

Eurex Clearing AG
ECAG Rule Certification 087/18
October 19, 2018

1. The text of the proposed amendments to the FCM Regulations of Eurex Clearing (“FCM Regulations”) and FCM Default Rules of Eurex Clearing (“FCM Default Rules”) is appended as Attachment A. Any additions are underlined and any deletions are struck through.
2. The date of intended implementation is November 12, 2018.
3. Attached please find a certification that: (1) these amendments comply with the Commodity Exchange Act (the “Act”), and the Commission’s regulations thereunder; and (2) concurrent with the filing of this submission, Eurex Clearing is posting a copy of this filing to its website at: <http://www.eurexclearing.com/clearing-en/resources/cftc-dco-filing>.
4. A concise explanation and analysis of the operation, purpose, and effect of the amended rule appears below.
5. There were no opposing views expressed regarding these amended rules.
6. Confidential treatment is not requested.

CONCISE EXPLANATION AND ANALYSIS OF THE OPERATION, PURPOSE, AND EFFECT OF THE PROPOSED RULE AND ITS COMPLIANCE WITH APPLICABLE PROVISIONS OF THE ACT, INCLUDING CORE PRINCIPLES AND THE COMMISSION’S REGULATIONS THEREUNDER

On 24 August 2018, Eurex Clearing published Eurex Clearing Circular 072/18 (submitted to the CFTC as Rule Certification 072/18 under CFTC Regulation 40.6), which announced Eurex Clearing’s plan to launch a refined LSOC (= Legally Segregated Operationally Commingled) framework as soon as final CFTC approval is received as well as corresponding amendments, including renewed FCM Regulations exclusively for the LSOC framework and FCM Default Rules.

Eurex Clearing is implementing the following further amendments to the FCM Regulations and FCM Default Rules:

1. Eurex Clearing is proposing a paragraph in the FCM Regulations Chapter II Part 1 Section 1.2.1 regarding Eurex Clearing’s straight-through-processing. Specifically, the amendment provides that, in the event a new transaction is submitted for acceptance (i.e. no credit limit token is attached), an FCM Clearing Member must accept the swap transaction in the system of Eurex Clearing no later than 10 minutes after receipt of the transaction for acceptance. In addition, the amendment provides that Eurex Clearing will inform an FCM Clearing Member of a breach of this period, and, if the FCM Clearing Member does not demonstrate to Eurex Clearing within a reasonable timeframe the reasons for the breach of the period, Eurex Clearing will reject the transaction.

2. Eurex Clearing is proposing the following clarifying amendments to the FCM Regulations and FCM Default Rules: (i) deletion of references to the German version of the Clearing Conditions of Eurex Clearing (“Clearing Conditions”) as the legally binding version; (ii) clarification that an FCM Clearing Member only acts as principal towards Eurex Clearing with respect to the clearing of own transactions; and (iii) clarification that it is not required that an FCM Clearing Member be the legal owner of cash margin and that it is sufficient that it is entitled to deliver cash to Eurex Clearing.
3. Eurex Clearing proposing other non-substantive amendments.

Further information regarding the operation, purpose, and effect of the proposed amendments is discussed in the attached Eurex Clearing Circular 082/18, which is appended as Attachment A.

Eurex Clearing has identified the following derivatives clearing organization (“DCO”) Core Principles as potentially being relevant to the above amendments:

1. DCO Core Principle C (Participant and Product Eligibility): The proposed amendments will comply with DCO Core Principle C because the amendments further clarify the straight-through processing requirement and agency model in compliance with this Core Principle.
2. DCO Core Principle D (Risk Management): The proposed amendments will comply with DCO Core Principle D because the amendments further clarify that an FCM Clearing Member is not required to be the legal owner of cash margin and that it is sufficient to be entitled to deliver cash to Eurex Clearing, and Eurex Clearing will continue to comply with this Core Principle.
3. DCO Core Principle L (Public Information): The proposed amendments will comply with DCO Core Principle L because the amendments will clarify the legally binding version of the Clearing Conditions.

CERTIFICATIONS PURSUANT TO SECTION 5c OF THE COMMODITY EXCHANGE ACT, 7 U.S.C. §7a-2 AND COMMODITY FUTURES TRADING COMMISSION RULE 40.6, 17 C.F.R. §40.6

I hereby certify that:

- (1) the amendments comply with the Commodity Exchange Act, and the Commission's regulations thereunder; and
- (2) concurrent with the filing of this submission, Eurex Clearing is posting a copy of this filing to its website at: <http://www.eurexclearing.com/clearing-en/resources/cftc-dco-filing>.



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Dated: October 19, 2018