

Eurex Clearing AG
ECAG Rule Certification 129/16
October 26, 2016

1. The text of the proposed amendments to the Clearing Conditions of Eurex Clearing AG (“Clearing Conditions”) is appended as Attachment A. Any additions are underlined and any deletions are struck through.
2. The date of intended implementation will be announced in a separate circular and will not be later than 15 business days prior to effectiveness.
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

Eurex Clearing is proposing to amend the default management process for Eurex Bonds, Eurex Repo, and GC Pooling Repo Transactions. Specifically, the amendments introduce a bond liquidation group (“Bond LG”), which comprises all bond-related products cleared by Eurex Clearing (i.e., all Eurex Bonds, Eurex Repo, and GC Pooling Repo Transactions cleared by Eurex Clearing). Liquidation Groups (“LGs”) comprise products with similar risk characteristics that are liquidated according to the same framework in case of a Clearing Member’s default. A complete list of LGs maintained by Eurex Clearing is available at: <http://www.eurexclearing.com/clearing-en/risk-management/risk-parameters>. With the introduction of a Bond LG, the amendments also implement the following:

1. A Default Management Committee (“DMC”) for the Bond LG to advise and assist Eurex Clearing during a Clearing Member’s default and in regular default management simulations as well as the allowance for Clearing members to nominate one or more Market Advisors that can provide information during a default situation;
2. As part of the DMP, allowance for Eurex Clearing to enter into hedging transactions;
3. A request for all Clearing Members to fill out a Bond Trading Sheet and subdivision of the overall scope of bonds into Bond Clusters;
4. Two liquidation steps for Eurex Repo and GC Pooling Repo Transactions (i.e., liquidating the underlying bond and entering into a replacement transaction);

5. Allowance for Independent Trades after consultation with the DMC;
6. An auction process if attempts to sell a bond via an Independent Trade fail; and
7. A buy-in of bonds process if Eurex Clearing has to buy an underlying bond in the market.

Further information regarding the operation, purpose, and effect of the proposed amendments is discussed in the attached Eurex Clearing Circular 129/16, which is appended as Attachment A.

These amendments fall under the Special Provisions of the Clearing Conditions and are subject to a consultation process to which Eurex Clearing is inviting all Clearing Members, Non-Clearing Members, Registered Customers, and Basic Clearing Members to submit comments. The effective date for the amendments will be announced in a separate circular, which will be issued no less than 15 business days prior to the effective date.

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

1. DCO Core Principle G (Default Rules and Procedures): The amendments will comply with DCO Core Principle G because the amendments update the default management process for Eurex Bonds, Eurex Repo, and GC Pooling Repo Transactions to increase transparency and adjust processes for changed market conditions. The default management process of Eurex Clearing will continue to provide for the efficient, fair, and safe management of events during a default.

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 26, 2016