

clear to trade



eurex clearing circular 039/17

Date: 27 April 2017
Recipients: All Clearing Members, Non-Clearing Members, Basic Clearing Members, FCM Clients and Registered Customers of Eurex Clearing AG and Vendors
Authorized by: Heike Eckert

Amendments to the Clearing Conditions of Eurex Clearing AG

Contact: Your dedicated Key Account Manager Clearing

Content may be most important for:

➡ All departments

Attachments:

1, 2, 3 and 4: Clearing Conditions of Eurex Clearing AG

Summary:

This circular contains information with respect to Eurex Clearing AG's (Eurex Clearing) service offering and corresponding amendments to the Clearing Conditions of Eurex Clearing AG (Clearing Conditions) regarding the following topics:

1. Inclusion of additional currencies for the Direct Clearing Member (DCM) license for the clearing of OTC IRS
2. Porting of client assets and positions in relation to Elementary Omnibus Standard Agreements– Assignment of Non Transferable Fractions as a single unit
3. Clarification regarding the availability of a contact person for the extended trading hours
4. Termination of Constant Maturity Futures and FX Rolling Spot Futures by Eurex Clearing upon request
5. Extension of SIC and SIX SIS settlement day

The amended sections of the Clearing Conditions, as decided by the Executive Board of Eurex Clearing, are attached to this circular and will come into effect on **22 May 2017**.



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HRB Nr. 44828
USt-IdNr. DE194821553
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Amendments to the Clearing Conditions of Eurex Clearing AG

This circular contains information with respect to Eurex Clearing AG's (Eurex Clearing) service offering and corresponding amendments to the Clearing Conditions of Eurex Clearing AG (Clearing Conditions) regarding the following topics:

1. Inclusion of additional currencies for the Direct Clearing Member (DCM) license for the clearing of OTC IRS
2. Porting of client assets and positions in relation to Elementary Omnibus Standard Agreements– Assignment of Non Transferable Fractions as a single unit
3. Clarification regarding the availability of a contact person for the extended trading hours
4. Termination of Constant Maturity Futures and FX Rolling Spot Futures by Eurex Clearing upon request
5. Extension of SIC and SIX SIS settlement day

The amended sections of the Clearing Conditions, as decided by the Executive Board of Eurex Clearing, are attached to this circular.

The amendments regarding topic 1, 2, 3 and 4 will come into effect on 22 May 2017.

Terms used and not otherwise defined in this circular shall have the meanings ascribed to them in the Clearing Conditions.

1. Inclusion of additional currencies for the Direct Clearing Member (DCM) license for the clearing of OTC IRS

The product eligibility criteria will be extended to support products denominated in Norwegian Krone (NOK), Swedish Krona (SEK), Danish Krone (DKK) and Polish Zloty (PLN) for the OTC Direct Clearing Member License.

To reflect the changes, the following provisions of the Clearing Conditions will be amended:

- Chapter VIII Part 2 Number 2.1.3

2. Porting of client assets and positions in relation to Elementary Omnibus Standard Agreements– Assignment of Non Transferable Fractions as a single unit

The Clearing Conditions will be amended in order to further accommodate the porting of client assets in case of an Insolvency Termination Event or another Termination Event of a Clearing Member. The changes allow an allocation of securities according to the Value Based Allocation Method of the Elementary Clearing Model (ECM), whereby fractions of the security that are not transferable (Non Transferable Fractions) can be allocated as a single unit to either the Elementary Omnibus Standard Agreement or the Elementary Proprietary Standard Agreement.

To reflect the changes, the following provisions of the Clearing Conditions will be amended:

- Chapter I Part 2 Number 8.3.3

3. Clarification regarding the availability of a contact person for the extended trading hours

It is not required for Clearing Members or Non-Clearing Members who participate in the 23h trading and clearing to ensure the availability of Qualified Clearing Staff (QCS) / Qualified Back Office Staff (QBO) for the extended trading hours. The amendments clarify that the Clearing Member needs to ensure the availability of a night contact person only.

To reflect the changes, the following provisions of the Clearing Conditions will be amended:

- Chapter I Part 1 Number 2.1.2 (5) g)
- Chapter II Part 1 Number 1.1.2 (2) h)
- Chapter II Part 1 Number 1.10

4. Termination of Constant Maturity Futures and FX Rolling Spot Futures by Eurex Clearing AG upon request

Clearing Members should be able to request the termination of FX Rolling Spot Futures by Eurex Clearing through the Market Integrity Process (MIP) for their own business as well as for their agent business (currently only proprietary business is covered by the Clearing Conditions). This amendment is relevant for the new FX Rolling Spot Futures and also for the existing LDX Constant Maturity Futures.

To reflect the changes, the following provisions of the Clearing Conditions will be amended:

- Chapter II Part 2 Number 2.8.6 (1)
- Chapter II Part 2 Number 2.13.6 (1)

5. Extension of SIC and SIX SIS settlement day

Following a proposal from the Swiss National Bank, the Swiss Real-Time Gross Settlement (RTGS) system will prolonge the settlement day for payments by two hours per business day as of 15 May 2017. With this amendment, the settlement day for payments via the Swiss Interbank Clearing (SIC) system will be extended from 15:00 to 17:00 local time.

This change affects the cut-off time for Clearing Members to provide cash collateral in Swiss franc to Eurex Clearing via their accounts with Swiss National Bank and/or UBS Switzerland AG as shown in the table below:

	Cash location	Current cut-off time	New cut-off time (as of 15 May 2017)
Deadline for same-day cash collateral deposit requests in Swiss franc	Swiss National Bank	13:15 local time (via fax)	15:15 local time (via fax)
		13:30 local time (via Eurex@X-tract Clearing GUI)	15:30 local time (via Eurex@X-tract Clearing GUI)
	UBS Switzerland AG	12:15 local time (via fax)	14:15 local time (via fax)
		12:30 local time (via Eurex@X-tract Clearing GUI)	14:30 local time (via Eurex@X-tract Clearing GUI)

For an overview of the cut-off times for cash collateral deposit and withdrawal requests, please see the Eurex Clearing website www.eurexclearing.com under the following link:

Collateral management > Cash collateral > Cut-off times

In addition, the SIX SIS settlement day will be extended from 14:30 to 16:30 local time for all products settled via the CCP system in SIX SIS.

No legal amendments are required to reflect the extension of the SIC and SIX SIS settlement day

The full version of the amended Clearing Conditions will be available for download on the Eurex Clearing website on 22 May 2017 (Clearing Conditions) under the following link:

Resources > Rules and Regulations

Pursuant to Chapter I, Part 1, Number 17.2.6 of the Clearing Conditions, each Affected Customer accepts each change or amendment to the Clearing Conditions, unless it objects by written notice to Eurex Clearing within fifteen (15) Business Days prior to the effective date. The rights to terminate the Clearing Agreement and Clearing Licenses according to Chapter I, Part 1, Number 2.1.4 Paragraph 2 Number 7.2.1 Paragraph 4 and Number 13 of the Clearing Conditions shall remain unaffected.

27 April 2017

Chapter I of the Clearing Conditions of Eurex Clearing AG

General Provisions

As of 22.05.2017

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AMENDMENTS ARE MARKED AS FOLLOWS:

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Part 1 General Clearing Provisions

[...]

2 Clearing Members

2.1 Clearing License

2.1.1 Granting of Clearing License

[...]

2.1.2 General Prerequisites for Clearing Licenses

- (1) A Clearing License for a Transaction Type may only be granted to an applicant if such applicant meets the general prerequisites pursuant to Paragraphs (2) to (6) below and the special prerequisites set forth in Chapters II-IX for the relevant Transaction Type. This Number 2.1.2 shall, unless otherwise provided in Part 6 Number 2, not apply to applicants for a Basic Clearing Member Clearing License.

[...]

- (5) The applicant shall provide evidence for compliance with the following requirements:

[...]

- (g) Each Clearing Member shall appoint at least one of his employees as emergency contact for Eurex Clearing AG to initiate necessary measures in emergency cases who shall be available during regular business hours; the Clearing Member needs to register the contact vis-à-vis Eurex Clearing AG. ~~In case that a Clearing Member or Non-Clearing Member is involved in the clearing of instruments which are admitted to trading on the Eurex Exchanges and are available for 23 hours trading, it is required to ensure the availability of the emergency contact also for the extended trading hours.~~

- (6) Evidence of compliance with the general prerequisites set forth in Paragraphs (2) – (5) above must be provided upon submission of the application.

[...]

Chapter I of the Clearing Conditions of Eurex Clearing AG

General Provisions

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[...]

Part 2 Elementary Clearing Model Provisions

[...]

8 Consequences of a Termination Event or Insolvency Termination Event and a Termination Date

[...]

8.3 Porting of assets and positions in relation to Elementary Omnibus Standard Agreements

[...]

8.3.5 If the Value Based Allocation is the Applicable Allocation Method with respect to the Transferor Clearing Member,

- (i) Eurex Clearing AG shall identify certain Eligible Margin Assets in the form of Securities in such number and amount reflecting the allocation of Elementary Margin Assets in accordance with the Value Based Allocation to the Elementary Omnibus Standard Agreement with the Transferor Clearing Member transferred pursuant to Number 8.3.3 above; provided that if the foregoing allocation of Securities by Eurex Clearing AG includes Non Transferable Fractions of Securities where the nominal value or market value of one unit of the respective Security is less than EUR 100,000 (or the equivalent in any other currency), Eurex Clearing AG may allocate the respective unit in full to the Elementary Omnibus Standard Agreement and at the same time reallocate Elementary Omnibus Margin Assets (or respective liquidation proceeds pursuant to Number 8.3.5 (iii)) with equal value as Elementary Proprietary Margin;

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- (ii) and if the allocation of Securities by Eurex Clearing AG pursuant to Number 8.3.5 (i) above includes fractions of the respective Securities, which are not transferable ("**Non Transferable Fractions**"), the Transferor Clearing Member hereby irrevocably authorises (bevollmächtigt) Eurex Clearing AG to liquidate such Securities on behalf of the Transferor Clearing Member and to appropriate the proceeds of the realisation of such Securities. A redelivery claim (in cash) in the amount corresponding to the proceeds of the realisation equivalent to the Non Transferable Fractions shall arise with respect to such proceeds under the Elementary Omnibus Standard Agreement already transferred or to be transferred to the Replacement Clearing Member pursuant to Number 8.3.3 above. In addition, the Transferor Clearing Member shall have an offsetable claim (in cash) in the amount of the difference between the proceeds of the realisation of such Securities and the proceeds of the realisation equivalent to the Non Transferable Fractions;

[...]

[...]

Chapter II of the Clearing Conditions of Eurex Clearing AG

Transactions Concluded at Eurex Deutschland and Eurex Zürich

(Eurex Exchanges)

As of 22.05.2017

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Part 1 General Provisions

[...]

1.1 Clearing Licenses

1.1.1 Granting of Clearing Licenses

A Clearing License is required in order to participate in the Clearing of derivatives transactions at the Eurex Exchanges; Eurex Clearing AG shall grant such Clearing License upon written application.

1.1.2 Prerequisites for Clearing Licenses

(1) With regard to the prerequisites to be fulfilled within the scope of the granting of the Clearing License, Chapter I Part 1 Numbers 2.1.1 to 2.1.3 apply.

(2) The applicant shall meet the following additional requirements:

(a) Evidence of an account for cash payments in Euro:

- RTGS Account, or
- SECB Account and euroSIC Account,

[...]

(g) Evidence of an interest rate derivative clearing license for OTC-Interest Rate Derivative Transactions denominated in Euros pursuant to Chapter VIII Part 3 of the Clearing Conditions. If such evidence is not provided, Eurex Clearing AG will neither carry out the clearing of transactions in Interest Rate Swap Futures Contracts of the respective Clearing Member nor the clearing of such transactions by this Member's respective Non-Clearing Members or Registered Customers. In this case, Chapter I Number 1.2.2 shall not be applicable and the Eurex Exchanges will exclude the respective Clearing-Member as well as its Non-Clearing-Members from the trade in such products.

(h) In case that Clearing Members are involved in the clearing of instruments which are admitted to trading on the Eurex Exchanges and are available for 23 hours

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trading, it is required to ensure the availability of a contact for the fulfilment of clearing obligations during the extended trading hour from 00:00 CET until 23:00 CET.

[...]

[...]

1.10 Requirements for Non-Clearing Members regarding Qualified Back Office Staff Members

A Non-Clearing Member is required to use at least one sufficiently qualified (as defined and published by Eurex Clearing AG pursuant to Chapter I Part 1 Number 16.1) staff member in the back-office.

The sufficiently qualified staff member shall be physically present and available via telephone and fax during the Business Day until 19:00 CET. From 19:00 CET to until 22:30 CET, the Non-Clearing Member has to ensure that a sufficiently qualified staff member is available via telephone.

In case that ~~a Clearing Member or~~ a Non-Clearing Member is involved in the clearing of instruments which are admitted to trading on the Eurex Exchanges and are available for 23 hours trading, it is required to ensure the availability of the sufficiently qualified staff member by phone until 23:05 CET ~~also for the extended trading hours.~~

A Non-Clearing Member is not required to have a qualified staff member in the back-office if such Non-Clearing Member outsources all its back-office functions pursuant to Chapter I Part 1 Number 15.2 to its Clearing Member or to an Insourcer that has a qualified clearing staff member.

[...]

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Part 2 Clearing of Futures Contracts

[...]

2.8.6 Termination of CMFs by Eurex Clearing AG upon Request of a CMF Participant

- (1) A Clearing Member may request from Eurex Clearing AG that Eurex Clearing AG terminates its CMFs ~~entered into with such Clearing Member which qualify as Own Transactions~~ according to the CMF MIP as described in this Number 2.8.6, and a Non-Clearing Member/Registered Customer may request from Eurex Clearing AG that Eurex Clearing AG terminates its CMFs entered into with its Clearing Member and the CMFs with identical terms entered into between such Clearing Member and Eurex Clearing AG (such requests hereinafter each referred to as a “**CMF MIP Request**”), provided that the market for CMFs on both the orderbook of the Eurex Exchanges (“**Eurex Orderbook**”) and the **LDX Matching Platform** do not provide for any or sufficient liquidity to close their CMF positions in whole or in part.

[...]

[...]

2.13.6 Termination of FX Rolling Spot Futures by Eurex Clearing AG upon Request of a FX Rolling Spot Participant

- (1) A Clearing Member may request from Eurex Clearing AG that Eurex Clearing AG terminates its FX Rolling Spot Futures ~~entered into with such Clearing Member which qualify as Own Transactions~~ according to the MIP as described in this Number 2.13.6, and a Non-Clearing Member/Registered Customer may request from Eurex Clearing AG that Eurex Clearing AG terminates its FX Rolling Spot Futures entered into with its Clearing Member and the FX Rolling Spot Futures with identical terms entered into between such Clearing Member and Eurex Clearing AG (such requests hereinafter each referred to as a “**FX MIP Request**”), provided that the market for FX Rolling Spot Futures on the orderbook of the Eurex Exchanges (“**Eurex Orderbook**”) do not provide for any or sufficient liquidity to close their FX Rolling Spot Futures positions in whole or in part.

[...]

[...]

Chapter VIII of the Clearing Conditions of Eurex Clearing AG

Clearing of OTC Derivative Transactions

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[...]

Part 2 Clearing of OTC Interest Rate Derivative Transactions

2.1 General Provisions

[...]

[...]

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) ~~(i)~~ the relevant General Clearing Member to clear OTC Interest Rate Derivative Transactions that are Own Transactions, RC-Related Transactions, Customer-Related Transactions or FCM Client Transactions (in respect of which the Clearing Member act as FCM Clearing Member) under the Elementary Clearing Model Provisions, the Individual Clearing Model Provisions, the Net Omnibus Clearing Model Provisions or the U.S. Clearing Model Provisions, as applicable, ~~and the currency of which is Euro (EUR), US Dollar (USD), Pound Sterling (GBP), Swiss Franc (CHF), Danish Krone (DKK), Swedish Krona (SEK), Norwegian Krone (NOK), Polish Zloty (PLN) or Japanese Yen (JPY)~~
- (ii) the relevant Direct Clearing Member to clear OTC Interest Rate Derivative Transactions that are Own Transactions under the Elementary Clearing Model Provisions and
- (iii) ~~(ii)~~ the relevant Basic Clearing Member to clear OTC Interest Rate Derivative Transactions that are Own Transactions under the Basic Clearing Model Provisions ~~and the currency of which is Euro (EUR), US Dollar (USD), Pound Sterling (GBP), Swiss Franc (CHF), Danish Krone (DKK), Swedish Krona (SEK), Norwegian Krone (NOK), Polish Zloty (PLN) or Japanese Yen (JPY).~~

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~~Where the Clearing Member is a Direct Clearing Member the Interest Rate Derivatives Clearing License entitles it to clear OTC Interest Rate Derivative Transactions that (i) are Own Transactions under the Elementary Clearing Model Provisions and (ii) the currency of which is Euro (EUR), US-Dollar (USD), Pound Sterling (GBP), Swiss Franc (CHF) or Japanese Yen (JPY). 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 these nine currencies.~~

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.

[...]
