



Release date: 27 Apr 2020 | Eurex Clearing

No. 035/2020

Amendments to the Clearing Conditions, the Default Management Committee Rules and the Default Management Auction Rules of Eurex Clearing AG

Eurex Clearing Circular 035/20

1. Introduction

This circular contains information with respect to the service offering of Eurex Clearing AG (Eurex Clearing) and introduces amendments to the Clearing Conditions of Eurex Clearing AG (Clearing Conditions), the Default Management Auction Rules and the Default Management Committee Rules regarding the following topics:

- A. Removal of Transitional Provisions for Value Based Allocation (ECM by Value) and the Individual Clearing Model Provisions (ICM) and Termination of ICM Tri-partite Clearing Agreements
 - B. Assurance of Eurex Clearing's right to enforce and realise pledges over Eligible Margin Assets in the form of Securities which constitute Excess Collateral
 - C. Introduction of obligation to participate in liquidity surveys
 - D. Amendments to the Default Management Auction Rules
 - E. Clarifications to the Default Management Committee Rules regarding the DMC convention
 - F. Default Management Rules for Eurex Basket Trades
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The amendments under items A. to C. will become effective as of **2 June 2020**.

The amendments under items D. to F. are subject to a Consultation, the Consultation will end on **27 May 2020**. The planned effective date of these amendments is **25 June 2020**, depending on the outcome of the Consultation which will be communicated in a separate Eurex Clearing circular.

2. Required action

The amendments to the Clearing Conditions of Eurex Clearing AG (Clearing Conditions) under items D. to F. are subject to a Consultation which will end with the **expiry of 27 May 2020 ("Consultation Period")**.

Eurex Clearing herewith invites all Affected Customers to submit comments on the proposed changes and amendments within the Consultation Period.

3. Details

A. Removal of Transitional Provisions for Value Based Allocation (ECM by Value) and the Individual Clearing Model Provisions (ICM) and Termination of ICM Triparty Clearing Agreements

In Eurex Clearing circular 113/19, Eurex Clearing announced Transitional Provisions under Chapter I Part 1 Number 18 of the Clearing Conditions with respect to Clearing Members who did not change (i) from Value Based Allocation to Asset Based Allocation or (ii) from the Individual Clearing Model Provisions to other clearing models with respect to all of their ICM Clients prior to 2 January 2020. As all Clearing Members have finished their migration from Value Based Allocation to Asset Based Allocation and all ICM Clients have finished their migration to another clearing model, these provisions will be removed from the Clearing Conditions.

To reflect the changes, the following provisions will be amended as outlined in Attachment 1:

- Chapter I Part 1 Number 18 of the Clearing Conditions

With this circular, Eurex Clearing exercises its termination right pursuant to Chapter I Part 1 Number 13.1.1 of the Clearing Conditions and terminates all tri-partite ICM Clearing Agreements (former Appendix 3 and Appendix 4 of the Clearing Conditions) entered into between Eurex Clearing, all Clearing Members and all ICM Clients as of 2 June 2020, provided that such ICM Clearing Agreements have not been terminated otherwise prior to the publication of this circular.

For the avoidance of doubt, as all ICM Clients' clearing through Eurex Clearing has successfully migrated from the discontinued ICM to another clearing model, there are no open Transactions under any ICM Clearing Agreement. Further, whereas most of the ICM Clearing Agreements were terminated during the migration process, this circular only serves the purpose to ensure that no ICM Clearing Agreements remain and that the documentation status with the relevant Clearing Members and ICM Clients is completed in an orderly manner. Further, this termination only relates to the ICM Clearing Agreements in accordance with the former Appendix 3 and Appendix 4 of the Clearing Conditions.

B. Assurance of Eurex Clearing's right to enforce and realise pledges over Eligible Margin Assets in the form of Securities which constitute Excess Collateral

In case of a default of a Clearing Member, for omnibus segregated clients, Eurex Clearing will allocate the Eligible Margin Assets to the relevant Client Transaction Accounts of an Omnibus Standard Agreement for each Internal Omnibus Margin Account by application of the Allocation Algorithm. Any Eligible Margin Assets that are part of the Internal Omnibus Margin Account, but have not been allocated to an Omnibus Standard Agreement, constitute "Excess Collateral". Excess Collateral in the form of cash constitutes an Unallocated Redelivery Claim.

Eurex Clearing is entitled to set off any Difference Claim it may have against the Clearing Member under an Omnibus Standard Agreement against any Unallocated Redelivery Claim owed by Eurex Clearing relating to Eligible Margin Assets allocated to the relevant Internal Omnibus Margin Account. For Eligible Margin Assets in the form of Securities which constitute Excess Collateral, amendments to the Clearing Conditions will ensure that Eurex Clearing is entitled to enforce and realise pledges over such Excess Collateral in satisfaction of the Difference Claim of an Omnibus Standard Agreement relating to the relevant Internal Omnibus Margin Account.

To reflect the amendments, the following provisions will be amended as outlined in Attachment 2:

- Chapter 1 Part 2 Subpart A Number 6.6.2 and Subpart C Number 9.4 of the Clearing Conditions

C. Introduction of obligation to participate in liquidity surveys

Eurex Clearing is reflecting current market conditions in the calculation of the relevant margin requirement. In order to be able to consider input from market participants, Eurex Clearing decided to introduce a liquidity survey with mandatory Clearing Member participation. During the survey, Clearing Members will be requested to provide bid-offer-spreads with respect to some or all Transaction Types (depending on the Clearing Licenses held by the Clearing Member) within three weeks after its receipt of the request from Eurex Clearing AG.

To reflect the amendments, the following provisions will be amended as outlined in Attachment 3:

- Chapter 1 Part 1 Number 3.1.3 of the Clearing Conditions

D. Amendments to the Default Management Auction Rules

In line with the continuous development and improvement of the Default Management Process over time, Eurex Clearing introduced a variety of bidder roles for default management auctions. The proposed amendments to the Default Management Auction Rules seek to enable for Clearing Agents, clients and the Selected Auction Participant the selection of auction participation setup on Liquidation Group level and disclosure of affiliated relationship.

Further, Eurex Clearing decided to align the auction participant selection criteria across all Liquidation Groups and to clarify that any specific auction terms can be amended by Eurex Clearing until the auction time expires.

To reflect the amendments, the following provisions will be amended as outlined in Attachment 4:

- Numbers 3.3.1, 3.3.3, 3.4.1, 3.4.3, 3.6.1, 3.7, 4.3.2 of the Default Management Auction Rules
- Clearing Agent Participant Appointment Form
- Client Participant Appointment Form
- Bidding Agent Appointment Form
- Selected Auction Participant Appointment Form

E. Clarifications to the Default Management Committee Rules in regards to DMC convention

In case of extraordinary circumstances when physical attendance in the Default Management Committee meeting is not enforceable, Eurex Clearing foresees to convene DMC meetings using remote access. The proposed amendments to the Default Management Committee Rules seek to provide clarifications with respect to this flexibility.

To reflect the amendments, the following provisions will be amended as outlined in Attachment 5:

- Numbers 3.1.3, 3.2.1-3.2.3 of the Default Management Committee Rules

F. Default Management Rules for Eurex Basket Trades

Eurex Clearing proposes to shift the Default Management process provisions for the clearing of Basket Total Return Futures Contracts from Chapter II to Chapter I Clearing Conditions and to formulate the provision in a more generic way to open the scope of application of these provisions for future introduction of basket trades.

The provision is proposed to be reformulated as follows:

If a Termination or a Basic Clearing Member Termination occurs with respect to a Clearing Member or Basic Clearing Member, (i) any Eurex Transactions of this Clearing Member or Basic Clearing Member that have been concluded as Basket Trades (Basket-Geschäfte) according to Number 4.3 (7) of the Eurex Trading Conditions and (ii) any corresponding Eurex Transactions of another Clearing Member or Basic Clearing Member which resulted from a matching of an order or quote of the Clearing Member or Basic Clearing Member with respect to which a Termination or a Basic Clearing Member Termination has occurred will be delinked from the respective Basket ID (as defined in the Eurex Contract Specifications), resulting in individual Eurex Transactions.

A further clarifying change of Chapter II Part 4 Number 4.1 is also envisaged.

To reflect the amendments, the following provisions will be amended as outlined in Attachment 6:

- Chapter I Part 1 Number 7.5.5 of the Clearing Conditions
- Chapter II Part 2 Number 2.25.7 of the Clearing Conditions
- Chapter II Part 4 Number 4.1 of the Clearing Conditions

Consultation with respect to the amendments proposed under items D. to F.

Pursuant to Chapter I Part 1 Number 17 of the Clearing Conditions, the proposed changes and amendments to the Clearing Conditions under items D. to F. are subject to a Consultation which will end with the **expiry of 27 May 2020 (Consultation Period)**.

Eurex Clearing herewith invites all Affected Customers to submit comments on the proposed changes and amendments within the Consultation Period.

During the Consultation Period, comments on proposed changes or amendments shall be only submitted through a web-based commenting service for which a registration form is available on the Eurex Clearing website www.eurexclearing.com under the following link:

[Resources > Forms > Data Forms Subject: Consultation Form](#)

The form has to be duly signed and returned to Eurex Clearing via e-mail to SpecialProvisions@eurexclearing.com, in order to obtain a User ID and Password together with a link for accessing the web-based commenting service.

To the extent that Eurex Clearing decides to implement any comments received during the Consultation, the so-amended version of the Clearing Conditions will be published after the Consultation.

The currently envisaged effective date of the changes is **25 June 2020**. However, after the Consultation Period, Eurex Clearing will issue a separate circular to announce the concrete date on which the proposed changes (as the case may be, implementing comments received during the Consultation) will come into effect.

This announcement will be made with at least 15 Business Days' notice (Regular Notification Period). However, if Eurex Clearing should receive a request for a Prolonged Notification Period from more than two Affected Customers during the Consultation Period, a Prolonged Notification Period as set out in the Clearing Conditions will be applied and Eurex Clearing will notify all affected parties accordingly.

Publication of amendments as outlined under items A. to C.

As of the effective date, the full version of the amended Clearing Conditions, the Default Management Auction Rules and the Default Management Committee Rules of Eurex Clearing AG will be available for download on the Eurex Clearing website www.eurexclearing.com under the following link:

[Resources > Rules and Regulations](#)

The changes and amendments to the legal framework of Eurex Clearing AG published by this circular are deemed accepted by each affected contractual party of Eurex Clearing AG, unless the respective contractual party objects by written notice to Eurex Clearing AG within the first ten (10) Business Days after publication. Any ordinary right of Eurex Clearing AG to terminate the respective contract (including a Clearing Agreement, if applicable) shall remain unaffected.

Unless the context requires otherwise, terms used and not otherwise defined in this circular shall have the meaning ascribed to them in the Clearing Conditions or the Default Management Auction Rules or the Default Management Committee Rules of Eurex Clearing AG, as applicable.

Attachments:

- Attachment 1: Amended sections of Chapter I Part 1 Number 18 of the Clearing Conditions
- Attachment 2: Amended sections of Chapter I Part 2 Subpart A Number 6.6.2 and Subpart C Number 9.4 of the Clearing Conditions
- Attachment 3: Amended sections of Chapter 1 Part 1 Number 3.1.3 of the Clearing Conditions
- Attachment 4:
 - o Amended sections of Numbers 3.3.1, 3.3.3, 3.4.1, 3.4.3, 3.6.1, 3.7, 4.3.2 of the Default Management Auction Rules and
 - o Clearing Agent Participant Appointment Form
 - o Client Participant Appointment Form
 - o Bidding Agent Appointment Form
 - o Selected Auction Participant Appointment Form
- Attachment 5: Amended sections of Numbers 3.1.3, 3.2.1-3.2.3 of the Default Management Committee Rules
- Attachment 6A: Amended sections of Chapter I Part 1 Number 7.5.5
- Attachment 6B: Chapter II Part 2 Number 2.25.7, Part 4 Number 4.1 of the Clearing Conditions

Further information

Recipients:	All Clearing Members, Basic Clearing Members, Disclosed Direct Clients of Eurex Clearing AG, vendors and other affected contractual parties
Target groups:	Front Office/Trading, Middle + Backoffice, IT/System Administration, Auditing/Security Coordination
Contact:	client.services@eurexclearing.com
Web:	www.eurexclearing.com
Authorised by:	Heike Eckert

Further information

[Attachment 1 to Eurex Clearing circular 035/20](#)

[Attachment 2 to Eurex Clearing circular 035/20](#)

[Attachment 3 to Eurex Clearing circular 035/20](#)

[Attachment 4 to Eurex Clearing circular 035/20](#)

[Attachment 5 to Eurex Clearing circular 035/20](#)

[Attachment 6A to Eurex Clearing circular 035/20](#)

[Attachment 6B to Eurex Clearing circular 035/20](#)

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Chapter I of the Clearing Conditions of Eurex Clearing AG

General Provisions

As of 02.06.2020

AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED,

DELETIONS ARE CROSSED OUT.

[...]

Part 1 General Clearing Provisions

[...]

~~18 Further obligations for Clearing Members with respect to the Value Based Allocation and the Individual Clearing Model Provisions~~

~~18.1 Defined Terms~~

~~For the purpose of this Number 18, the following definitions shall apply:~~

~~“Amendment Effective Date” means 2 January 2020.~~

~~“Previous Clearing Conditions” means the Clearing Conditions that were effective immediately prior to the Amendment Effective Date. The text of the Previous Clearing Conditions will be available on the website of Eurex Clearing AG (www.eurexclearing.com).~~

~~18.2 Additional Obligations~~

~~(1) Each Clearing Member with respect to which the Value Based Allocation pursuant to the Elementary Clearing Model Provision is the Applicable Allocation Method shall switch from Value Based Allocation to Asset Based Allocation at the latest immediately prior to the Amendment Effective Date.~~

~~(2) Each Clearing Member, which entered into an ICM Clearing Agreement with Eurex Clearing AG and an ICM Client, shall with respect to each ICM Client enter into a Clearing Model Change Agreement pursuant to which the Clearing Member and Eurex Clearing AG agree that all Relevant Transactions under the relevant ICM Standard Agreement shall become subject to either the Elementary Clearing Model Provisions or the Individual Segregated Account Provisions prior to the Amendment Effective Date provided that also the effective date of such Clearing Model Change Agreement needs to be prior to the Amendment Effective Date.~~

18.3 Non-Compliance with Additional Obligations

~~Non-compliance with the obligations under Number 18.2 (1) or (2) by the Clearing Member shall constitute a Termination Event pursuant to Number 7.2.1 Paragraph (2) of the General Clearing Provisions.~~

18.4 Transitional Application of Certain Provisions

~~(1) If the Clearing Member has not effectively switched the Applicable Allocation Method from Value Based Allocation to Asset Based Allocation prior to the Amendment Effective Date, the following provisions shall apply:~~

- ~~(i) To ensure that the rights and obligations of the Clearing Member arising under or in relation to the provisions of the Previous Clearing Conditions relating to the Value Based Allocation are not affected by the amendments to the Clearing Conditions that become effective on the Amendment Effective Date, Eurex Clearing AG is entitled to declare in its sole discretion and in writing that those provisions of the Previous Clearing Conditions relating to the Value Based Allocation ("**Value Based Allocation Transitional Provisions**") shall, subject to Paragraph (3), remain in force with respect to the Clearing Member until 31 January 2020. After expiry of 31 January 2020 Number 18.3 shall apply accordingly.~~
- ~~(ii) Eurex Clearing AG may extend this period, if the Clearing Member can prove to Eurex Clearing AG that it has applied all reasonable efforts to comply with the obligation under Number 18.2 (1).~~

~~(2) If the Clearing Member has not effectively entered into a Clearing Model Change Agreement with Eurex Clearing AG prior to the Amendment Effective Date, the following provisions shall apply:~~

- ~~(i) To ensure that the rights and obligations of the Clearing Member and the ICM Client arising under or in relation to its ICM Clearing Agreement are not affected by the amendments to the Clearing Conditions that become effective on the Amendment Effective Date, Eurex Clearing AG is entitled to declare in its sole discretion and by written notice to the Clearing Member and the ICM Client that those provisions of the Previous Clearing Conditions that stipulate rights and obligations of the Clearing Member and the ICM Client arising under or in relation to ICM Clearing Agreement ("**ICM Transitional Provisions**") shall, subject to Paragraph (3), remain in force with respect to the Clearing Member and the ICM Client until 31 January 2020. After expiry of 31 January 2020 Number 18.3 shall apply accordingly.~~
- ~~(ii) Eurex Clearing AG may extend this period, if the Clearing Member can prove to Eurex Clearing AG that it has applied all reasonable effort to comply with the obligation under Number 18.2 (2).~~

~~(3) If any amendments of the Clearing Conditions become effective after the Amendment Effective Date and such amendments relate to either the Value Based Allocation Transitional Provisions or the ICM Transitional Provisions, the Value Based Allocation Transitional Provisions or ICM Transitional Provisions shall be read as if they incorporated those amendments.~~

[...]

Chapter I of the Clearing Conditions of Eurex Clearing AG

General Provisions

As of 02.06.2020

AMENDMENTS ARE MARKED AS FOLLOWS:
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DELETIONS ARE CROSSED OUT.

[...]

Part 2 Elementary Clearing Model Provisions

[...]

Part 2 Subpart A: General Elementary Clearing Model Provisions

[...]

6 Consequences of a Termination Event or Insolvency Termination Event

[...]

6.6 Realisation of Margin

[...]

6.6.2 Eurex Clearing AG shall:

- (A) enforce and realise its pledges over the Eligible Margin Assets in the form of Securities which are credited to the Pledged Securities Account or the relevant securities account with a Third-Party CM Account Holder (used in accordance with Part 1 Number 3.6 for purposes of the Elementary Clearing Model Provisions) and shall apply the proceeds in the following order of priority:

[...]

- (ii) second, (only to the extent Omnibus Margin, Margin booked into the relevant Internal ISA Margin Account or the relevant Internal ISA CASS Margin Account) is, for whatever reason, not sufficient for such purpose), in Eurex Clearing AG's discretion, to each Secured Omnibus Difference Claim, each Secured ISA Difference Claim, each ~~and~~ Secured ISA CASS Difference Claim and all other present and future claims of Eurex Clearing AG against the Clearing Member under any of the Clearing Agreements between Eurex Clearing AG and such Clearing Member~~each Secured Omnibus Difference Claim~~; and

- (B) with respect to each Omnibus Standard Agreement, enforce and realise its pledges over Eligible Margin Assets in the form of Securities allocated to any Client Transaction Account forming part of such Omnibus Standard Agreement in

accordance with Number 4.4.1. Eurex Clearing AG shall be entitled to realise the pledges over the Securities so allocated only in satisfaction of the Difference Claim relating to the relevant Omnibus Standard Agreement.

If the enforcement and realisation of pledges pursuant to (B) above are not sufficient to cover the Difference Claim relating to the Omnibus Standard Agreement, Eurex Clearing AG shall enforce and realise pledges over Eligible Margin Assets in the form of Securities allocated to the relevant Internal Omnibus Margin Account relating to such Omnibus Standard Agreement and which constitute Excess Collateral.

[...]

Part 2 Subpart C: Clearing of Omnibus Transactions

[...]

9 Return of any balance owed by Eurex Clearing AG in respect of an Omnibus Standard Agreement after the completion of the default management process

[...]

[...]

9.4 Subject to Subpart A Number 6.6.2 and Subpart C Number 8.14, Excess Collateral in the form of Securities shall be released or transferred (as applicable), and Unallocated Redelivery Claims shall be satisfied by a payment of the relevant amount, as follows:

[...]

[...]

Chapter I of the Clearing Conditions of Eurex Clearing AG

PLEASE NOTE: AMENDMENTS SHOWN IN THIS DOCUMENT ARE BASED ON THE VERSION OF THE **CLEARING CONDITIONS BECOMING EFFECTIVE ON 4 MAY 2020** PUBLISHED IN **CIRCULAR 031/2020**

General Provisions

As of 02.06.2020

AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED

DELETIONS ARE CROSSED OUT

[...]

Part 1 General Clearing Provisions

[...]

3 General Provisions regarding Margin and Variation Margin

[...]

3.1 Types of Margin and calculation of the Margin Requirement

[...]

3.1.3 Margin Methodology, participation in Liquidity Surveys

- (1) For the calculation of the relevant margin requirement, Eurex Clearing AG applies either the Risk Based Margining methodology or the Eurex Clearing Prisma methodology (each a "**Margin Methodology**") as specified by Eurex Clearing AG with respect to each Liquidation Group.
- (2) With regard to the Margin Methodologies, Eurex Clearing AG will publish the relevant applicable calculation method for all relevant types of margin in accordance with Number 16.1 on its homepage www.eurexclearing.com; each published Margin Methodology shall form part of these Clearing Conditions.
- (3) To reflect current market conditions in the calculation of the relevant margin requirement, Eurex Clearing may submit surveys to the Clearing Member with the request to provide bid-offer-spreads with respect to some or all Transaction Types (depending on the Clearing Licences held by the Clearing Member) ("**Liquidity Surveys**"). The Clearing Member shall complete the Liquidity Survey and send it back to Eurex Clearing AG within three weeks after its receipt from Eurex Clearing AG.

[...]

AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED,

DELETIONS ARE CROSSED OUT.

DEFAULT MANAGEMENT AUCTION RULES

[...]

3 Participation in DM Auctions

[...]

[...]

3.3 Clearing Agent Participant

3.3.1 A Clearing Agent of an Basic Clearing Member ("**Clearing Agent Participant**"), may also participate in a DM Auction upon invitation by Eurex Clearing AG. The Basic Clearing Member shall inform Eurex Clearing AG about the appointment of a Clearing Agent Participant by submitting the form for the appointment of the Clearing Agent Participant attached to these DM Auction Rules ("**Clearing Agent Participant Appointment Form**"). The Basic Clearing Member may choose to appoint the Clearing Agent Participant with respect to all or specific Liquidation Groups as specified in the Clearing Agent Participant Appointment Form. In the Clearing Agent Participant Appointment Form, the Basic Clearing Member shall provide the contact details of at least one contact person at the Clearing Agent Participant for any inquiries Eurex Clearing AG may have with respect to participation of the Clearing Agent Participant in the DM Auctions. Such contact person shall be available without interruptions during regular business hours and has sufficient German or English language skills.

[...]

3.3.3 If the Clearing Agent is an Affiliate of the Basic Clearing Member, the Basic Clearing Member shall disclose such connection to Eurex Clearing AG in the Clearing Agent Participant Appointment Form. Number 3.5.3 sentence 2 applies *mutatis mutandis*.

3.4 **Client Participant**

3.4.1 A Disclosed Direct Client or any other customer of a Clearing Member or an FCM Client of an FCM Clearing Member (each a “**Client Participant**”), may also participate in a DM Auction upon invitation by Eurex Clearing AG. The Clearing Member or FCM Clearing Member shall inform Eurex Clearing AG about the appointment of a Client Participant by submitting the form for the appointment of a Client Participant attached to these DM Auction Rules (“**Client Participant Appointment Form**”). The Clearing Member or FCM Clearing Member may choose to appoint the Client Participant with respect to all or specific Liquidation Groups as specified in the Client Participant Appointment Form. In the Client Participant Appointment Form, the Clearing Member or FCM Clearing Member shall provide the contact details of at least one contact person at the Client Participant for any inquiries Eurex Clearing AG may have with respect to participation of the Client Participant in the DM Auctions and who shall be available without interruptions during regular business hours and has sufficient German or English language skills.

[...]

3.4.3 If the Client Participant is an Affiliate of the Clearing Member or FCM Clearing Member, the Clearing Member or FCM Clearing Member shall disclose such connection to Eurex Clearing AG in the Client Participant Appointment Form. Number 3.5.3 sentence 2 applies *mutatis mutandis*.

[...]

3.6 **Selected Auction Participant**

[...]

3.6.1 Such Clearing Member shall only become a Selected Auction Participant if and when the following requirements are met:

- (1) the Mandatory Participant or FCM Mandatory Participant has submitted to Eurex Clearing AG a completed form for the appointment of the Selected Auction Participant in the form as attached to these General DM Auction Rules (“**Selected Auction Participant Appointment Form**”); the Mandatory Participant or FCM Mandatory Participant may choose to appoint the relevant Selected Auction Participant with respect to all or specific Liquidation Groups as specified in the Selected Auction Participant Appointment Form.

[...]

[...]

3.7 **Suspension and Release**

3.7.1 Eurex Clearing AG shall be entitled to subsequently suspend any Mandatory Participant, FCM Mandatory Participant, Clearing Member Participant, Clearing Agent Participant, Client Participant, Bidding Agent and Selected Auction Participant from participating in a

DM Auction upon the occurrence of a serious cause (*aus wichtigem Grund*) with respect to such participant. If a Clearing Member or FCM Clearing Member has been suspended, its Client Participants and its Bidding Agent (if any) shall also be suspended.

- ~~3.7.2 If the relevant DM Auction Transactions qualify as OTC Interest Rate Derivative Transactions, Interest Rate Derivative Transactions (as defined in Chapter I Number 1.1.5 of the FCM Regulations) or OTC Currency Transactions, Eurex Clearing AG may release a Mandatory Participant or an FCM Mandatory Participant from its obligation to participate in any relevant DM Auction if~~
- ~~(i) within 3 months prior to the relevant Termination, Basic Clearing Member Termination or FCM Clearing Member Termination less than ten (10) OTC Interest Rate Derivative Transactions or Interest Rate Derivative Transactions in the relevant currency have been booked on the Mandatory Participant's or FCM Mandatory Participant's respective accounts (aggregated, if the Mandatory Participant acts as Clearing Agent Participant for one or more Basic Clearing Members, with the OTC Interest Rate Derivative Transactions (if any) that have been booked on the accounts of its Basic Clearing Members), or~~
- ~~(ii) within 3 months prior to the relevant Termination, Basic Clearing Member Termination or FCM Clearing Member Termination (a) the average sum of the Mandatory Participant's or FCM Mandatory Participant's Initial Margin requirement (aggregated, if the Mandatory Participant acts as Clearing Agent for one or more Basic Clearing Members, with the Initial Margin requirement for all its Basic Clearing Members) with respect to the Relevant Liquidation Group and in the relevant currency is less than 0.5 per cent of the sum of all Clearing Members', FCM Clearing Members' and Basic Clearing Members' Initial Margin requirement with respect to the Relevant Liquidation Group and in the relevant currency, and (b) (A) with respect to OTC Interest Rate Derivative Transactions and Interest Rate Derivative Transactions, the average aggregate notional amount resulting from the Mandatory Participant's or FCM Mandatory Participant's OTC Interest Rate Derivative Transactions or Interest Rate Derivative Transactions (aggregated, if the Mandatory Participant acts as Clearing Agent Participant for one or more Basic Clearing Members, with the OTC Interest Rate Derivative Transactions (if any) of its Basic Clearing Members) or (B) with respect to OTC Currency Transactions, the average aggregate notional amount resulting from the Mandatory Participant's OTC Currency Transactions, in each case, with respect to the Relevant Liquidation Group and in the relevant currency is less than 0.5 per cent of the aggregate notional amount, in the case of OTC Interest Rate Derivative Transactions or Interest Rate Derivative Transactions, of all Clearing Members', FCM Clearing Members' and Basic Clearing Members' OTC Interest Rate Derivative Transactions and Interest Rate Derivative Transactions or, in the case of OTC Currency Transactions, the aggregate notional amount of all Clearing Members' OTC Currency Transactions, in each case, with respect to the Relevant Liquidation Group and in the relevant currency, or~~
- ~~(iii) upon occurrence of a serious cause (*aus wichtigem Grund*) related to such Mandatory Participant or FCM Mandatory Participant.~~

4 Pre-Auction Procedures

[...]

4.3 Specific Terms

[...]

4.3.2 Eurex Clearing AG is entitled at any time prior to the Expiration Time (i) to change the ~~Auction Date, Commencement Time, Expiration Time, the Auction Format, or the bidding procedures pursuant to Number 5~~ Specific Terms, or (ii) to cancel a DM Auction, in each case by notice pursuant to Number 11, provided that Eurex Clearing AG shall reasonably extend the Expiration Time to allow for the exercise of the revocation right pursuant to Number 4.3.3 below. ~~Eurex Clearing AG shall inform all Invitees of the respective DM Auction pursuant to Number 11 about any such changes.~~

[...]

12 Miscellaneous

[...]

Clearing Agent Participant Appointment Form

[Letterhead of the Basic Clearing Member]

[...]

Appointment of a Clearing Agent Participant

Pursuant to Number 3.3.1 of the DM Auction Rules, we hereby appoint our Clearing Agent as our Clearing Agent Participant for the participation in the DM Auctions:

Company name of Clearing Agent Participant

Street / No

Zipcode / City

Country

We are an Affiliate of the Clearing Agent:

Yes.

No.

The appointment shall take effect on _____.

The term of the appointment shall be:

limited to the following date: _____ ; or

unlimited.

The appointment shall apply with respect to the following Liquidation Groups:

all Liquidation Groups; or

the following Liquidation Groups:

[...]

Client Participant Appointment Form
[Letterhead of the Clearing Member or FCM Clearing Member]

[...]

Appointment of a Client Participant

Pursuant to Number 3.4.1 of the DM Auction Rules, we hereby appoint the following company as Client Participant for the participation in the DM Auctions:

Company name of Client Participant

Street / No

Zipcode / City

Country

We are an Affiliate of the Client Participant:

Yes,

No.

The appointment shall take effect on _____.

The term of the appointment shall be:

limited to the following date: _____ ; or

unlimited.

The appointment shall apply with respect to the following Liquidation Groups:

all Liquidation Groups; or

the following Liquidation Groups:

[...]

Bidding Agent Appointment Form

[Letterhead of the Mandatory Participant]

[...]

Appointment of a Bidding Agent

Pursuant to Number 3.5 of the DM Auction Rules, we hereby appoint the following company as our Bidding Agent for the participation in the DM Auctions:

Company name

Street / No

Zipcode / City

Country

We are an Affiliate ~~(as defined under Number 3.5.3 of the Default Management Auction Rules)~~ of the Bidding Agent:

Yes,

No.

[...]

Selected Auction Participant Appointment Form

[Letterhead of the Mandatory Participant or FCM Mandatory Participant]

[...]

Appointment of a Selected Auction Participant

Pursuant to Number 3.6 of the Default Management Auction Rules, we hereby appoint the following company as our Selected Auction Participant for the participation in DM Auctions:

Company name

Street / No

Zipcode / City

Country

Member ID of Selected Auction Participant

We are an Affiliate ~~(as defined in Number 3.5.3 of the Default Management Auction Rules)~~ of the Selected Auction Participant:

- Yes,
 No.

The appointment shall take effect on _____.

The term of the appointment shall be:

- limited to the following date: _____; or
 unlimited.

The appointment shall apply with respect to the following Liquidation Groups:

- all Liquidation Groups; or
 the following Liquidation Groups:

[...]

AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED

DELETIONS ARE CROSSED OUT

DEFAULT MANAGEMENT COMMITTEE RULES

[...]

3 Procedures of DMCs

3.1 Convening a DMC Meeting

[...]

3.1.3 Preparation of DMC Meeting

The DMC Secretary may convene a DMC Meeting in such manner as it reasonably considers appropriate to discuss the envisaged DMC Matters taking into account the urgency of such DMC Matters. Where the DMC Secretary considers it to be appropriate in extraordinary circumstances that DMC Members may attend DMC Meetings through means of remote access, it shall determine the requirements and conditions that apply for such a remote access and that DMC Members have to comply with. The DMC Secretary will prepare a meeting agenda which shall be distributed to the DMC Members (the “**DMC Meeting Agenda**”).

3.2 Meeting, Participation, Participation Duties

3.2.1 Meeting

DMC Meetings shall take place at premises in London and Frankfurt am Main (or Eschborn). The premises shall be linked to each other by video conference. To the extent technically practicable, video conferences shall likewise be established where DMC Members attend a DMC Meeting through means of remote access where remote access has been permitted by the DMC Secretary.

[...]

3.2.3 Duties of Participating DMC Members

Each Participating DMC Member Institution shall use reasonable endeavours to ensure that its Participating DMC Members comply with the following rules:

[...]

- (3) Participating DMC Members are not permitted to bring any own means of electronic communication to the premises where the DMC Meeting takes place.

[...]

[...]

Chapter I of the Clearing Conditions of Eurex Clearing AG

General Provisions

As of 25.06.2020

AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED

DELETIONS ARE CROSSED OUT

[...]

Part 1 General Clearing Provisions

[...]

7 Termination Rules with respect to the Clearing Member

[...]

7.5 Default Management Process

—(1) Eurex Clearing AG maintains a default management process (“**DMP**”) to reduce the risks following a default

—(4i) by a Clearing Member or a Basic Clearing Member and the occurrence of in case of a ((i)) Clearing Member, a Termination Event or Insolvency Termination Event resulting in a Termination or ((ii)) a Basic Clearing Member, a Basic Clearing Member Insolvency Termination Event or Basic Clearing Member Termination Event resulting in a Basic Clearing Member Termination (as defined in Part 6 Number 10.4), and, in each case, the calculation of one or more Difference Claims, as described in these Clearing Conditions; and

—(2ii) by an FCM Clearing Member under the FCM Clearing Conditions.

—(2) Eurex Clearing AG establishes default management committees (each a “**DMC**”) for the purpose of advising and assisting the Executive Board of Eurex Clearing AG with respect to the consequences of a Termination, a Basic Clearing Member Termination or the occurrence of an FCM Clearing Member Termination Time and all other matters specified in the Clearing Conditions, as further set out in this Number 7.5, and in the FCM Clearing Conditions.

—(3) Where in this Number 7.5 reference is made to:

—(4i) “**Terminated Transactions**”, such reference shall refer to ((i)) all terminated Transactions of the Affected Clearing Member in accordance with Subpart A Number 6.3.1 of the Elementary Clearing Model Provisions, Number 11.1 of the ISA Provisions, or ((ii)) following a Basic Clearing Member Termination,

all terminated Basic Clearing Member Transactions of the Basic Clearing Member(s) pursuant to Number 10.5 of the Basic Clearing Member Provisions for which the Affected Clearing Member acts as Clearing Agent; or

____(2ii) **“Terminated FCM Clearing Member Transactions”**, such reference shall refer to all FCM Clearing Member Transactions that are treated as if they are terminated in accordance with Chapter I Number 9.2.3 of the FCM Clearing Regulations.

____(4) Each Clearing Member shall appoint one of its employees as its coordinator for the default management process (“DMP-coordinator”) and another of its employes as a deputy DMP-coordinator (as “DMP-deputy”). The DMP-coordinator and DMP-deputy, respectively, shall act as a central contact for Eurex Clearing AG for all general matters relating to the default management process and register these vis-à-vis Eurex Clearing AG.

(5) Each Clearing Member shall provide Eurex Clearing AG with a completed form as published by Eurex Clearing AG on its website (www.eurexclearing.com) in which the relevant Clearing Member provides an overview on its trading capabilities with respect to all bonds underlying Repo Transactions (**“Bonds Trading Sheet”**). Each Clearing Member shall provide Eurex Clearing AG with a new Bonds Trading Sheet whenever any of the determinations made in the Bonds Trading Sheet changes.

(6) If a Termination or a Basic Clearing Member Termination occurs with respect to a Clearing Member or Basic Clearing Member, (i) any Eurex Transactions of this Clearing Member or Basic Clearing Member that have been concluded as Basket Trades (*Basket-Geschäfte*) according to Number 4.3 (7) of the Eurex Trading Conditions and (ii) any corresponding Eurex Transactions of another Clearing Member or Basic Clearing Member which resulted from a matching of an order or quote of the Clearing Member or Basic Clearing Member with respect to which a Termination or a Basic Clearing Member Termination has occurred will be delinked from the respective Basket ID (as defined in the Eurex Contract Specifications), resulting in individual Eurex Transactions.

[...]

Chapter II of the Clearing Conditions of Eurex Clearing AG

Transactions Concluded at Eurex Deutschland

(Eurex Exchange)

As of 25.06.2020

[...]

Part 1 General Provisions

[...]

1.2 Margin Requirement

[...]

(5) [...]

- (b) If the value of a Eurex Transaction has moved in favour of the Clearing Member, a claim for STM Variation Margin of the Clearing Member vis-à-vis Eurex Clearing AG that corresponds to the price change determined in accordance with Paragraph (1) shall arise as a primary payment obligation under the Eurex Transaction and it shall immediately become due and payable upon determination thereof by Eurex Clearing AG. If the price of a Eurex Transaction has moved in favour of Eurex Clearing AG, a claim for STM Variation Margin of Eurex Clearing AG vis-à-vis the Clearing Member that corresponds to the price change determined in accordance with Paragraph (1) shall arise as a primary payment obligation under the ~~Derivatives~~ Eurex Transaction and it shall immediately become due and payable upon determination thereof by Eurex Clearing AG. If the value of a Eurex Transaction has not moved since the last determination, no claim for STM Variation Margin shall arise.

[...]

[...]

Part 2 Clearing of Futures Contracts

[...]

~~2.25.7~~ **Default Management Process**

~~The following provisions shall apply to the default management process of Basket Trades of Equity Total Return Futures Contracts, as specified in Number 4.3 of the Eurex Trading Conditions and in Number 3.2 and 3.3 of the Eurex Contract Specifications (“**Basket Total Return Futures Contracts**”) in addition to the Default Management Process described in Chapter I Part 1 Number 7.5.~~

~~If a Termination or a Basic Clearing Member Termination occurs with respect to a Clearing Member or Basic Clearing Member, any open positions of this Clearing Member or Basic Clearing Member in Basket Total Return Futures Contracts will be disassembled into the constituent parts of the Basket Total Return Futures Contracts, resulting in individual Total Return Futures Contracts, which will no longer be linked to the respective Basket ID (as specified in Number 3.2.7 and 3.3 of the Eurex Contract Specifications). This also applies to any open positions in Basket Total Return Futures Contracts held by a Clearing Member or Basic Clearing Member (i) which resulted from a trade consummation with a Clearing Member or Basic Clearing Member with respect to which a Termination or a Basic Clearing Member Termination has occurred or (ii) to which such open positions were transferred after inclusion into Clearing, and, consequently, whose open positions mirror the open positions in Basket Total Return Futures Contracts of a Clearing Member or Basic Clearing Member with respect to which a Termination or a Basic Clearing Member Termination has occurred.~~

[...]

Part 4 Clearing of Eurex Off-Book Trades

[...]

4.1 General Conditions

Eurex Clearing AG will carry out the Clearing of Eurex Off-Book Trades according to Number 4.3 of the Eurex Trading Conditions and Number 3.2 of the Eurex Contract Specifications for the following trade types:

- ~~Basket Trades of Equity Total Return Futures Contracts,~~
- ~~Block Trades,~~
- Exchange for Physicals for Financials („EFP-F”),
- Exchange for Physicals for Index-Futures/FX-Futures (“EFP-I”),
- Exchange for Swaps (“EFS”),
- Vola Trades and
- Trade-at-Market- (“TAM”) Trades

[...]

[...]
