

Eurex Clearing AG
ECAG Rule Certification 114/17
November 13, 2017

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 is December 4, 2017.
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 the following amendments to the Clearing Conditions, which are being proposed in preparation of a new system release, EurexOTC Clear Release 8.0:

1. First, the proposed amendments further align the Clearing Conditions with MIFIR’s requirement that a CCP either accept or reject an OTC transaction for clearing within 10 seconds. Specifically, (i) the intraday margin call process will be decommissioned for new OTC transactions that cannot be novated due to insufficient collateral; trades that do not fulfill all novation criteria, including the requirement to provide sufficient Eligible Margin Assets in time, will be rejected; (ii) new OTC transactions that were subject to pre-execution limit checks will not be sent for clearing member take-up in Eurex Clearing’s systems; (iii) the functionality that permits cancellation of the submission of a new OTC transaction for clearing under certain conditions will be decommissioned; and (iv) new OTC transactions that are submitted to Eurex Clearing during its business hours will be processed as quickly as technically feasible.
2. Second, the proposed amendments implement a logic that determines whether a CCP’s remaining transaction will be novated to ISDA or DRV/German Master. Specifically: (i) if all netted/accumulated trades are ISDA IRS transactions, the remaining CCP transactions will be novated under ISDA; (ii) if all netted/accumulated trades are DRV IRS transactions, the remaining CCP transactions will be novated under DRV; and (iii) if netted/accumulated trades are both ISDA and DRV IRS transactions, the remaining CCP transactions will be novated to ISDA, except in certain cases specified in the amendments.

3. Third, the proposed amendments decommissioned restrictions on the maximum period length of long Stub Periods for fixed rate payments.

Further information regarding the operation, purpose, and effect of the proposed amendments is discussed in the attached Eurex Clearing Circular 114/17, which is appended as Attachment A.

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

1. DCO Core Principle C (Participant and Product Eligibility): The amendments will comply with DCO Core Principle C because the amendments align the Clearing Conditions with the CFTC regulation under this Core Principle that provides that a CCP must accept or reject a trade submitted to Eurex Clearing as soon as technologically practicable, which has been defined as within 10 seconds.

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/cfte-dco-filing>.



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Dated: November 13, 2017