

22 Nov 2021
Eurex Clearing

Amendments to the Clearing Conditions, the Default Management Committee Rules and the FCM Default Rules of Eurex Clearing - Consultation

Eurex Clearing Circular 103/21 Amendments to the Clearing Conditions, the Default Management Committee Rules and the FCM Default Rules of Eurex Clearing - Consultation

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 (Clearing Conditions), the Default Management Committee Rules (DM Committee Rules) and the FCM Default Rules of Eurex Clearing (FCM Default Rules) regarding the following topics:

- A. Default Management Committee convention rules,
- B. Evaluation method for participation in the Default Management Process (DMP) for the Bond Liquidation Group,
- C. Amendments to the Default Management Process for FX Rolling Spot Futures, and
- D. Minor amendments regarding the scope of independent sales and auctions as well as clarifications regarding the consequences of bad bids or

non-bidding and editorial changes in regards to the reference to Hedging Auction Participation Agreement.

The amendments to the Clearing Conditions and the DM Committee Rules regarding the above topics are subject to a consultation process (Consultation); the Consultation will end upon expiry of **22 December 2021** (Consultation Period). The planned effective date of these amendments is **1 February 2022**, depending on the outcome of the Consultation which will be communicated in a separate Eurex Clearing circular.

The amendments to the FCM Default Rules will become effective as of **1 February 2022**.

2. Required action

The amendments to the Clearing Conditions and the DM Committee Rules are subject to a Consultation which will end with **the expiry of 22 December 2021**.

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

3. Details of the initiative

A. Default Management Committee (DMC) convention rules - Consultation

The current provisions in the Clearing Conditions foresee that a DMC Meeting shall take place if at least one OTC Interest Rate Derivative Transaction or one OTC Currency Transaction or one Interest Rate Derivative Transaction is among the Terminated Transactions.

Eurex Clearing is proposing to harmonize the rules across all Liquidation Groups and therefore to remove the mandatory DMC meeting convention rule leaving the decision at the discretion of Eurex Clearing. To reflect the changes, the following rules and regulations of Eurex Clearing will be amended as outlined in the attachments:

- ◆ Chapter I Part 1 Number 7.5.1 of the Clearing Conditions,
- ◆ Number 2.1.1 and 3.1.1 of the DM Committee Rules, and
- ◆ Number 4.1.2 of the FCM Default Rules.

B. Evaluation method for participation in the Default Management Process for Bond Liquidation Group

According to the current provisions when evaluating a Clearing Member's performance in the Bonds Default Management Process, Eurex Clearing creates a score card which reflects the results for participation in the independent sale and auction process. Based on the overall result of the score card, the order of Default Fund Contribution utilization is determined.

For simplification and harmonization reasons and to strengthen transparency, Eurex Clearing proposes to align the Default Management Participation evaluation rules with other Liquidation Groups. Therefore, the utilization order regarding the Default Fund Contributions in case of the occurrence of a default event will be determined based on bids received during the Auction process.

Based on the relevant reference price, the Contributions of such Clearing Members, which provided bids below the reference price or which did not bid at all, shall be realised prior to the Contributions of other Clearing Members for the affected Liquidation Group.

To reflect the changes, the following provisions in the Clearing Conditions will be amended as outlined in the attachments:

- ◆ Chapter I Part 1 Number 7.5.3

C. Amendments to the Default Management Process for FX Rolling Spot Futures

Eurex Clearing reviewed the Default Management Process for FX Rolling Spot Futures and concluded that the product characteristics of FX Rolling Spot Futures do not require special close-out methods in case of the occurrence of a Termination with respect to a Clearing Member clearing FX Rolling Spot Futures.

Rather, Eurex Clearing proposes to apply the general Default Management Process which provides for the sufficient measures to liquidate terminated FX Rolling Spot Futures as well.

Therefore, it is proposed to remove the currently applicable special Default Management Process provisions (Market Integrity Process) for the FX Rolling Spot Futures.

To reflect the changes, the following provisions in the Clearing Conditions will be amended as outlined in the attachments:

- ◆ Chapter II Part 2 Numbers 2.12.6 and 2.12.7

D. Minor amendments regarding the scope of independent sales and auctions as well as clarifications regarding the consequences of bad bids or non-bidding

Further, Eurex Clearing conducts minor amendments to the Clearing Conditions and to the FCM Default Rules by removing several restrictions regarding the scope of independent sales and auctions and including clarifications regarding the consequences of bad bids or non-bidding.

To reflect the changes, the following rules and regulations of Eurex Clearing will be amended as outlined in the attachments:

- ◆ Chapter I Part 1 Numbers 7.5.2 and 7.5.3 of the Clearing Conditions and
- ◆ Number 4.3 of the FCM Default Rules.

Consultation with respect to the amendments to the Clearing Conditions and the DM Committee Rules

Pursuant to Chapter I Part 1 Number 17 of the Clearing Conditions, the proposed changes and amendments to the Clearing Conditions and the DM Auction Rules are subject to a Consultation which will end with the expiry of **22 December 2021**.

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 only be submitted through a web-based commenting service for which a registration form is available on the Eurex Clearing website under the following link:

Find > Forms > Data Forms Subject: Consultation Form

The form has to be duly signed and returned to Eurex Clearing via e-mail to SpecialProvisions@eurex.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 to the Clearing Conditions and the DM Committee Rules is **1 February 2022**. 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 to the FCM Default Rules

As of the effective date, the full versions of the amended FCM Default Rules will be available for download on the Eurex Clearing website www.eurex.com/ec-en/ under the following link:

Rules & Regs > Rules and Regulations

The changes and amendments to the FCM Default Rules published by this circular are deemed accepted by each affected contractual party of Eurex Clearing, unless the respective contractual party objects by written notice to Eurex Clearing within the first ten (10) Business Days after publication. Any ordinary right of Eurex Clearing to terminate the respective contract (including the FCM 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, the DM Committee Rules or the FCM Default Rules, as applicable.

Attachments:

1. A and 1. B: Amended sections of the Clearing Conditions
2. Amended sections of the DM Committee Rules
3. Amended sections of the FCM Default Rules

Further information

Recipients: All Clearing Members, Basic Clearing Members, Disclosed Direct Clients and FCM Clearing Members of Eurex Clearing, vendors and other affected contractual parties

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

Contact: client.services@eurex.com

Web: www.eurex.com/en-ec/

Authorized by: Jens Janka

Further information

→ [Attachment 1A to Eurex Clearing circular 103/21](#)

→ [Attachment 1B to Eurex Clearing circular 103/21](#)

→ [Attachment 2 to Eurex Clearing circular 103/21](#)

→ [Attachment 3 to Eurex Clearing circular 103/21](#)

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Chapter I of the Clearing Conditions of Eurex Clearing AG

General Provisions

As of 01.02.2022

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

[...]

7.5.1 Default Management Committees

[...]

(2) Eurex Clearing AG has the right to convene a meeting of one or more DMCs

[...]

(d) any further matters relating to the consequences and risks of a Termination Event, an Insolvency Termination Event, a Basic Clearing Member Termination, an FCM Clearing Conditions Termination Event or an FCM Clearing Conditions Insolvency Termination Event.

— ~~If there is at least (i) one OTC Interest Rate Derivative Transaction (as defined in Chapter VIII Part 2 Number 2.1.1) or one OTC Currency Transaction (as defined in Chapter VIII Part 1 Paragraph (1)) among the Terminated Transactions or (ii) one Interest Rate Derivative Transaction among the Terminated FCM Clearing Member Transactions, Eurex Clearing AG shall, subject to Number 2.4.4 Paragraph (6) of the DMC Rules in any event convene a DMC Meeting (as defined in the DMC Rules) for such DMC that has been established with respect to the Liquidation Group to which such OTC Interest Rate Derivative Transaction, OTC Currency Transaction or Interest Rate Derivative Transaction belongs.~~

[...]

7.5.2 DM Hedging Transactions

[...]

(2) Hedging Auctions

[...]

- (iii) To be able to participate in Hedging Auctions, a Clearing Member must become a Hedging Auction Participant.

[...]

- (c) Hedging Auction Participant on non-voluntary basis

[...]

Each selected Hedging Auction Participant is obliged to sign the DMC Hedging Auction Participation Agreement within the next 10 Business Days after the date on which it was informed about the selection by Eurex Clearing AG. As of the signing of the Hedging Auction Participation Agreement by the selected Clearing Member and Eurex Clearing AG, the Clearing Member becomes a Hedging Auction Participant.

7.5.3 Establishment of Transactions by way of independent trades or by conducting DM Auctions

- (1) At any time after the Clearing Member Termination Time, the Basic Clearing Member Termination Time or the FCM Clearing Member Termination Time, Eurex Clearing AG may in its discretion, take the following measures:

- (i) Enter into independent trades to

(~~a~~) establish new Transactions or new FCM Clearing Member Transactions equivalent ~~(except, as relevant, for the governing law)~~ to Terminated Transactions or Terminated FCM Clearing Member Transactions and/or new Transactions or new FCM Clearing Member Transactions reciprocal ~~(except, as relevant, for the governing law)~~ to DM Hedging Transactions, and

(~~b~~) buy or sell Securities underlying the Terminated Transactions or Terminated FCM Clearing Member Transactions ~~and which are required to enter into new Transactions or FCM Clearing Member Transactions~~, as deemed appropriate by Eurex Clearing AG in consultation with the relevant DMC(s).

((~~a~~) and (~~b~~)) collectively the “**Independent Trade Transactions**” and each an “**Independent Trade Transaction**”).

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- (ii) If it is deemed appropriate by Eurex Clearing AG in consultation with the relevant DMC(s), Eurex Clearing AG may conduct one or more auctions with respect to one or several Liquidation Groups (in whole or in part the “**DM Auctions**” or each a “**DM Auction**”) to establish
- (~~ia~~) new Transactions specified by Eurex Clearing AG which are – taken as a whole – equivalent to Terminated Transactions or equivalent (~~except for the governing law~~) to Terminated FCM Clearing Member Transactions and/or reciprocal (~~except, as relevant, for the governing law~~) to DM Hedging Transactions, ~~or~~
- (~~bii~~) new FCM Clearing Member Transactions specified by Eurex Clearing AG which are – taken as a whole – equivalent (~~except for the governing law~~) to Terminated Transactions or equivalent to Terminated FCM Clearing Member Transactions and/or reciprocal (~~except, as relevant, for the governing law~~) to DM Hedging Transactions
- (~~ia~~) and (~~bii~~) collectively the “**DM Auction Transactions**” and each a “**DM Auction Transaction**”), ~~or~~.
- (iii) With respect to Repo Transactions, Eurex Clearing AG may, if it is deemed appropriate by Eurex Clearing AG in consultation with the relevant DMC(s), conduct one or more auctions, to sell the bonds underlying the Repo Transactions and to establish new Transactions being reciprocal to DM Hedging Transactions (“**DM Bonds Auctions**”).

[...]

(3) General Provisions

[...]

- (v) ~~Each~~ A Mandatory Participant that does not submit a Mandatory Bid or does not submit a valid Mandatory Bid for an Auction Unit (in respect of all its capacities as a Clearing Member and a Clearing Agent, as applicable) during such DM Auction, ~~is~~ qualifies with respect to the relevant Liquidation Group, to which the DM Auction relates, as a “**CM Non-Bidding Participant**”.

_____ A CM Non-Bidding Participant shall be subject to the following contractual penalty which shall be paid in accordance with Number 1.4.1:

- (a) the CM Non-Bidding Participant shall, subject to a Residual Settlement pursuant to (d), pay to Eurex Clearing AG, in accordance with instructions received from Eurex Clearing AG, an amount which shall be calculated by Eurex Clearing AG as follows: the fraction of (i) the number of the Auction Units for which the CM Non-Bidding Participant has not submitted a Mandatory Bid or has not submitted a valid Mandatory Bid in such DM Auction (numerator) and (ii) the total number of Auction Units offered in such DM Auction (denominator), such fraction, multiplied by 100 and further multiplied by EUR 500,000 (or the corresponding equivalent in any

other Clearing Currency as determined by Eurex Clearing AG), but subject to a maximum aggregate amount of EUR 5,000,000 (or the corresponding equivalent in any other Clearing Currency as determined by Eurex Clearing AG) per DM Auction.

~~Any amount received by Eurex Clearing AG under this Paragraph (a) shall be added to, and forthwith be part of, the Dedicated Amount of Eurex Clearing AG in accordance with Number 6.1.3; and~~

[...]

- (c) if during the DM Auction only some (but not all) Auction Units have been successfully auctioned in accordance with the DM Auction Rules (each Auction Unit which has not been so auctioned a **“Residual Auction Unit”**), the CM Non-Bidding Participant shall (i) pay to Eurex Clearing AG on the relevant due dates of the relevant DM Auction Transactions the amounts (subject to a maximum aggregate amount of EUR 1,000,000,000 (or the corresponding equivalent in any other Clearing Currency as determined by Eurex Clearing AG) per DM Auction) equal to the Pro Rata Share (as defined below) of the exposure of Eurex Clearing AG as at the relevant due date to such Residual Auction Units (for which the CM Non-Bidding Participant failed to provide a Mandatory Bid or a valid Mandatory Bid) and (ii) provide collateral to Eurex Clearing AG for its obligations arising under (i) above, where Number 3 shall apply *mutatis mutandis* to the collateral.

[...]

The **“Pro Rata Share”** of a CM Non-Bidding Participant shall be the ratio of (A) the Residual Auction Units for which the CM Non-Bidding Participant failed to provide a Mandatory Bid or a valid Mandatory Bid in the relevant DM Auction and (B) the total number of valid Mandatory Bids which all CM Non-Bidding Participants failed to provide in the relevant DM Auction.

[...]

- (4) Special provisions relating to OTC Interest Rate Derivative Transactions, Interest Rate Derivatives Transactions and OTC Currency Transactions

[...]

- (iii) ~~Each If a Mandatory Participant that does not submits an Insufficient Bid for the relevant Auction Unit in accordance with the DM Auction Rules during the relevant DM Auction, such Mandatory Participant qualifies as CM Non-Bidding Participant subject to the following provisions: shall be subject to the following contractual penalty:~~

~~(a) If the Mandatory Participant submits an Insufficient Bid and if, following a Realisation Event in relation to the relevant Affected Clearing Member or the relevant Affected FCM Clearing Member (but not with respect to any other Realisation Event), Contributions of Non-Affected Clearing~~

Members and/or Non-Affected FCM Clearing Members are realised, the Contributions of such CM Non-Bidding Participant with respect to the relevant Liquidation Group of all Mandatory Participants (in respect of all its capacities as Clearing Members and Clearing Agents, as applicable) and all FCM Mandatory Participants submitting at least one Insufficient Bid shall be realised (in accordance with Number 6.2.1) prior to the Contributions of the other Non-Affected Clearing Members and Non-Affected FCM Clearing Members in accordance with Number 6.2.1.

(iv) ~~b)~~ If ~~a~~ the Mandatory Participant submits a Medium Bid for the relevant Auction Unit in accordance with the DM Auction Rules during the relevant DM Auction, such Mandatory Participant qualifies as CM Non-Bidding Participant subject to the following provisions:

~~and if~~, following a Realisation Event with respect to the relevant Affected Clearing Member or the relevant Affected FCM Clearing Member (but not with respect to any other Realisation Event), Contributions of Non-Affected Clearing Members and/or Non-Affected FCM Clearing Members are realised, the Contributions of such CM Non-Bidding Participant with respect to the relevant Liquidation Group of all Mandatory Participants (in respect of all its capacities as Clearing Members and Clearing Agents, as applicable) and all FCM Mandatory Participants submitting at least one Medium Bid shall in such DM Auction, in accordance with Number 6.2.1, be realised prior to the Contributions of the other Non-Affected Clearing Members and Non-Affected FCM Clearing Members, in accordance with Number 6.2.1, but simultaneously with the Contributions of those Mandatory Participants and those FCM Mandatory Participants that have submitted Insufficient Bids in such DM Auction, up to an amount which shall be calculated by Eurex Clearing AG as follows: the difference between (i) the winning Bid minus the product of 0.5 and the Auction Unit Margin Amount and (ii) the respective Medium Bid, such difference divided by the Auction Unit Margin Amount and subsequently multiplied by the relevant Mandatory Participant's (or FCM Mandatory Participant's, as relevant) Contributions.

Any remainder of the Contributions of the Mandatory Participants such CM Non-Bidding Participant submitting a Medium Bid shall be considered as Contributions of a Non-Affected Clearing Member that is not a CM Non-Bidding Participant.

(iv) If ~~a~~ A Mandatory Participant, which does not submit a Mandatory Bid for any relevant Auction Unit in accordance with the DM Auction Rules during such DM Auction, also qualifies as CM Non-Bidding Participant with respect to the relevant Liquidation Group and is subject to the following provisions: ~~(a~~ **“Chapter VIII Product Non-Bidding Participant”**),

(a) ~~A the Chapter VIII Product~~ CM Non-Bidding Participant shall pay to Eurex Clearing AG, in accordance with Number 1.4.1, an amount which shall be calculated by Eurex Clearing AG as follows: the fraction of (i) the ~~Chapter VIII Product~~ CM Non-Bidding Participant's Contributions (in respect

of all its capacities as a Clearing Member and a Clearing Agent, as applicable) with respect to the Relevant Liquidation Group and in the relevant currency (numerator) and (ii) the aggregate sum of all Contributions with respect to the Relevant Liquidation Group and in the relevant currency (denominator), such fraction, multiplied by 100 and further multiplied by EUR 500,000 (or the corresponding equivalent in any other Clearing Currency as determined by Eurex Clearing AG), but subject to a maximum aggregate amount of EUR 5,000,000 (or the corresponding equivalent in any other Clearing Currency as determined by Eurex Clearing AG) per DM Auction.

Any amount received by Eurex Clearing AG from the CM Non-Bidding Participant shall be added to, and forthwith be part of, the Dedicated Amount of Eurex Clearing AG.

If, upon the occurrence of a Realisation Event, any Contributions of the ~~Chapter VIII Product~~ CM Non-Bidding Participant are realised, the amount calculated in accordance with the preceding sentence shall be reduced by the sum of the realised Contributions (but shall in no case be a negative amount).

- (b) If, following a Realisation Event in relation to the relevant Affected Clearing Member or the relevant Affected FCM Clearing Member (but not with respect to any other Realisation Event) Contributions of the Non-Affected Clearing Members and/or Non-Affected FCM Clearing Members are realised, the Contributions of such CM Non-Bidding Participant (in respect of all its capacities as a Clearing Member and a Clearing Agent, as applicable) with respect to the relevant Liquidation Group shall be realised prior to the Contributions of the other Non-Affected Clearing Members and/or Non-Affected FCM Clearing Members in accordance with Number 6.2.1. The provisions under Number 6.2.1 (5) and (6), (7) and (8) shall apply *mutatis mutandis* with respect to the Contributions to the Default Fund of the relevant Chapter VIII Product Non-Bidding Participant. Any amount received by Eurex Clearing AG from the relevant Chapter VIII Product Non-Bidding Participant shall be added to, and forthwith be part of, the Dedicated Amount of Eurex Clearing AG in accordance with Number 6.1.3.
- ~~(v) The provisions under Number 7.5.3 (6) (i) and (ii) (4) (iii) above shall apply *mutatis mutandis* in relation to the realisation of the Further Contributions of the Mandatory Participant submitting an Insufficient Bid or a Medium Bid. The provisions under Number 6.2.1 (9), (10) and (11) shall apply *mutatis mutandis* with respect to the Chapter VIII Product Non-Bidding Participants.~~
- (vi) For the avoidance of doubt, the provisions under Paragraph (3) (v) shall not apply to a CM Non-Bidding Participant pursuant to Paragraph (4) (iii), (iv) or (v).
- (vii) Each (Mandatory) Bid is generally valid, and the highest valid Bid shall be accepted by Eurex Clearing AG as the winning Bid with respect to each Auction Unit.

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[...]

- (5) Special provisions relating to Repo Transactions, under which the Affected Clearing Member acted as Cash Taker

[...]

- (ii) The DM Bonds Auctions will generally be conducted separately for all bonds with the same ISIN underlying all terminated Eurex Repo Transactions within the relevant Liquidation Group and with respect to one or several Bonds Auction Unit(s). In individual cases, Eurex Clearing AG is entitled to combine bonds with different ISINs in the same DM Bonds Auction after consultation of the relevant DMC.

____ **“Bonds Auction Units”** means, with respect to DM Bonds Auctions, one unit or several identically composed units of the relevant bonds underlying the terminated Repo Transactions, and the Transactions being reciprocal to DM Hedging Transactions as specified by Eurex Clearing AG after consultation with the relevant DMC.

- (iii) A Bonds Mandatory Participant shall be obliged to participate in DM Bonds Auctions in accordance with the DM Auction Rules.

A Clearing Member qualifies as **“Bonds Mandatory Participant”** with respect to the relevant DM Bonds Auction, if

- (i) it holds a Clearing License for Repo Transactions,
- (ii) within 3 months prior to the relevant Termination or Basic Clearing Member Termination at least one Repo Transaction with an underlying bond which falls under the same Bonds Cluster as the bond auctioned in the relevant DM Bonds Auction (x) has been booked on a respective account, or (y) has been booked as a Basic Clearing Member Transaction of a Basic Clearing Member of such Clearing Member (acting as Clearing Agent) on a respective account, and
- (iii) with respect to which no Termination Event or Insolvency Termination Event has occurred and is continuing.

[...]

- (v) A (Mandatory) Bid is only valid, if such Bid is not below the Reference Price.

“Reference Price” with respect to a DM Bonds Auction means the difference of (i) the worst winning Bid in the relevant DM Bonds Auction and (ii) the product of (a) 0.5 and (b) the Risk Parameter. In individual cases, Eurex Clearing AG is entitled to adjust the multiplier of 0.5 after consultation of the relevant DMC.

“Risk Parameter” means with respect to the bond underlying the relevant Bonds Auction Unit the fraction of (i) the Additional Margin requirement for such Bonds Auction Unit and (ii) the product of (a) the nominal size of the Bonds

Auction Unit and (b) the last available settlement price of the bond underlying the relevant Bonds Auction Unit.

- (vi) Each Bonds Mandatory Participant that does not submit a valid Mandatory Bid for a Bonds Auction Unit (in respect of all its capacities as a Clearing Member and a Clearing Agent, as applicable) during such DM Bonds Auction qualifies, with respect to the relevant Liquidation Group to which the DM Auction relates, as a CM Non-Bidding Participant subject to the following provisions:

If, following a Realisation Event in relation to the relevant Affected Clearing Member or the relevant Affected FCM Clearing Member (but not with respect to any other Realisation Event) the Contributions of the Non-Affected Clearing Members and/or Non-Affected FCM Clearing Members are realised, the Contributions with respect to the relevant Liquidation Group of the CM Non-Bidding Participant (in respect of all its capacities as a Clearing Member and a Clearing Agent, as applicable) shall be realised prior to the Contributions of the other Non-Affected Clearing Members and/or Non-Affected FCM Clearing Members in accordance with Number 6.2.1. If a Bonds Mandatory Participant submits a Mandatory Bid for a DM Bonds Auction which is below the Reference Price, Eurex Clearing AG may, subject to the following restrictions and following a Realisation Event in relation to the relevant Affected Clearing Member (but not with respect to any other Realisation Event), realise the Contributions to the Default Fund of such Clearing Member prior to the Contributions to the Default Fund of the other Non-Affected Clearing Members.

“Reference Price” with respect to a Bonds Auction means the Average Price minus the product of (i) the Average Price and (ii) 0.5 and (iii) the Risk Parameter applicable to the relevant bond underlying the relevant Bonds Auction Unit. In individual cases, Eurex Clearing AG is entitled to adjust the multiplier of 0.5 after consultation of the relevant DMC.

“Average Price” means with respect to the relevant Bonds Auction Unit the fraction of (i) the sum of all Bonds Auction Prices accepted by Eurex Clearing AG within this DM Bonds Auction and (ii) the number of all Bonds Auction Units for which Eurex Clearing AG accepted bids within such DM Bonds Auction. “Bonds Auction Price” means the product of (i) the price accepted by Eurex Clearing AG for the relevant Bonds Auction Unit and (ii) the number of Bonds Auction Units for which Eurex Clearing AG accepted such price.

“Risk Parameter” means with respect to the bond underlying the relevant Bonds Auction Unit the fraction of (i) the Additional Margin requirement for such Bonds Auction Unit and (ii) the product of (a) the Nominal Size of the Bonds Auction Unit and (b) the last available settlement price of the bond underlying the relevant Bonds Auction Unit.

For each (Mandatory) Bid submitted by a Bonds Mandatory Participant under any DM Bonds Auctions which is not below the relevant Reference Price, such Bonds Mandatory Participant receives a credit (“Credit”). For each Mandatory Bid submitted by a Bonds Mandatory Participant under any DM Bonds Auctions

which is below the relevant Reference Price, such Bonds Mandatory Participant receives a debit ("**Debit**"). Each Credit is calculated with respect to the relevant Mandatory Bid as the product of (i) 0.25 and (ii) the Additional Margin requirement with respect to the relevant Bonds Auction Unit. The Bonds Mandatory Participant also receives a Credit in case it has purchased the relevant bonds from Eurex Clearing AG via independent trades; such Credit is calculated as the product of (i) a number between 0.01 and 0.1 as determined by Eurex Clearing AG in the individual case after consultation with the relevant DMC and (ii) the Additional Margin requirement with respect to the relevant Bonds Auction Unit. Each Debit is calculated with respect to the relevant Mandatory Bid as the product of (i) 0.5 and (ii) the Additional Margin requirement with respect to the relevant Bonds Auction Unit. In individual cases, Eurex Clearing AG is entitled to adjust the multiplier after consultation of the relevant DMC.

— If, following a Realisation Event with respect to the relevant Affected Clearing Member (but not with respect to any other Realisation Event), the Contributions to the Default Fund of the Non-Affected Clearing Members are realised, parts of the Contributions to the Default Fund of the Mandatory Participants whose Debits exceed the Credits shall be realised prior to the Contributions to the Default Fund of the other Non-Affected Clearing Members.

— The amount of the Contributions to the Default Fund of the Bonds Mandatory Participant, which shall be realised prior to the Contributions to the Default Fund of the other Non-Affected Clearing Members, shall be calculated as follows: the product of (i) the fraction of (a) the sum of all Credits minus the sum of all Debits and Non-Bidding Debits and (b) the sum of the Additional Margin requirements for all Bonds Auction Units, for which the Bonds Mandatory Participant has submitted a Mandatory Bid and for which the Bonds Mandatory Participant should have submitted (but failed to submit) a Mandatory Bid and (ii) the parts of the Contributions to the Default Fund of the Bonds Mandatory Participant which is allocated to the Liquidation Group comprising the Repo Transactions.

For each Mandatory Bid the Bonds Mandatory Participant did not submit, the Bonds Mandatory Participant receives a debit ("**Non-Bidding Debit**"), which corresponds to the Additional Margin requirement for the relevant Bonds Auction Unit.

(vii) If a Bonds Mandatory Participant does not submit a Mandatory Bid for any Bonds Auction Unit in accordance with the DM Auction Rules during such DM Auction, such Bonds Mandatory Participant also qualifies as CM Non-Bidding Participant subject to the following provisions: ("**Bonds Non-Bidding Participant**")

(a) and Contributions to the Default Fund of Non-Affected Clearing Members are realised, the Bonds Non-Bidding The CM Non-Bidding Participant shall pay to Eurex Clearing AG (in accordance with Number 1.4.1); an amount which shall be calculated by Eurex Clearing AG as follows: the lower amount of either

(I) the product of (i) the fraction of (a) the sum of the Additional Margin requirements for all Bonds Auction Units within the relevant Liquidation Group for which the Bonds Mandatory Participant did not submit a Mandatory Bid, and (b) the sum of the Additional Margin requirement for all Bonds Auction Units within the relevant Liquidation Group for which the Bonds Mandatory Participant submitted a Mandatory Bid and for which the Bonds Mandatory Participant should have submitted (but failed to submit) a Mandatory Bid and (ii) EUR 5,000,000, or

(II) the sum of the Additional Margin requirement for all Bonds Auction Units within the relevant Liquidation Group for which the Bonds Mandatory Participant submitted a Mandatory Bid and for which the Bonds Mandatory Participant should have submitted (but failed to submit) a Mandatory Bid.

[...]

Any amount received by Eurex Clearing AG from the relevant Bonds Non-Bidding Participant shall be added to, and forthwith be part of, the Dedicated Amount of Eurex Clearing AG ~~in accordance with Number 6.1.3.~~

[...]

(b) If, following a Realisation Event in relation to the relevant Affected Clearing Member or the relevant Affected FCM Clearing Member (but not with respect to any other Realisation Event) Contributions of the Non-Affected Clearing Members and/or Non-Affected FCM Clearing Members are realised, the Contributions of such CM Non-Bidding Participant (in respect of all its capacities as a Clearing Member and a Clearing Agent, as applicable) with respect to the relevant Liquidation Group shall be realised prior to the Contributions of the other Non-Affected Clearing Members and/or Non-Affected FCM Clearing Members in accordance with Number 6.2.1.

(viii) For the avoidance of doubt, the provisions under Paragraph (3) (v) shall not apply to a CM Non-Bidding Participant pursuant to Paragraph (5) (vi) or (vii).

(ix) Each (Mandatory) Bid is generally valid, and the highest valid Bid shall be accepted by Eurex Clearing AG as the winning Bid with respect to each Auction Unit.

[...]

[...]

AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED

DELETIONS ARE CROSSED OUT

[...]

2 Composition of Default Management Committees

2.1 Establishment of DMCs

2.1.1 Eurex Clearing AG will establish a DMC in accordance with Chapter I Part 1 Number 7.5.1 (1) of the Clearing Conditions.

[...]

~~(iii) — Eurex Clearing AG will establish a DMC for a Liquidation Group, if such Liquidation Group is expected to comprise at least one OTC Interest Rate Derivative Transaction or OTC Currency Transaction (both as defined in the Clearing Conditions) or at least one Interest Rate Derivative Transaction (as defined in the FCM Regulations).~~

[...]

3 Procedures of DMCs

3.1 Convening a DMC Meeting

3.1.1 Request for a DMC Meeting

[...]

~~If there is at least one OTC Interest Rate Derivative Transaction (as defined in Chapter VIII Part 2 Number 2.1.1 of the Clearing Conditions), at least one OTC Currency Transaction (as defined in Chapter VIII Part 1 Paragraph (1) of the Clearing Conditions) or at least one Interest Rate Derivative Transaction (as defined in Chapter I Number 1.1.5 of the FCM Regulations) among the terminated Transactions, Eurex Clearing AG shall in any event convene a DMC Meeting of the DMC related to the relevant Liquidation Group.~~

[...]

Chapter II of the Clearing Conditions of Eurex Clearing AG

Transactions Concluded at Eurex Deutschland

(Eurex Exchange)

As of 01.02.2022

AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED

DELETIONS ARE CROSSED OUT

[...]

Part 2 Clearing of Futures Contracts

[...]

2.12 Clearing of FX Rolling Spot Futures Contracts

[...]

2.12.1 Subject Matter of the Contract

- (1) An FX Rolling Spot Futures Contract is a perpetual Futures Contract without final maturity date on the purchase of units of a specific base currency against payment of units of a specific quote currency (Number 1.24.1 (1) of the Eurex Contract Specifications). Due to the perpetual nature of the FX Rolling Spot Futures Contracts, these contracts do not expire unless they are terminated by Eurex Clearing AG either (i) according to Number 2.12.6₂ as a result of a market integrity process ("MIP"), (ii) ~~or according to Number 2.12.7, as a result of a Termination of the Clearing Member by Eurex Clearing AG pursuant to Chapter I Part 1 Number 7 as a result of the default management process ("DMP"),~~ or (iii) according to Number 2.12.5₁ if such FX Rolling Spot Futures shall for any reason no longer be admitted for trading at the Eurex Exchange.

[...]

2.12.6 Termination of FX Rolling Spot Futures by Eurex Clearing AG upon Request of a FX Rolling Spot Participant

[...]

- (7) First FX MIP Announcement

If Eurex Clearing AG finds that all requirements of Number 2.12.6 (4) and (5) are fulfilled, it will publicly announce on the Eurex Clearing Website that a FX MIP Request has been filed and determine the point in time the FX-MIP is scheduled to take place ("**First FX MIP Announcement**") on the Business Day following the day of the First FX MIP Assessment at the latest. The FX-MIP shall take place on the fifth

Business Day after the Business Day of the First FX MIP Announcement. However, Eurex Clearing AG may at its sole discretion schedule a later point in time, if it deems it necessary to do so. In such First FX MIP Announcement, Eurex Clearing AG will disclose the FX Rolling Spot Futures Contracts which are subject to the ~~FX~~MIP but neither the affected buy side or sell side nor the identity of the FX Rolling Spot Participant which has filed the FX MIP Request.

(8) Obligations of FX Rolling Spot Participants filing a FX MIP Request

a) Beginning with the earlier of

[...]

and until the end of the Business Day prior to the Business Day on which the ~~FX~~MIP is scheduled to take place, the FX Rolling Spot Participant which has filed the FX MIP Request is obliged to fulfil the requirements of Number 2.12.6 (4) which applies *mutatis mutandis*.

b) Such FX Rolling Spot Participant further has to confirm vis-à-vis Eurex Clearing AG via e-mail using the FX MIP Request form available on the Eurex Clearing Website that it wishes to proceed with the ~~FX~~MIP and the number of FX Rolling Spot Futures Contracts that it wishes to terminate by the ~~FX~~MIP (limited by the number stated in the FX MIP Request and taking into account the FX Rolling Spot Futures Contracts which have been closed by means of previous inverse transactions by the latest on 07:00 p.m. CE(S)T on the Business Day prior to the Business Day on which the ~~FX~~MIP is scheduled. Failure to make such confirmation in time will result in the rejection of the FX MIP Request. A rejected FX MIP Request may not be resumed by a FX Rolling Spot Participant.

[...]

(10) Second FX MIP Announcement

[...]

b) If the requirements of Number 2.12.6 (8) have been fulfilled, Eurex Clearing will announce on the Eurex Clearing Website the number of FX Rolling Spot Futures Contracts and the respective side of such FX Rolling Spot Future (buy side/sell side) that will be subject to termination due to the ~~FX~~MIP.

Such announcements will normally be made no later than 09:00 p.m. CE(S)T on the Business Day prior to the Business Day on which the ~~FX~~MIP is scheduled. Eurex Clearing AG reserves the right to choose a later point in time for such announcements if it deems it necessary to do so due to technical reasons.

(11) Notification to the FX Rolling Spot Participants affected by the ~~FX~~MIP

Eurex Clearing AG will notify the FX Rolling Spot Participants (and their Clearing Members, if any) whose FX Rolling Spot Futures Contracts are subject to terminations due to the FX-MIP of the amount of FX Rolling Spot Futures Contracts that will be terminated by means of the FX-MIP via e-mail within 30 minutes after the commencement of trading at the Eurex Exchange on the Business Day on which the FX-MIP is scheduled. The FX-MIP will subsequently be executed on this Business Day based on the FX Rolling Spot Futures positions as of the end of trading at the Eurex Exchange on the previous Business Day.

(12) Attribution rules

FX Rolling Spot Futures Contracts that will be terminated as a result of the FX-MIP ("**Open FX Rolling Spot Futures Contracts**") will be identified according to the following attribution rules ~~order pursuant to Number 2.12.7 (4) (c) which apply *mutatis mutandis*:~~

(a) FX Liquidity Provider Attribution

Eurex Clearing AG will attribute Open FX Rolling Spot Futures Contracts to FX Rolling Spot Participants which qualify as Market Makers at Eurex Deutschland ("**FX Liquidity Providers**"), if any, as long as Open FX Rolling Spot Futures Contracts are available.

Upon such attribution and notification thereof to the respective FX Liquidity Provider by Eurex Clearing AG, the Open FX Rolling Spot Futures Contracts entered into between such FX Liquidity Providers and Eurex Clearing AG, which have reciprocal terms to those FX Rolling Spot Futures Contracts the termination was requested for, are terminated. A pro rata method applies and calculates the weighted attribution ratio as: Available FX Rolling Spot Futures Contracts per account/total available FX Rolling Spot Futures Contracts of all accounts of the different FX Liquidity Providers. According to this weighted ratio the amounts to be attributed per account are calculated (round down). If after this calculation due to rounding errors there is still a residual amount left, such residual amount will be attributed randomly amongst the FX Liquidity Providers.

(b) Attribution to FX Rolling Spot Participants holding FX Rolling Spot Futures on their own account (excluding ported positions)

The Open FX Rolling Spot Futures Contracts, which could not be attributed according to Paragraph (a) above, will be attributed to FX Rolling Spot Participants which hold FX Rolling Spot Futures on their own account, provided that such FX Rolling Spot Futures are not subject to porting. The procedure set out in Paragraph (a) applies *mutatis mutandis*.

(c) Attribution to FX Rolling Spot Participants holding FX Rolling Spot Futures related to third parties (excluding ported positions)

The Open FX Rolling Spot Futures Contracts, which could not be attributed according to Paragraphs (a) and (b) above, will be attributed to FX Rolling Spot

Participants which hold FX Rolling Spot Futures on the account of third parties, provided that such FX Rolling Spot Futures are not subject to porting. The procedure set out in Paragraph (a) applies *mutatis mutandis*.

(d) Attribution to FX Rolling Spot Participants whose FX Rolling Spot Futures are subject to porting

The Open FX Rolling Spot Futures Contracts, which could not be attributed according to Paragraphs (a) to (c) above, will be attributed to FX Rolling Spot Participants whose FX Rolling Spot Futures are subject to porting. The procedure set out in Paragraph (a) applies *mutatis mutandis*.

[...]

2.12.7 Termination with respect to a Clearing Member Default Management Process for FX Rolling Spot Futures

In case of a Termination with respect to a Clearing Member by Eurex Clearing AG pursuant to Chapter I Part 1 Number 7 and if, with respect to client-related FX Rolling Spot Futures no porting occurs, Eurex Clearing AG will with respect to Terminated Transactions qualifying as FX Rolling Spot Futures initiate the general Default Management Process in accordance with Chapter I Part 1 Number 7.5.

- ~~(1) In deviation from the Default Management Process described in Chapter I Part 1 Number 7.5, the following DMP shall apply with respect to FX Rolling Spot Futures (“FX DMP”) in case of a Termination pursuant to Chapter I Part 1 Number 7 with respect to a Clearing Member. Any reference in the General Clearing Provisions, the Elementary Clearing Model Provisions and the ISA Provisions to Chapter I Part 1 Number 7.5 shall be construed as a reference to this Number 2.12.6, taking into account the calculation of the daily settlement prices according to Number 2.12.2, the re-opening prices according to Number 2.12.3 and the margin requirements according to Number 2.12.4.~~
- ~~(2) The FX DMP consists of two periods, the trading period (“FX DMP Trading Period”) and, if required, the attribution period (“FX DMP Attribution Period”). During the FX DMP Trading Period FX Rolling Spot Participants may choose to trade in FX Rolling Spot Futures. During the FX DMP Attribution Period, FX Rolling Spot Futures Contracts entered into between Eurex Clearing AG and Clearing Members other than the defaulting Clearing Member with reciprocal terms to those entered into between Eurex Clearing AG and the defaulting Clearing Member may be subject to a termination according to the attribution rules specified in Number 2.12.7 (1) (c).~~
- ~~(3) FX DMP Trading Period~~
- ~~a) FX DMP Trading Notification~~
- ~~— Upon the occurrence of a Termination pursuant to Chapter I Part 1 Number 7 with respect to a Clearing Member, Eurex Clearing AG~~

- ~~(i) notifies all FX Rolling Spot Participants of the FX DMP;~~
- ~~(ii) provides them (except for the defaulting Clearing Member) with a position report of all FX Rolling Spot Futures Contracts of the defaulting Clearing Member vis-à-vis Eurex Clearing AG;~~
- ~~(iii) provides them with customized information regarding the amount of FX Rolling Spot Futures they entered into with Eurex Clearing AG or their Clearing Member which will be terminated based on the attribution rules according to Number 2.12.7 (4) (c), if no FX Rolling Spot Futures Contracts with identical terms to those of the defaulting Clearing Member vis-à-vis Eurex Clearing AG (which are valid until the Termination of the DMP according to Chapter I Part 1 Number 7) are entered into during the FX DMP Trading Period; and~~
- ~~(iv) determines the end of the FX DMP Trading Period at its reasonable discretion (“FX DMP Trading Notification”).~~

~~b) FX Volunteer Participants~~

~~Based on such FX DMP Trading Notification, all FX Rolling Spot Participants other than the defaulting Clearing Member may propose to enter into FX Rolling Spot Futures Contracts with identical terms to those of the defaulting Clearing Member vis-à-vis Eurex Clearing AG (which are valid until the Termination of the DMP according to Chapter I Part 1 Number 7) during the FX DMP Trading Period by giving notice to Eurex Clearing AG via e-mail (“FX Proposals”) (FX Rolling Spot Participants providing such FX Proposals to Eurex Clearing AG are hereinafter referred to as “FX Volunteer Participants”). It is possible that not all FX Proposals will result in binding transactions between Eurex Clearing AG and a Clearing Member. Following the receipt of FX Proposals, Eurex Clearing AG will notify the FX Volunteer Participants of the amount and tenor of the FX Rolling Spot Futures Contracts to be possibly entered into by them. The FX Volunteer Participant subsequently confirms vis-à-vis Eurex Clearing AG via e-mail the amount and tenor of FX Rolling Spot Futures Contracts they would like to enter into. Any such confirmation by a DC Market Participant, DC With System Access and Indirect Client Market Participant shall be directly binding for and against its Clearing Member. Upon receipt of such confirmation by Eurex Clearing AG, the respective FX Rolling Spot Futures Contracts shall be binding.~~

~~(4) FX DMP Attribution Period and FX DMP Attribution Rules~~

- ~~a) Following the end of the FX DMP Trading Period as notified by Eurex Clearing AG pursuant to Number 2.12.7 (3) (b) Eurex Clearing AG provides all FX Rolling Spot Participants whose FX Rolling Spot Futures Contracts will in whole or part be subject to a termination pursuant to the FX DMP Attribution Rules specified in Number 2.12.7 (4) (c) with a position report including all FX Rolling Spot Futures Contracts of the defaulting Clearing Member vis-à-vis~~

~~Eurex Clearing AG to which no FX Rolling Spot Futures Contracts with identical terms resulting from the FX DMP Trading Period relate to (“Open FX Rolling Spot Futures Contracts”).~~

~~b) Such Open FX Rolling Spot Futures Contracts will be attributed to FX Rolling Spot Participants which have entered into FX Rolling Spot Futures Contracts with reciprocal terms with either their Clearing Member or Eurex Clearing AG according to the following attribution rules and based on the positions of FX Rolling Spot Participants at the end of the FX DMP Trading Period as specified by Eurex Clearing according to Number 2.12.7 (3) (a) (iv). The result of such attribution is the termination of FX Rolling Spot Futures Contracts entered into between Eurex Clearing AG and a Clearing Member with reciprocal terms to the attributed FX Rolling Spot Futures Contracts between the defaulting Clearing Member and Eurex Clearing AG (which have been terminated before due to a Termination according to Chapter I Part 1 Number 7), each with effect from the point in time of the Termination of the FX Rolling Spot Futures Contracts between Eurex Clearing AG and the defaulting Clearing Member. FX Rolling Spot Futures Contracts between Eurex Clearing AG and Clearing Members which have been terminated due to the FX DMP according to Number 2.12.7 will be cash settled.~~

~~c) FX DMP Attribution Rules~~

~~Open FX Rolling Spot Futures Contracts will be attributed in the following order:~~

~~(i) FX Liquidity Provider Attribution~~

~~Eurex Clearing AG will attribute Open FX Rolling Spot Futures Contracts to FX Rolling Spot Participants which qualify as Market Makers at Eurex Deutschland (“FX Liquidity Providers”), if any, as long as Open FX Rolling Spot Futures Contracts are available. Upon such attribution and notification thereof to the respective FX Liquidity Provider by Eurex Clearing AG, the FX Rolling Spot Futures Contracts entered into between such FX Liquidity Providers and Eurex Clearing AG which have reciprocal terms to those FX Rolling Spot Futures Contracts entered into between Eurex Clearing AG and the defaulting Clearing Member, are terminated. A pro-rata method applies and calculates the weighted attribution ratio as: Available FX Rolling Spot Futures Contracts per account/total available FX Rolling Spot Futures Contracts of all accounts of the different FX Liquidity Providers. According to this weighted ratio the amounts to be attributed per account are calculated (round down). If after this calculation due to rounding errors there is still a residual amount left, such residual amount will be attributed randomly amongst the FX Liquidity Providers.~~

~~(ii) Attribution to FX Rolling Spot Participants holding FX Rolling Spot Futures on their own account (excluding ported positions)~~

~~The Open FX Rolling Spot Futures Contracts which could not be attributed according to Number 2.12.7 (4) (c) (i) will be attributed to FX Rolling Spot~~

~~Participants which hold FX Rolling Spot Futures on their own account, provided that such FX Rolling Spot Futures are not subject to porting. The procedure set out in Number 2.12.7 (4) (c) (i) applies *mutatis mutandis*.~~

~~(iii) Attribution to FX Rolling Spot Participants holding FX Rolling Spot Futures related to third parties (excluding ported positions)~~

~~— The Open FX Rolling Spot Futures Contracts which could not be attributed according to Number 2.12.7 (4) (c) (ii) will be attributed to FX Rolling Spot Participants which hold FX Rolling Spot Futures on the account of third parties, provided that such FX Rolling Spot Futures are not subject to porting. The procedure set out in Number 2.12.7 (4) (c) (i) applies *mutatis mutandis*.~~

~~(iv) Attribution to FX Rolling Spot Participants whose FX Rolling Spot Futures are subject to porting~~

~~— The Open FX Rolling Spot Futures Contracts which could not be attributed according to Number 2.12.7 (4) (c) (iii) will be attributed to FX Rolling Spot Participants whose FX Rolling Spot Futures are subject to porting. The procedure set out in Number 2.12.7 (4) (c) (i) applies *mutatis mutandis*.~~

~~d) Cancellation of MIPs~~

~~During the FX-DMP any MIP will be cancelled.~~

[...]

FCM Default Rules of Eurex Clearing AG

As of 01.02.2022

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THE FCM DEFAULT RULES WILL BE AMENDED.
 AMENDMENTS ARE MARKED AS FOLLOWS:
 INSERTIONS ARE UNDERLINED,
 DELETIONS ARE CROSSED OUT.

[...]

4 Default Management Process

[...]

4.1 Default Management Committees

[...]

4.1.2 Eurex Clearing AG has the right to convene a meeting of one or more DMCs

[...]

- (4) any further matters relating to the consequences and risks of an FCM Clearing Conditions Termination Event, an FCM Clearing Conditions Insolvency Termination Event, a Clearing Conditions Termination Event or a Clearing Conditions Insolvency Termination Event.

~~If there is at least one Interest Rate Derivative Transaction among the Terminated FCM Clearing Member Transactions or one OTC Interest Rate Derivative Transaction among the Terminated Clearing Member Transactions, respectively, Eurex Clearing AG shall, subject to Number 2.4.4 Paragraph (6) of the DMC Rules, in any event convene a DMC Meeting (as defined in the DMC Rules) for such DMC that has been established with respect to the Liquidation Group to which such Interest Rate Derivative Transaction or OTC Interest Rate Derivative Transaction belongs.~~

[...]

4.3 Establishment of FCM Clearing Member Transactions by way of independent trades or by conducting DM Auctions

4.3.1 At any time after the Termination Time, the Basic Clearing Member Termination Time or the Clearing Member Termination Time, Eurex Clearing AG may in its discretion, take the following measures:

- (1) Enter into independent trades to
 - (i) establish new FCM Clearing Member Transactions or new Clearing Member Transactions equivalent ~~(except, as relevant, for the governing law)~~ to

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Terminated FCM Clearing Member Transactions or Terminated Clearing Member Transactions and/or new FCM Clearing Member Transactions or new Clearing Member Transactions reciprocal (except, as relevant, for the governing law) to DM Hedging Transactions, and

- (ii) buy or sell securities underlying the Terminated FCM Clearing Member Transactions or Terminated Clearing Member Transactions which are required to enter into new FCM Clearing Member Transactions or Clearing Member Transactions, as deemed appropriate by Eurex Clearing AG in consultation with the relevant DMC(s).

[...]

- (2) If it is deemed appropriate by Eurex Clearing AG in consultation with the relevant DMC, Eurex Clearing AG may conduct one or more auctions with respect to one or several Liquidation Groups (in whole or in part the “**DM Auctions**” or each a “**DM Auction**”) to establish

- (i) new FCM Clearing Member Transactions specified by Eurex Clearing AG which are – taken as a whole – equivalent to Terminated FCM Clearing Member Transactions or equivalent (except for the governing law) to Terminated Clearing Member Transactions and/or reciprocal (except, as relevant, for the governing law) to DM Hedging Transactions or

- (ii) new Clearing Member Transactions specified by Eurex Clearing AG which are – taken as a whole – equivalent (except for the governing law) to Terminated FCM Clearing Member Transactions of the Affected FCM Clearing Member or equivalent to Terminated Clearing Member Transactions of the Affected Clearing Member and/or reciprocal (except, as relevant, for the governing law) to DM Hedging Transactions

[...]

4.3.3 The following provisions apply to FCM Clearing Members in respect of DM Auctions that relate to Terminated FCM Clearing Member Transactions that are Interest Rate Derivative Transactions or to Terminated Clearing Member Transactions that are OTC Interest Rate Derivative Transactions:

[...]

- (4) ~~Each~~ If a FCM Mandatory Participant (i) that does not submits an Ins Sufficient Bid for the relevant Auction Unit in accordance with this Number 4.3.3 and the DM Auction Rules_ or (ii) if such FCM Mandatory Participant has appointed a Selected Auction Participant, whose Selected Auction Participant does not submits a Selected Auction Participant Ins Sufficient Bid in accordance with this Number 4.3.3 and the DM Auction Rules during the relevant DM Auction, shall be subject to the following contractual penalty: such FCM Mandatory Participant qualifies as “**FCM Non-Bidding Participant**” subject to the following provisions:

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~~(a) If the FCM Mandatory Participant submits an Insufficient Bid (or if its Selected Auction Participant submits a Selected Auction Participant Insufficient Bid) and if, following a Realization Event in relation to the relevant Affected FCM Clearing Member or the relevant Affected Clearing Member (but not with respect to any other Realization Event), Contributions of Non-Affected FCM Clearing Members and/or Non-Affected Clearing Members are realized, the Contributions of such FCM Non Bidding Participant with respect to the relevant Liquidation Group of all FCM Mandatory Participants submitting at least one Insufficient Bid (or for which any of their Selected Auction Participants has submitted at least one Selected Auction Participant Insufficient Bid) and of all other CM Mandatory Participants submitting at least one Insufficient Bid shall be realized (in accordance with Number 3.2.1) prior to the Contributions of the other Non-Affected Clearing Members and Non-Affected FCM Clearing Members.~~

"Selected Auction Participant Insufficient Bid" means a Bid by a Selected Auction Participant that, if such Bid were a Mandatory Bid, would qualify as an Insufficient Bid.

~~(5)(b) If the FCM Mandatory Participant (i) submits a Medium Bid (or if its Selected Auction Participant submits a Selected Auction Participant Medium Bid) and for the relevant Auction Unit in accordance with this Number 4.3.3 and the the DM Auction Rules, or (ii) if such FCM Mandatory Participant has appointed a Selected Auction Participant, its Selected Auction Participant submits a Medium Bid in accordance with this Number 4.3.3 and the DM Auction Rules, such FCM Mandatory Participant qualifies as FCM Non-Bidding Participant subject to the following provisions:~~

~~If, following a Realization Event with respect to the relevant Affected Clearing Member or the relevant Affected FCM Clearing Member (but not with respect to any other Realization Event), Contributions of Non-Affected FCM Clearing Members and Non-Affected Clearing Members are realized, the Contributions of such FCM Non-Bidding FCM Clearing Member with respect to the relevant Liquidation Group of all FCM Mandatory Participants submitting at least one a Medium Bid (or for which any of their Selected Auction Participants has submitted a Selected Auction Participant Medium Bid) and all other CM Mandatory Participants submitting a Medium Bid shall in such DM Auction be realized, in accordance with Number 3.2.1, prior to the Contributions of the other Non-Affected FCM Clearing Members and the other Non-Affected Clearing Members, but simultaneously with the Contributions of those FCM Mandatory Participants and those CM Mandatory Participants that have submitted Insufficient Bids (or for which a Selected Auction Participants has submitted a Selected Auction Participant Medium Bid) in such DM Auction, up to an amount which shall be calculated by Eurex Clearing AG as follows: the difference between (i) the winning Bid minus the product of 0.5 and the Auction Unit Margin Amount and (ii) the respective Medium Bid (or Selected Auction Participant Medium Bid), such difference divided by the Auction Unit Margin Amount and subsequently multiplied by the relevant FCM Mandatory Participant's (or CM Mandatory Participant's, as relevant) Contributions.~~

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Any remainder of the Contributions of the FCM Mandatory Participant submitting a Medium Bid (or whose Selected Auction Participant has submitted a Selected Auction Participant Medium Bid) shall be considered as Contributions of a Non-Affected FCM Clearing Member that is not a FCM Non-Bidding Participant.

~~"Selected Auction Participant Insufficient Bid" means a Bid by a Selected Auction Participant that, if such Bid were a Mandatory Bid, would qualify as an Insufficient Bid.~~

"Selected Auction Participant Medium Bid" means a Bid by a Selected Auction Participant that, if such Bid were a Mandatory Bid, would qualify as a Medium Bid.

(56) ~~If a~~An FCM Mandatory Participant, which does not submit a Mandatory Bid (or if its Selected Auction Participant does not submit a Bid) for any relevant Auction Unit in accordance with the DM Auction Rules during such DM Auction, ~~(such FCM Mandatory Participant is also qualifies as FCM Non-Bidding Participant with respect to the relevant Liquidation Group and is subject to the following provisions: to which the DM Auction relates, a "FCM Non-Bidding Participant"),~~

~~(a)~~ The FCM Non-Bidding Participant shall pay to Eurex Clearing AG an amount which shall be calculated by Eurex Clearing AG as follows: the fraction of (i) the FCM Non-Bidding Participant's Contributions with respect to the Relevant Liquidation Group and in the relevant currency (numerator) and (ii) the aggregate sum of all CM Contributions and FCM Contributions with respect to the Relevant Liquidation Group and in the relevant currency (denominator), such fraction, multiplied by 100 and further multiplied by EUR 500,000 (or the corresponding equivalent in any other FCM Clearing Currency as determined by Eurex Clearing AG), but subject to a maximum aggregate amount of EUR 5,000,000 (or the corresponding equivalent in any other FCM Clearing Currency as determined by Eurex Clearing AG) per DM Auction.

Any amount received by Eurex Clearing AG from the relevant FCM Non-Bidding Participant shall be added to, and forthwith be part of, the Dedicated Amount of Eurex Clearing AG.

~~(b) If, following a Realisation Event in relation to the relevant Affected Clearing Member or the relevant Affected FCM Clearing Member (but not with respect to any other Realisation Event) Contributions of the Non-Affected Clearing Members and/or Non-Affected FCM Clearing Members are realised, the Contributions of such FCM Non-Bidding Participant with respect to the relevant Liquidation Group shall be realised prior to the Contributions of the other Non-Affected Clearing Members and/or Non-Affected FCM Clearing Members in accordance with Number 3.2.1. If, upon the occurrence of a Realization Event, any FCM Contributions of the FCM Non-Bidding Participant are realized, the amount calculated in accordance with the preceding sentence shall be reduced by the sum of the realized FCM Contributions (but shall in no case be a negative amount). The provisions under Number 3.2.1 Paragraphs (7) and (8) shall apply *mutatis mutandis* with respect to the Contributions to the Default~~

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Fund of the relevant FCM Non-Bidding Participant. Any amount received by Eurex Clearing AG from the relevant FCM Non-Bidding Participant shall be added to, and forthwith be part of, the Dedicated Amount of Eurex Clearing AG.

~~(6) With respect to any FCM Further Contributions provided by the FCM Mandatory Participant submitting an Insufficient Bid or a Medium Bid (or whose Selected Auction Participant has submitted a Selected Auction Participant Insufficient Bid or a Selected Auction Participant Medium Bid), the provisions under Number 4.3.3 Paragraph (4) above shall apply *mutatis mutandis* in relation to the realization of the FCM Further Contributions.~~

[...]
