

Eurex Clearing AG

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*VIA CFTC PORTAL*  
Division of Clearing and Risk  
Commodity Futures Trading Commission  
1155 21st Street NW  
Three Lafayette Centre  
Washington, DC 20581

October 6, 2023

**Re: Submission of Swaps for the Commission's Mandatory Clearing  
Determination Pursuant to Commission Regulation 39.5(b)**

Dear Mr. Kirkpatrick,

Eurex Clearing AG ("Eurex Clearing"), a derivatives clearing organization ("DCO") registered with the Commodity Futures Trading Commission (the "Commission" or "CFTC"), is submitting the following contracts (the "Contracts" or "DESTR OIS Contracts") for the Commission's mandatory clearing determination under Commission Regulation 39.5(b):

***Interest Rate Swap:***

**Product:**

- Overnight Interest Swaps ("OIS") referencing the Denmark Short-Term Rate (DESTR) with max maturity 11Y

**Currency:**

Danish Krone ("DKK")

There is currently no mandate in place for any IRS, Single Currency Basis Swaps, Zero-Coupon Swaps, or FRAs denominated in DKK. Eurex Clearing is eligible to accept these Swaps for clearing, and if the Commission were to determine that these Swaps were required to be cleared, Eurex Clearing will be able to maintain compliance with Section 5b(c)(2) of the Commodity Exchange Act.

Required Information under Commission Regulation 39.5(b)(3)

***The existence of significant outstanding notional exposures, trading liquidity, and adequate pricing data***

There currently are no outstanding notional exposures or trading liquidity at Eurex Clearing in the DESTROIS Contracts. Eurex Clearing plans to launch the DESTROIS Contracts in the U.S. and other jurisdictions on November 20, 2023. Regarding outstanding notional exposures or trading liquidity at other CCPs, on information and belief, LCH currently clears the DESTROIS Contracts. Based on their webpage data, as of September 29, 2023, the outstanding notional in DKK OIS at LCH amounts to 189,536,800,000 DKK and LCH's cleared Year-to-Date DKK OIS volume to 216,372,800,000 DKK.<sup>1</sup>

Eurex Clearing provides swap volumes for each of its offered currencies at: <https://www.eurex.com/ec-en/clear/clearing-volume>. Swap volumes for the Contracts will be available here after launch.

Daily figures for the notional exposures are provided daily at: <https://www.eurex.com/ec-en/clear/clearing-volume>. Daily figures for notional exposures for the Contracts, including current and past figures, will be available here after launch.

In addition, settlement prices are provided at: <https://www.eurex.com/ec-en/clear/eurex-otc-clear/settlement-prices>. Settlement prices for the Contracts will be available here after launch.

Chapter II, Part 2, Number, 2.1.6 (1) (Daily Evaluation Price and Discounting of Future Cashflows) of the FCM Regulations of Eurex Clearing ("FCM Regulations") and Chapter VIII, Part 2, Number 2.1.6 (Daily Evaluation Price and Discounting of Future Cashflows) of the Clearing Conditions of Eurex Clearing ("Clearing Conditions") provide,

Eurex Clearing AG determines the daily evaluation price on the basis of (i) the rates determined in accordance with Number 2.2.5 and (ii) the raw market quotes underlying the discount and forecast curve provided by a recognized third party provider (the respective quotes and third party provider to be selected at the reasonable discretion of Eurex Clearing AG), in each case as of the day of the determination of the daily evaluation price (each such day a "Reset Date" for the purposes of Number 2.2.5 (1)). Where no information on the relevant rates as referred to in (i) is available, Eurex Clearing AG will determine the daily evaluation price in accordance with Number 1.8 [Part 1 Number 1.8 in the Clearing Conditions]. The relevant discount and forecast curves are laid out in the EurexOTC Clear Risk Methodology Description Interest Rate Swaps of Eurex Clearing AG.

Eurex Clearing believes use of Reuters is adequate because it is a readily available conventional source. In addition, Eurex Clearing can receive data from Bloomberg if necessary and has multiple backups for receiving pricing data.

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<sup>1</sup> See <https://www.lch.com/services/swapclear/volumes>.

The FCM Regulations and Clearing Conditions are available for download at: <https://www.eurex.com/ec-en/rules-regs/rules-and-regulations>.

***The availability of rule framework, capacity, operational expertise and resources, and credit support infrastructure to clear the contract on terms that are consistent with the material terms and trading conventions on which the contract is then traded***

Eurex Clearing already has a well-developed rule framework and support infrastructure for clearing the Contracts. Eurex Clearing intends to leverage this existing operational capacity when clearing the Contracts on the DCO. Eurex Clearing ensures that it has the appropriate risk management, operations, and technology capabilities in place to ensure that it is able to liquidate positions in the Contracts in an orderly manner in the event of a default. The Contracts are subject to margin and clearing fund requirements set forth the FCM Regulations and the Clearing Conditions.

***The effect on mitigation of systemic risk, taking into account the size of the market for such contract and the resources of the DCO available to clear the contract***

The benefits of central clearing of the Contracts through Eurex Clearing are significant, including reduction of counterparty risk, margin and collateral efficiencies, client asset segregation, and legal certainty. With an overall collateral pool of approximately EUR 132 billion (daily average of provided margin collateral over the year), Eurex Clearing's stress-tested lines of defense and with around 189 Clearing Members from 21 countries, Eurex Clearing has the necessary resources to clear the Contracts from a market size and resources perspective.

***The effect on competition, including appropriate fees and charges applied to clearing***

Eurex Clearing does not believe that its clearing of the Contracts will have a negative or material impact on the competition. The fee schedule for the contracts Eurex Clearing clears is available at: <https://www.eurex.com/ec-en/rules-regs/rules-and-regulations>.

***The existence of reasonable legal certainty in the event of the insolvency of the relevant DCO or one or more of its Clearing Members with regard to the treatment of customer and swap counterparty positions, funds and property***

Eurex Clearing observes the "Principles for financial market infrastructures" published by the Committee on Payment and Settlement Systems and International Organisation of Securities Commissions (the "PFMIs"). In February 2015, Eurex Clearing published an assessment of its compliance with the PFMIs, including the conclusion that it fully complies with the PFMIs. This assessment and conclusion was reviewed and validated by KPMG as an independent outside auditor. This assessment is available at: [https://www.eurex.com/resource/blob/247228/3bab45c5a4d22f090373d15dafd036d7/data/cpss-iosco-pfmi\\_assessment\\_2014\\_en.pdf](https://www.eurex.com/resource/blob/247228/3bab45c5a4d22f090373d15dafd036d7/data/cpss-iosco-pfmi_assessment_2014_en.pdf). As part of this assessment, Eurex Clearing's default management procedures were assessed to be certain in the event of its or its Clearing Members' insolvency with regard to the treatment of customer and counterparty positions and collateral. Eurex Clearing's most recent assessment against the international standards applicable to financial market infrastructures described in the April 2012 report *Principles for financial market infrastructures*, prepared as of February 2023, is available at

[https://www.eurex.com/resource/blob/3489948/5ea1e7ae29cd29bcdf39379e980c1702/data/cpss-iosco-pfmi\\_assessment\\_2022\\_en.pdf](https://www.eurex.com/resource/blob/3489948/5ea1e7ae29cd29bcdf39379e980c1702/data/cpss-iosco-pfmi_assessment_2022_en.pdf)

Eurex Clearing also has previously provided a legal memorandum to the Commission on the ring-fenced treatment of cleared swaps customer collateral pursuant to Part 22 of the Commission's regulations.

A potential insolvency of Eurex Clearing and the operation of default management procedures under the Clearing Conditions would be governed by German Law, except for certain FCM Regulations and Clearing Conditions that relate to cleared swaps customer collateral that are governed by U.S. federal laws.

Further information (CFTC Regulation §39.5(b)(iii-viii))

Product terms of the Contracts are market standard and follow the 2021 ISDA Interest Rate Derivatives Definitions.

Participant eligibility standards are the same as Eurex Clearing's general FCM Clearing Member and Clearing Member standards.

There are no additional price sources required as prices are readily available from the price sources already used by Eurex Clearing.

Eurex Clearing has a sound framework for the comprehensive management of all material risks. In this regard Eurex Clearing has established documented policies, procedures, and systems to identify, monitor, and manage such risks.

The rules, policies, and procedures that apply to the clearing of the Contract are set forth in the FCM Regulations and the Clearing Conditions.

Eurex Clearing is providing notice of this submission to Clearing Members by posting this submission under the CFTC DCO Filings webpage at: <https://www.eurex.com/ec-en/rules-regs/regulations/cftc-dco-filings>.

If you have any questions, please contact Eric Seinsheimer, US CCO, Eurex Clearing AG, at [eric.seinsheimer@eurex.com](mailto:eric.seinsheimer@eurex.com) or (312) 544-1087.

Yours faithfully,

/s/ Eric Seinsheimer

Eric Seinsheimer  
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