



Eurex Clearing Resources Circulars & Mailings

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No. 091/2019

Collateral Management: Change in the calculation of interest rates on cash collateral and resulting amendments to the Clearing Conditions of Eurex Clearing AG

Eurex Clearing Circular 091/2019

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) regarding the determination of interest rates with respect to Eligible Margin Assets in the form of cash.

In order to support the regulatory agenda and in response to the current market conditions, specifically the ongoing negative interest rate environment in Europe, Eurex Clearing intends to further increase transparency regarding the determination of interest rates by focussing on the actual interest rate environment in the financial market.

The amendments will become effective as of **1 November 2019**.

2. Required action

There is no action required for Members and clients.

3. Details of the initiative

Since April 2018, Eurex Clearing calculates interest rates with respect to Eligible Margin Assets in the form of cash, which it received as (Initial) Margin by its Clearing Members, on the basis of benchmark rates. Regarding negative interest rates, Eurex Clearing only applied these benchmarks, if such benchmark rates were more beneficial for the relevant Clearing Member than those rates calculated on the basis of the actual expenses Eurex Clearing had to bear itself.

As of 1 November 2019, Eurex Clearing will generally focus on the application of benchmark rates when determining the interest rates to be applied with respect to Eligible Margin Assets in the form of cash. Only in exceptional cases such as extraordinary market conditions or disruptions, Eurex Clearing reserves the right to deviate from these principles.

To provide sufficient transparency, Eurex Clearing will publish any benchmark rate it applies for the calculation of interest rates on cash collateral as well as any changes to the applicable calculation method due to extraordinary market conditions or market disruptions on its website www.eurexclearing.com. To implement the changes, the following provisions of the Clearing Conditions will be amended as outlined in the Attachment:

- Chapter I Part 1 Number 3.4.4

As of the effective date, the full version of the amended Clearing Conditions 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 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.

Attachment:

- Amended sections of the Clearing Conditions of Eurex Clearing AG

Recipients: All Clearing Members, Basic Clearing Members, Disclosed Direct Clients of Eurex Clearing AG and vendors

Target groups: Front Office/Trading, Middle + Back Office, IT/System Administration, Auditing/Security Coordination

Contact: client.services@eurexclearing.com

Web: [Interest rates on cash collateral](#)

Authorized by: Heike Eckert

Further information

[Attachment to Eurex Clearing circular 091/19](#)

[Navigate to Eurex News](#)

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Chapter I of the Clearing Conditions of Eurex Clearing AG

General Provisions

As of 01.11.2019

AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED,

DELETIONS ARE CROSSED OUT.

[...]

Part 1 General Clearing Provisions

[...]

3.4 Currency Conversion, Use of Eligible Margin Assets in the form of cash and Income on Margin Assets, Participation of Clearing Members in Losses

[...]

3.4.4 Eurex Clearing AG may ~~agree~~ determine from time to time to either pay interest or charge negative interest on Eligible Margin Assets in the form of cash actually delivered by a Clearing Member or a Basic Clearing Member (or Clearing Agent acting for the account of the Basic Clearing Member) to Eurex Clearing AG in respect of Margin. Eurex Clearing AG publishes information on the calculation of interest rates or negative interest rates as well as any changes to the applicable calculation method due to extraordinary market conditions or market disruptions on its website (www.eurexclearing.com). Such information will be amended from time to time and published accordingly. When determining to charge negative interest, Eurex Clearing AG shall consider the currently applicable benchmark interest rates and interest rates charged by the central banks or commercial banks. Any income on Eligible Margin Assets in form of Securities actually delivered by a Clearing Member or a Basic Clearing Member to Eurex Clearing AG in respect of Margin shall be subject to the specific provisions of the Elementary Clearing Model Provisions, the Individual Clearing Model Provisions, the ISA Provisions or the Basic Clearing Member Provisions.

[...]
