shall be treated accordingly and shall constitute cover either in respect of (i) the Proprietary Margin or Omnibus Margin delivered by the Clearing Member pursuant to the Elementary Clearing Model Provisions, (ii) the Segregated Margin delivered by the Clearing Member pursuant to the Individual Clearing Model Provisions, (iii) [Margin delivered by the Clearing Member pursuant to the ICM for Specified Clients Provisions](#), (iv) the OTC IRS FCM Client Margin delivered by the OTC IRS FCM Clearing Member for the account of the relevant OTC IRS FCM Client pursuant to the U.S. Clearing Model Provisions or (iv) the Basic Clearing Member Margin delivered by the Basic Clearing Member pursuant to the Basic Clearing Member Provisions .

- (5) Such amount shall be settled in full by the time when the relevant OTC Margin Call Report is published on the relevant Business Day pursuant to Paragraph (3) above.
- (6) The margin call pursuant to this Number 2.1.4.4 applies in addition to the Margin Calls pursuant to Chapter I Part 1 Number 3.3, Part 2 Subpart A Number 4.2, Part 3 Subpart A Number 5.3, Part 4 Number [6.2](#), [Part 5 Number 5.3](#) and Part ~~5-6~~ Number 7.3.

#### **2.1.5.5 Bulk Backloading of Original OTC Transactions**

- (1) An Original OTC Transaction that has a Trade Date which falls more than ten Business Days prior to the date of submission to Eurex Clearing will be considered as a backloaded trade ("**Bulk Backloaded Original OTC Transaction**").
- (2) The novation and clearing process for Bulk Backloaded Original OTC Transactions which have been submitted to Eurex Clearing AG via an ATS will be carried out on each Business Day. The novation process will be performed pursuant to the following paragraphs.
- (3) Bulk Backloaded Original OTC Transactions that are to be included in the Clearing by way of novation may be submitted to Eurex Clearing AG at any point in time. Bulk Backloaded Original OTC Transactions which are submitted prior to 3:00 pm (Frankfurt am Main time) on a Business Day and which fulfil all applicable novation criteria will be included in the novation process on such Business Day.
- (4) The novation process for OTC Bulk Backloaded Original Transactions which are submitted beyond 3:00 pm (Frankfurt am Main time) on a Business Day will be carried out on the following next Business Day.

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- (5) At 3:00 pm and 5:00 pm (each Frankfurt am Main time) on each Business Day Eurex Clearing AG will make available to the Clearing Member (in the case of an OTC IRS FCM Client Transaction, to the OTC IRS FCM Clearing Member acting on behalf of the relevant OTC IRS FCM Client) and Registered Customer or the Basic Clearing Member (or Clearing Agent acting on behalf of the Basic Clearing Member) a preliminary report indicating the Bulk Backloading Original OTC Transactions which have been received for Clearing and which fulfil the novation criteria pursuant to Number 2.1.4.1, the Margin Requirement as well as any shortage in actually delivered eligible Margin Assets.
- (6) Bulk Backloaded Original OTC Transactions which, on the day of submission, fulfil all novation criteria shall be novated on that Business Day. The novation will become effective when the respective OTC Trade Novation Report will be made available intraday at around 5:30 pm and at the end of a Business Day at or around 11:00 pm (Frankfurt am Main time).
- (7) For Bulk Backloaded Original OTC Transactions which, on the day of submission, fulfil all novation criteria except for the provision of the Eligible Margin Asset necessary to cover the margin requirement Eurex Clearing AG will debit the shortfall amount set forth in the OTC Margin Call Report produced and made available at 10:30 pm (Frankfurt am Main time) in the agreed Clearing Currency from the relevant Clearing Member Cash Account, relevant OTC IRS U.S. Clearing Member Cash Account or Basic Clearing Member Cash Account, as relevant, in accordance with the daily cash clearing procedure pursuant to Chapter I Part 1 Number 1.4.1. Such payment made by direct debit shall constitute cover in respect of the Margin to which the margin requirement referred to in the foregoing sentence relates and accordingly will constitute (i) Proprietary Margin or Omnibus Margin delivered by the Clearing Member pursuant to the Elementary Clearing Model Provisions, (ii) Segregated Margin delivered by the Clearing Member pursuant to the Individual Clearing Model Provisions, (iii) [Margin delivered by the Clearing Member pursuant to the ICM for Specified Clients Provisions](#), (iv) OTC IRS FCM Client Margin delivered by the OTC IRS FCM Clearing Member for the account of the relevant OTC IRS FCM Client pursuant to the U.S. Clearing Model Provisions or (v) Basic Clearing Member Margin delivered by the Basic Clearing Member pursuant to the Basic Clearing Member Provisions. Eurex Clearing AG will make available an OTC Trade Novation Report on the Business Day following the day of submission at or around 9:30 am (Frankfurt am Main time) to the Clearing Member (in the case of an OTC IRS FCM Client Transaction, to the OTC IRS FCM Clearing Member acting on behalf of the relevant OTC IRS FCM Client) and the Registered Customer or the Basic Clearing Member (or the Clearing Agent acting on behalf of the Basic Clearing Member).
- (8) A Clearing Member (in the case of an OTC IRS FCM Client Transaction, the OTC IRS FCM Clearing Member acting on behalf of the relevant OTC IRS FCM Client), Registered Customer or a Basic Clearing Member (or a Clearing Agent acting on behalf of the Basic Clearing Member) may subsequently cancel the submission with respect to any Bulk Backloading Original OTC Transaction submitted to Eurex

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Clearing AG via an ATS and intended to be novated by the latest by 5:00 pm (Frankfurt am Main time) on a Business Day, provided that

- (i) the cancellation request is entered by the Clearing Member (or OTC IRS FCM Clearing Member acting on behalf of the relevant OTC IRS FCM Client), the Registered Customer or Basic Clearing Member (or Clearing Agent acting on behalf of the Basic Clearing Member) into the system of, and received by, Eurex Clearing AG, and
- (ii) each, the responsible Clearing Member, in case the request is entered by a Registered Customer, or the relevant OTC IRS FCM Clearing Member (acting on behalf of the relevant OTC IRS FCM Client), in case the request is entered on behalf of its OTC IRS FCM Client, and the other Clearing Member or the other Basic Clearing Member (or Clearing Agent acting on behalf of the Basic Clearing Member) that is a party to the relevant Transaction have given their prior consent in the system of Eurex Clearing AG.

#### 2.1.6 Daily Evaluation Price

Eurex Clearing AG determines the daily evaluation price on the basis of the fixings published on the Reuters screen page as defined for the relevant floating rate in Number 2.2.5 Paragraph (1) below and the discount and forecast curve provided by a recognised third party provider. Where no information on the relevant rates is available on the relevant screen page, Eurex Clearing AG will determine the daily evaluation price based on quotes obtained from major banks in accordance with Number 2.2.5 Paragraph (9) below.

#### 2.1.7 Margin Requirements

- (1) The following applies in addition to the relevant basic provisions on margin requirements set out in Chapter I:
- (2) The applicable Margin Type with respect to CTM Transactions shall be the Additional Margin and Variation Margin. The applicable Margin Type with respect to STM Transactions shall be the Additional Margin.
- (3) The Variation Margin Requirement, or Basic Clearing Member Variation Margin Requirement (each as defined in Chapter I Part 2 Subpart A Number 5, Subpart B Number 6, Subpart C Number 7, Part 3 Subpart A Number 6, [Part 4 Number 7](#) or [Part 5-6 Number 8](#), as applicable), and/or any Redelivery Amount, as the case may be, for CCP Transactions that are OTC Interest Rate Derivative Transactions and CTM Transactions shall equal the profit or loss amount determined on any Business Day on the basis of the daily evaluation price (Number 2.1.5) as follows: For each outstanding CCP Transaction concluded prior to the relevant Business Day, the relevant profit or loss amount shall be the difference between the daily evaluation prices of the CCP Transaction on the relevant Business Day and the previous Business Day. For CCP Transactions concluded on the relevant Business Day, the relevant profit or loss amount shall be the difference between zero and the daily

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For USD, the OIS rate valid from T to T+1 is published not before T+1. Therefore, a modified definition of PAI is required:

$$PAI(T) = -MtM_{exCF}(T-1) * ONR(T-1, T) * YF(T, T+1)$$

The equation above is also applied for GBP FRAs with settlement in advance, where VM and PAI are instructed intraday before the SONIA overnight rate is available.

For T+2 currencies (JPY, DKK, SEK, and NOK) VM is settled on T+2 (in contrast to EUR, USD, GBP, CHF and PLN where VM is settled on T+1). Thus, PAI for T+2 currencies is defined as:

$$PAI(T) = -MtM_{exCF}(T-2) * ONR(T, T+1) * YF(T, T+1),$$

with

$$MtM_{exCF}(T-2) = MtM(T-2) - CF(T-1) - CF(T).$$

The relevant indices are

- (a) In case the currency is EUR then EONIA;
  - (b) In case the currency is USD then FED FUNDS;
  - (c) In case the currency is GBP then SONIA;
  - (d) In case the currency is CHF then SARON;
  - (e) In case the currency is JPY then TONAR;
  - (f) In case the currency is DKK then T/N (published by Danish National Bank);
  - (g) In case the currency is SEK then STIBOR T/N;
  - (h) In case the currency is NOK then NOWA (Norwegian Overnight Weighted Average);
  - (i) In case the currency is PLN then POLONIA (Polish Overnight Index Average).
- (5) The rules on set-off of cash claims pursuant to Chapter I Part 1 Number 1.3.1 Paragraph (1) (a) Sentence 1 and Chapter I Part 1 Number 1.3.1 Paragraph (2) (a) (aa) (subject to the limitations set out in Chapter I Part 5 Number 4) apply.

### 2.1.8 Default Fund

Contributions to the Default Fund are made in accordance with Chapter I Part 1 Number 6 and, if applicable, Chapter I Part 3 Subpart A Number 15 and Part [4-5](#) Number 7 or Chapter I Part [5-6](#) Number 9.

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$$MtM\_exCF(T-2) = MtM(T-2) - CF(T-1) - CF(T).$$

The relevant indices are

- (a) In case the currency is EUR, then EONIA;
  - (b) In case the currency is USD, then FED FUNDS;
  - (c) In case the currency is GBP, then SONIA;
  - (d) In case the currency is CHF, then SARON;
  - (e) In case the currency is JPY, then TONAR;
  - (f) In case the currency is DKK, then T/N (published by Danish National Bank);
  - (g) In case the currency is SEK, then STIBOR T/N;
  - (h) In case the currency is NOK, then NOWA (Norwegian Overnight Weighted Average);
  - (i) In case the currency is PLN, then POLONIA (Polish Overnight Index Average).
- (6) Eurex Clearing AG may discharge its payment obligations by way of set-off in accordance with Chapter I Part 1 Number 1.3.1 Paragraph (1) (a) and (f) and Chapter I Part 1 Number 1.3.1 Paragraph (2) (a) (aa), (b) and (c) (subject to the limitations set out in Chapter I Part [4-5](#) Number 4).

## 2.2.2 References to Market Standard OTC Interest Rate Derivatives Documentation

- (1) Notwithstanding any selection of the 2000 or 2006 ISDA Definitions in the data to be transmitted via the ATS and subject to Number 2.2.6 (Day Count Fractions) below, (a) the 2006 ISDA Definitions, as published by ISDA, shall apply to all CCP Transactions and CM-RC Transactions that are ISDA Interest Rate Derivative Transactions and (b) the 2000 or 2006 ISDA Definitions shall not apply to DRV Interest Rate Derivative Transactions except that (i) the definitions relating to compounding set forth in Section 6.3 of the 2006 ISDA Definitions, which are referenced in the last sub-paragraph of Number 2.2.4 Paragraph (1) below, and (ii) Section 8.3 of the 2006 ISDA Definitions relating to Linear Interpolation, which is referenced in Number 2.2.4 Paragraph (4) below shall also apply to DRV Interest Rate Derivative Transactions.
- (2) All terms defined in the 2006 ISDA Definitions which are used in this Chapter VIII shall have the meaning given to them in the 2006 ISDA Definitions unless otherwise defined herein. In the event of any inconsistency between the 2006 ISDA Definitions on the one hand and the Clearing Conditions on the other hand, the Clearing Conditions shall prevail.
- (3) For the purposes of these Clearing Conditions, references in the 2006 ISDA Definitions to a “**Swap Transaction**” shall be deemed to be references to a CCP

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- (7) The CSP will provide information on termination fees related to a Compression Run to Eurex Clearing AG on an aggregated basis per Clearing Member. Eurex Clearing AG has the right to apply a proportional breakdown of such fees to trade level, taking into account the mark to market value per terminated trade and the aggregated mark to market value of terminated trades per Clearing Member, both as calculated by Eurex Clearing AG. Number 2.1.4.1 Paragraph (3) applies mutatis mutandis to such termination fees.

## 2.5.2 Acceptance of Compression Proposal

- (1) Multilateral Compression shall take place in accordance with the terms of a Compression Proposal which has been accepted by all participating Clearing Members in the manner and by the time specified in the Compression Documentation. The CSP's confirmation to Eurex Clearing AG that a Clearing Member has accepted the Compression Proposal shall constitute a binding offer by such Clearing Member to Eurex Clearing AG for the novation of CCP Transactions as set out in the Compression Proposal.
- (2) Subsequent to a Clearing Member's acceptance of a Compression Proposal but prior to the Compression Time, Eurex Clearing AG may require the Clearing Member to provide additional Margin in relation to the CCP Transactions that will result from the Multilateral Compression. For such purpose, Number 2.1.4.4 applies mutatis mutandis, provided that instead of Original OTC Transactions and CCP Transactions the proposed set of terminating CCP Transactions and the proposed set of resulting CCP Transactions pursuant to Number 2.5 shall be relevant, and instead of the times indicated in Number 2.1.4.4 the times specified by Eurex Clearing AG shall be relevant. Eurex Clearing AG will require such Margin in addition to Margin required pursuant to Chapter I Part 1 Number 3.3, Part 2 Subpart A Number 4.2, Part 3 Subpart A Number 5.3-, [Part 4 Number 6.2](#) and this Part 2 Number 2.1.4.4.
- (3) The acceptance of a Compression Proposal by the participating Clearing Members shall not bind or require Eurex Clearing AG to carry out the Multilateral Compression. At any time prior to the Compression Time, Eurex Clearing AG may in its sole discretion decide to reject the Compression Proposal and/or to end the Compression Run. In particular, Eurex Clearing AG may reject a Compression Proposal if:
- a Clearing Member which has accepted a Compression Proposal is not eligible to participate in the Compression Run;
  - any CCP Transaction included in the Compression Proposal as a terminating or resulting Transaction is not eligible for Multilateral Compression or for inclusion in Clearing;
  - any Clearing Member due to participate in the Compression Run rejects the Compression Proposal or does not provide the required Margin; or

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accumulated CCP Transactions (and provided that CCP-OTC IRS FCM Client Transactions may only be accumulated with CCP- OTC IRS FCM Client Transactions that form part of the same OTC IRS FCM Client Standard Agreement). The CCP Transactions that were accumulated shall be cancelled.

- (2) The CCP Transactions to be accumulated shall be novated to one or more CCP Transaction(s) of the same Product Type with the aggregate notional amount of the accumulated CCP Transactions. The CCP Transactions that were accumulated shall be cancelled.
- (3) If the CCP Transactions subject to netting or accumulation are all ISDA Interest Rate Derivative Transactions only, the remaining CCP Transactions for which there is no counterposition with which they can be netted will be novated to ISDA Interest Rate Derivative Transactions.

If the CCP Transactions subject to netting or accumulation are all DRV Interest Rate Derivative Transactions only, the remaining CCP Transactions for which there is no counterposition with which they can be netted will be novated to DRV Interest Rate Derivative Transactions.

If the CCP Transactions subject to netting or accumulation are both ISDA Interest Rate Derivative Transactions and DRV Interest Rate Derivative Transactions, the remaining CCP Transactions for which there is no counterposition with which they can be netted will be novated to ISDA Interest Rate Derivative Transactions, provided that if in the case of Netting Level 1 and 2 and netting of one ISDA Interest Rate Derivative Transaction with one DRV Interest Rate Derivative Transaction the DRV Interest Rate Derivative Transaction has a higher notional amount such remaining CCP transactions will be novated to a DRV Interest Rate Derivate Transaction.

**“Netting Levels”** are rule sets to be selected by each Clearing Member or Registered Customer for each Own Account or Customer Account, respectively, defining to which degree Trade Criteria must match, where a higher level improves the netting efficiency by requiring a lower degree of matching Trade Criteria.

- (4) The netting or, if applicable, the accumulation of the CCP Transactions will become effective when the OTC Trade Daily Summary Report, in which such event is included, is made available to the Clearing Members and Basic Clearing Members (or Clearing Agent acting on behalf of the relevant Basic Clearing Member).

## 2.7 Transfer of CCP Transactions and Account Transfer

- (1) A CCP Transaction (other than a CCP- OTC IRS FCM Client Transaction) or a CM-RC Transaction, if applicable, may be transferred in accordance with Paragraphs (3) to (9) and Number 2.7.1 and 2.7.2 below, as applicable.

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- (2) In addition, a Registered Customer may replace its Clearing Member under the Elementary Clearing Model Provisions or the Individual Clearing Model Provisions in accordance with Chapter I Part 1 Number 8.
- (3) The transfer of a CCP Transaction will be performed against payment of a cash settlement amount calculated by Eurex Clearing AG on the basis of the daily evaluation price (Number 2.1.5). Furthermore, the relevant Clearing Members or Basic Clearing Members (or Clearing Agent acting on behalf of the Basic Clearing Member) may specify in the system of Eurex Clearing AG an additional amount payable by a Clearing Member or Basic Clearing Member in connection with the transfer. All amounts payable under this Paragraph (3) will be settled via Eurex Clearing AG.
- (4) Any novation through which a transfer pursuant to Number 2.7 is to be made shall take effect when a respective OTC Trade Daily Summary Report is made available to the relevant Clearing Members or Basic Clearing Members (or Clearing Agents acting on behalf of the Basic Clearing Member) electronically via Eurex Clearing AG's system.
- (5) If the CCP Transaction to be transferred is an STM Transaction and no STM Election is or has been made or no STM Election is permitted with respect to the CCP Transaction resulting from the novation pursuant to Chapter I Part 1 Number 1.2.2 Paragraph (5) (c), the relevant CCP Transaction resulting from the novation pursuant to Chapter I Part 1 Number 1.2.2 Paragraph (5) (c) shall be established as a CTM Transaction and the additional primary payment obligations of the Clearing Member and Eurex Clearing AG set out in Number 2.2.1 Paragraph (5) shall not arise with respect to such Transaction.
- (6) Where such transfer or account transfer pursuant to Numbers 2.7.1 or 2.7.2 affects and/or creates (i) a CM-RC Transaction, the relevant Clearing Member is obliged to obtain the required instruction from the relevant Registered Customer before initiating any such transfer or (ii) a corresponding Client Clearing CM-RC Transaction, the relevant Clearing Member is obliged to obtain the required instruction from the relevant Registered Customer before initiating any such transfer and the Clearing Member, and the Registered Customer should agree on a bilateral basis that, as a result of such transfer or account transfer, any such corresponding Client Clearing CM-RC Transaction shall be created or be subject to a transfer or cancellation, as the case may be.
- (7) To the extent the CCP Transactions that are subject to a transfer or account transfer pursuant to Number 2.7.1 or 2.7.2 are UDC-Related Transactions or SC-Related Transactions, it is a matter of the relevant parties to agree whether, as a result of such transfer or account transfer, any corresponding CM-Customer Transactions shall be created or be subject to a transfer or cancellation.
- (8) For the avoidance of doubt, Eurex Clearing AG is not obliged to verify whether the transfer or account transfer instructions were given by the relevant Registered Customer or other Direct Client to the Clearing Member.

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(9) The provisions of Paragraphs (7) and (8) above shall apply *mutatis mutandis* to any transactions of a Registered Customer with its customers.

(10) The provisions of Chapter I Part 4-5 on the replacement of an OTC IRS FCM Clearing Member by an OTC IRS FCM Client shall remain unaffected.

[\(11\) If the RC-Related Transaction in respect of the relevant Registered Customer is subject to a Clearing under the Elementary Clearing Model Provisions, the provisions of this Number 2.7 on the conclusion or creation of a CM-RC Transaction between the Clearing Member and the Registered Customer are subject to Chapter I Part 2 Subpart A Number 2.1.](#)

### **2.7.1 Transfer of a CCP Transaction to another Clearing Member or Basic Clearing Member (Trade Transfer)**

(1) Upon request of a Clearing Member or Basic Clearing Member (or the Clearing Agent acting on behalf of the Basic Clearing Member) or a Registered Customer entered into the system of Eurex Clearing AG, a CCP Transaction (other than a CCP-OTC IRS FCM Client Transaction) may be transferred from a Clearing Member or Basic Clearing Member to another Clearing Member or Basic Clearing Member holding the required Interest Rate Derivatives Clearing License. If the CCP Transaction to be transferred is an RC-Related Transaction, the corresponding CM-RC Transaction, if applicable, will be transferred simultaneously. In the case of any Client Clearing CM-RC Transactions or UDC-Related Transactions or SC-Related Transactions, Number 2.7 Paragraphs (6) and (7) apply.

(2) Any transfer or partial transfer of a CCP Transaction and, if applicable, the corresponding CM-RC Transaction provided for in this Number 2.7.1 may be effected pursuant to Chapter I Part 1 Number 1.2.2 Paragraph (5) (a) – (c) or (5) (e) and (f), as applicable.

### **2.7.2 Account Management or Account Transfers**

(1) Clearing Members and Basic Clearing Members (or a Clearing Agent acting on behalf of the relevant Basic Clearing Member) may book CCP Transactions (other than any CCP-OTC IRS FCM Client Transactions) to or from any of their transaction accounts in accordance with this Number 2.7.2. Any booking will take place either (i) by way of an account booking within the same Standard Agreement together with, if applicable, a transfer of the CM-RC Transaction, if applicable, to another Registered Customer of the relevant Clearing Member by way of novation pursuant to Chapter I Part 1 Number 1.2.2 Paragraph (5) (d) or (ii) by way of a transfer to another Standard Agreement by way of novation pursuant to Chapter I Part 1 Number 1.2.2 Paragraph (5) (a) – (c).

(2) Such bookings may also be made with respect to part of a CCP Transaction except for IRS with a notional, fixed rate or floating rate spread schedule in which case only the entire CCP Transaction and corresponding CM-RC Transaction may be booked in accordance with Paragraph 1.

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### **2.7.2.1 Account Management in case of Own Transactions, UDC-Related Transactions and SC-Related Transactions**

Upon request of a Clearing Member (other than an OTC IRS FCM Clearing Member), Eurex Clearing AG may book (a) an Own Transaction from its Clearing Member Own Account pursuant to Chapter I Part 1 Number 4.2.1 to a NOSA Direct Client Account, SC [Own](#) Account or Indirect Client Account relating to an Indirect Client of a Specified Client or Undisclosed Direct Client pursuant to Chapter I Part 1 Number 4.2.1 (thereby becoming a UDC-Related Transaction or SC-Related Transaction) or (b) a UDC-Related Transaction or SC-Related Transaction from a NOSA Direct Client Account, SC [Own](#) Account or Indirect Client Account relating to an Indirect Client of a Specified Client or Undisclosed Direct Client pursuant to Chapter I Part 1 Number 4.2.1 to its Clearing Member Own Account pursuant to Chapter I Part 1 Number 4.2.1 (thereby becoming an Own Transaction).

### **2.7.2.2 Account Transfer in case of a Registered Customer**

- (1) Upon request of a Clearing Member or a Registered Customer and subject to the consent of the Clearing Member, Eurex Clearing AG may book an account position relating to a CCP Transaction that is an RC-Related Transaction from a Transaction Account relating to the relevant Registered Customer to a Transaction Account relating to another Registered Customer of the same Clearing Member.
- (2) To the extent the request is not entered into Eurex Clearing AG's system by a relevant Registered Customer, the Clearing Member will be responsible for obtaining the relevant instruction from such Registered Customer separately.

### **2.7.3 Trade Amendment**

A Clearing Member, Basic Clearing Member (or a Clearing Agent acting on behalf of the relevant Basic Clearing Member) or a Registered Customer may, by means of an entry in Eurex Clearing AG's system, split CCP Transactions (other than CCP-OTC IRS FCM Client Transactions) or CM-RC Transactions, if applicable, and assign new customer references to the new Transactions resulting from the trade split provided that such new Transactions are booked in the same account as the Transaction that existed before the trade split was made. As a result, new CCP Transactions or CM-RC Transactions, if applicable, will be created the aggregate nominal amount of which is equal to the nominal amount of the CCP Transaction or the CM-RC Transaction, if applicable, that was split.

## **2.8 Early Termination**

- (1) A CCP Transaction or a CM-RC Transaction, if applicable, that is an OTC Interest Rate Derivative Transaction may be early terminated in accordance with Paragraphs (2) to (8) and Numbers 2.8.1 to 2.8.2 below, as applicable.
- (2) A Clearing Member or Basic Clearing Member (or a Clearing Agent acting on behalf of the relevant Basic Clearing Member) may, with the consent of Eurex Clearing AG, terminate a CCP Transaction or, in case of a Clearing Member, convert an RC-