
FCM Regulations of Eurex Clearing AG – Chapter I – is being newly introduced.

Chapter I: Clearing Model Related Provisions

FCM Regulations of Eurex Clearing AG

As of 17.09.2018

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Preamble

This Chapter I forms an integral part of the FCM Clearing Conditions, including the FCM Regulations, of Eurex Clearing AG.

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1 General Provisions

1.1 Scope of Application

- 1.1.1 Eurex Clearing AG, having its registered office in Frankfurt am Main, acts as central counterparty for novations of certain swap transactions (each such novated transaction, a **"Swap Transaction"**).
- 1.1.2 These FCM Regulations of Eurex Clearing AG (**"FCM Regulations"**), in conjunction with the FCM Default Rules of Eurex Clearing AG (**"FCM Default Rules"**), provide a framework for clearing of Swap Transactions through Eurex Clearing AG by FCM Clearing Members acting as agent on behalf of their clients (as described in Number 6.2.2) and, if applicable, for their own account. The **"FCM Clearing Conditions"** means the rules of Eurex Clearing AG for the clearing of Swap Transactions by FCM Clearing Members and comprise the:
- (1) FCM Regulations;
 - (2) FCM Default Rules;
 - (3) Default Management Committee Rules of Eurex Clearing AG (**"Default Management Committee Rules"**);
 - (4) Default Management Auction Rules of Eurex Clearing AG (**"Default Management Auction Rules"**);
 - (5) Price List for Eurex Clearing AG; and
 - (6) General Terms and Conditions to the Agreement on Technical Connection to the Clearing EDP of Eurex Clearing AG;
- in each case in the currently available version as amended from time to time. The FCM Clearing Conditions may be viewed at and downloaded from the Eurex Clearing AG website at (www.eurexclearing.com).
- 1.1.3 The conclusion of Swap Transactions between Eurex Clearing AG and the FCM Clearing Member by way of novation, the processing by Eurex Clearing AG of Swap Transactions, and the related services rendered by Eurex Clearing AG, in each case as set out in the FCM Clearing Conditions, shall together be referred to herein as **"Clearing"**.
- 1.1.4 With respect to the Clearing of Swap Transactions for clients, the FCM Regulations establish a clearing model for FCM Clearing Members based on the concept of legal segregation and operational commingling of collateral of their clients, referred to as **"LSOC"**.

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- 1.1.5 The FCM Clearing Conditions apply to all transactions resulting from the novation of any interest rate derivatives transaction falling under Chapter II Part 2 of the FCM Regulations (each, an **"Interest Rate Derivative Transaction"**).

Eurex Clearing AG may designate transaction types for other asset classes as Swap Transactions under this Number 1.1.5, provided that the transaction type qualifies as a swap as defined in Section 1a (48) of the CEA and Regulation 1.3 of the CFTC (each separate classification (including Interest Rate Derivative Transactions) a **"Swap Transaction Type"**).

- 1.1.6 The procedures maintained and operated by Eurex Clearing AG for the Clearing of Swap Transactions under the FCM Clearing Conditions shall be carried out on the basis of a clearing agreement to be entered into between Eurex Clearing AG and the FCM Clearing Member in the form appended hereto as Appendix 1 (the **"FCM Clearing Agreement"**).

- 1.1.7 The FCM Clearing Conditions are specific to FCM Clearing Members and are separate from the Clearing Conditions, which apply to the clearing services that Eurex Clearing AG provides for various transaction types, including those classified as Swap Transaction Types herein, to other categories of Clearing Members (as defined in Number 1.2.1).

- 1.1.8 Only entities that have been granted an FCM Clearing License pursuant to Number 2 and that have been admitted as an FCM Clearing Member are authorized to participate in the Clearing of Swap Transactions pursuant to the FCM Clearing Agreement.

- 1.1.9 Each client of an FCM Clearing Member for which the FCM Clearing Member is clearing FCM Client Transactions through Eurex Clearing AG is an **"FCM Client"**.

- (1) FCM Clients do not have a direct contractual relationship with Eurex Clearing AG and shall not be required to enter into an FCM Clearing Agreement or any other contractual agreement with Eurex Clearing AG.
- (2) An FCM Client must be a direct client of an FCM Clearing Member. For the avoidance of doubt, the FCM Clearing Member is not allowed to clear Swap Transactions through Eurex Clearing AG for indirect clients.
- (3) An FCM Client will only be setup as a client within the systems of Eurex Clearing AG when the FCM Clearing Member has provided the FCM Client Information to Eurex Clearing AG and Eurex Clearing AG has not rejected the relevant client on the basis of its compliance checks.
- (4) **"FCM Client Information"** means:
 - (a) the name of the FCM Client,
 - (b) the address of its primary business address or primary residence, as applicable,
 - (c) the e-mail address (for default management purposes) or alternative contact details of the FCM Client,

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- (d) the telephone number of the FCM Client, and
 - (e) the legal entity identifier (LEI) of the FCM Client.
- (5) The FCM Clearing Member shall provide Eurex Clearing AG at any time or upon request of Eurex Clearing AG with:
- (a) any update of FCM Client Information,
 - (b) a list of authorized signatories of an FCM Client of such FCM Clearing Member that are entitled to represent such FCM Client, and
 - (c) any information in relation to any of its FCM Clients that Eurex Clearing AG reasonably requires or requests in order to comply with any statutory or regulatory obligations.

Eurex Clearing AG may rely on the Client Information provided by the FCM Clearing Member without conducting its own investigation.

1.2 Definitions and Interpretation

- 1.2.1 Unless the context requires otherwise, the following terms and expressions in the FCM Regulations shall have the following meanings:

“Actually Delivered” means at any time and with respect to an Eligible Margin Asset:

- (1) the actual credit of an Eligible Margin Asset in the form of cash to the relevant FCM Clearing Member Proprietary Margin Account or the relevant FCM Client Margin Account, or
- (2) the actual credit of an Eligible Margin Asset in the form of securities to the FCM Clearing Member Own Pledged Securities Account or the relevant FCM Client Pledged Securities Account, as the case may be, provided that the relevant pledge has been granted in accordance with Number 3.2.3 and has not expired in whole or in part, or
- (3) otherwise in the event of payment netting pursuant to Number 1.3.4, the legal effectiveness of such set-off of payment obligations.

“Affiliate” means, with respect to an FCM Clearing Member, any person that controls, directly or indirectly, the FCM Clearing Member; any person that the FCM Clearing Member controls, directly or indirectly; and any entity in respect of which the FCM Clearing Member and the entity are both under common control, directly or indirectly, of another person.

“Affiliated Settlement Bank” has the meaning assigned to it in Number 2.2.10.

“Applicable Law” means any applicable law, statute, ordinance, rule, regulation or other instrument in force from time to time of any government or supranational body; governmental authority, agency or department; or regulatory or self-regulatory authority.

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“**Approved SDR**” means any swap data repository approved from time to time by Eurex Clearing AG for the submission of swap data relating to the novation of Original Swap Transactions.

“**Assumed Allocation**” has the meaning assigned to it in Number 6.5.2.

“**Block Swap Transaction**” means an Original Swap Transaction with a notional amount that is at or above the minimum block size established by the CFTC pursuant to CFTC Regulation 43.6 for the relevant asset class of swap (e.g., Interest Rate Derivative Transactions).

“**Business Day**” means, for the Clearing of Swap Transactions, the days determined by the Executive Board of Eurex Clearing AG.

“**CEA**” means the U.S. Commodity Exchange Act.

“**CFTC**” means the U.S. Commodity Futures Trading Commission.

“**CFTC Regulation**” means the rules, regulations and orders promulgated by the CFTC.

“**Clearing Conditions**” means the clearing conditions of Eurex Clearing AG (*Clearing-Bedingungen der Eurex Clearing AG*) in their binding German language version, as amended from time to time, provided that references in these FCM Regulations to terms defined in the Clearing Conditions shall be references to the English language terms used in the non-binding English translation of the Clearing Conditions (with the meaning of the corresponding German language terms).

“**Clearing Currency**” means Euro (“**EUR**”).

“**Clearing License**” means a clearing license granted to a Clearing Member pursuant to Chapter 1 Part 1 Number 2.1.1 of the Clearing Conditions; as used in the FCM Clearing Conditions, the term does not include a clearing license granted to an FCM Clearing Member pursuant to Number 2 of the FCM Regulations.

“**Clearing Member**” means (i) each Non-FCM Clearing Member and (ii) each FCM Clearing Member.

“**Correspondent Bank**” has the meaning assigned to it in Number 2.2.10.

“**CVR**” or “**Collateral Value Report**” has the meaning assigned to it in Number 6.5.1.

“**Default Fund**” means the default fund of Eurex Clearing AG as set out in Chapter I Part 1 Number 6 of the Clearing Conditions. The Default Fund does not have legal personality and the legal relationships arising in respect thereof shall not constitute any form of internal partnership (*Innengesellschaft*).

“**Eligible Margin Assets**” has the meaning assigned to it in Number 3.1.2.

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“Encumbered FCM Client Buffer” has the meaning assigned to it in Number 6.4.2 in relation to an FCM Client Margin Account under the LSOC Without Excess Model and in Number 6.5.3 in relation to an FCM Client Margin Account under the LSOC With Excess Model.

“Eurex Clearing AG FCM Client RTGS Account” has the meaning assigned to it in Number 2.2.10.

“Eurex Clearing AG General RTGS Account” has the meaning assigned to it in Number 2.2.10.

“Euro” means the lawful currency of the member states of the European Union that continue to have adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on March 25, 1957), as amended by the Treaty on the European Union (signed in Maastricht on February 7, 1992), the Treaty of Amsterdam (signed in Amsterdam on October 2, 1997), the Treaty of Nice (signed in Nice on February 26, 2001) and the Treaty of Lisbon (signed in Lisbon on December 13, 2007).

“Excess Margin” means, in relation to an FCM Client Margin Sub-Account of a specific FCM Client the amount (if any) by which the FCM Client Margin Sub-Account Balance of the relevant FCM Client Margin Sub-Account exceeds the Margin Requirement determined by Eurex Clearing AG with respect to the relevant FCM Client Margin Sub-Account of such FCM Client.

“FCM” means an entity that is a futures commission merchant as defined in the CEA and CFTC Regulations and is registered in that capacity with the CFTC.

“FCM Clearing Agreement” has the meaning assigned to it in Number 1.1.6.

“FCM Clearing License” means a clearing license granted to an FCM Clearing Member by Eurex Clearing AG pursuant to Number 2.

“FCM Clearing Member” means an entity that has been granted an FCM Clearing License by Eurex Clearing AG pursuant to Number 2.

“FCM Clearing Member Client Cash Account” has the meaning assigned to it in Number 2.2.10.

“FCM Clearing Member Own Cash Account” has the meaning assigned to it in Number 2.2.10.

“FCM Clearing Member Own Pledged Securities Account” has the meaning assigned to it in Number 2.2.9.

“FCM Clearing Member Own Transaction Account” has the meaning assigned to it in Number 4.2.1.

“FCM Clearing Member Proprietary Margin Account” has the meaning assigned to it in Number 4.3.1.

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“FCM Clearing Member Proprietary Margin Account Balance” means, at any particular time, the value of the Eligible Margin Assets booked to the FCM Clearing Proprietary Margin Account as determined by Eurex Clearing AG in accordance with the FCM Regulations.

“FCM Clearing Member Proprietary Margin Requirement” has the meaning assigned to it Number 3.1.1.

“FCM Clearing Member Termination Time” has the meaning assigned to it in Number 9.2.3.

“FCM Client” has the meaning assigned to it in Number 1.1.9.

“FCM Client Assumed Allocation Sub-Account” has the meaning assigned to it in Number 6.5.2.

“FCM Client Buffer” has the meaning assigned to it in Number 6.3.2.

“FCM Client Buffer Sub-Account” has the meaning assigned to it in Number 6.3.2.

“FCM Client Margin Account” has the meaning assigned to it in Number 4.3.1.

“FCM Client Margin Requirement” has the meaning assigned to it in Number 3.1.1.

“FCM Client Margin Sub-Account” has the meaning assigned to it in Number 4.3.1.

“FCM Client Margin Sub-Account Balance” means, at any particular time, the legally segregated value of the Eligible Margin Assets allocated to an FCM Client Margin Sub-Account (and to the FCM Client Assumed Allocation Sub-Account treated as part of the FCM Client Margin Sub-Account, under the LSOC With Excess Model) as determined by Eurex Clearing AG in accordance with the FCM Regulations. The FCM Client Margin Sub-Account Balance does not reflect the value of any FCM Client Buffer or FCM Client Unallocated Excess.

“FCM Client Pledged Securities Account” has the meaning assigned to it in Number 2.2.9.

“FCM Client RTGS Account” has the meaning assigned to it in Number 2.2.10.

“FCM Client Termination Time” has the meaning assigned to it in Number 9.3.

“FCM Client Transaction” has the meaning assigned to it in Number 1.3.2.

“FCM Client Transaction Account” has the meaning assigned to it Number 4.2.1.

“FCM Client Unallocated Excess” has the meaning assigned to it in Number 6.3.3.

“FCM Client Unallocated Excess Sub-Account” has the meaning assigned to it in Number 6.3.3.

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“Initial Margin” means, with respect to the amount of Eligible Margin Assets attributable to a particular FCM Clearing Member Proprietary Margin Account or FCM Client Margin Sub-Account, the portion of such Eligible Margin Assets held in respect of Eurex Clearing AG’s initial margin requirements in respect of the Swap Transactions recorded in the corresponding FCM Clearing Member Own Transaction Account or FCM Client Transaction Account for such account or sub-account.

“Insolvency Termination Event” has the meaning assigned to it Number 9.2.2.

“LSOC With Excess Model” has the meaning assigned to it in Number 6.5

“LSOC Without Excess Model” has the meaning assigned to it in Number 6.4.

“Margin Call” has the meaning assigned to it in Number 3.2.1.

“Margin Requirement” means, as applicable, the FCM Client Margin Requirement or the FCM Clearing Member Proprietary Margin Requirement.

“Netting Set” has the meaning assigned to it in Number 9.1.

“NFA” means the National Futures Association.

“Non-FCM Clearing Member” means each Clearing Member that has been granted a Clearing License by Eurex Clearing AG pursuant to Chapter 1 Part 1 Number 2.1.1 of the Clearing Conditions.

“Original Swap Transaction” has the meaning assigned to it in Number 1.3.3.

“Other Eligible Margin Assets” has the meaning assigned to it in Number 3.1.2 Paragraph (4).

“Own Transaction” has the meaning assigned to it in Number 1.3.2.

“RTGS Account” has the meaning assigned to it in Number 2.2.10.

“Settlement Bank” has the meaning assigned to it in Number 2.2.10.

“Supplementary Margin” has the meaning assigned to it in Number 3.1.4.

“Termination Event” has the meaning assigned to it in Number 9.2.1.

“Termination Time” means an FCM Clearing Member Termination Time or an FCM Client Termination Time.

“Third Party Information Provider” means a system or facility, such as a trade affirmation or routing system, a swap execution facility, a multilateral trading facility, an exchange or another similar venue or system that is approved by Eurex Clearing AG to submit Original Swap Transactions to Eurex Clearing AG for Clearing.

“Trust Account” has the meaning assigned to it in Number 3.2.2.

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“**U.S.**” and “**United States**” means the United States of America, any state thereof and its territories and possessions.

“**Variation Settlement**” means a payment owed to an FCM Clearing Member by Eurex Clearing AG or by an FCM Clearing Member to Eurex Clearing AG in respect of a change in the net present value of Swap Transactions in the corresponding FCM Clearing Member Own Transaction Account or FCM Client Transaction Account (and the corresponding amounts owed between the FCM and its FCM Client as applicable), as determined by Eurex Clearing AG in accordance with the relevant Special Provisions in Chapter II.

1.2.2 References to laws, rules, regulations and agreements shall mean such laws, rules, regulations and agreements as they are amended and updated from time to time.

1.2.3 In addition to the defined terms listed in this Number 1.2, terms used in these FCM Regulations are defined at the place of their first usage.

1.3 FCM Clearing Procedures

1.3.1 General

- (1) The clearing procedures applicable to a Swap Transaction shall be determined on the basis of the general clearing provisions set out in Chapter I (General Provisions) and the provisions applicable to the relevant Swap Transaction Type set out in Chapter II (“**Special Provisions**”). The Special Provisions *inter alia* comprise provisions relating to the settlement of the relevant Swap Transaction Type by payment of a cash amount determined by reference to an asset (such as an interest rate) (“**Cash Settlement**”).
- (2) In case of any conflicts between (i) the General Provisions and (ii) the Special Provisions, the Special Provisions prevail.
- (3) The FCM Clearing Conditions provide for terms and conditions with regard to the legal relationship between Eurex Clearing AG and the FCM Clearing Member.

1.3.2 Categories of Swap Transactions between Eurex Clearing AG and the FCM Clearing Member

A Swap Transaction between Eurex Clearing AG and the FCM Clearing Member will, for purposes of the FCM Clearing Conditions, be categorized as:

- (1) an “**Own Transaction**”, if it is concluded for the FCM Clearing Member’s own account; or
- (2) an “**FCM Client Transaction**”, if it is concluded for an FCM Client of the FCM Clearing Member.

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1.3.3 Conclusion and Transfer of Swap Transactions

(1) Novation

- (a) Swap Transactions will be concluded by way of novation.

Whenever a swap transaction (the “**Original Swap Transaction**”)

(aa) is submitted to Eurex Clearing AG by or on behalf of an FCM Clearing Member (either directly or via a Third-Party Information Provider), as provided for in the Special Provisions, and

(bb) Eurex Clearing AG accepts such Original Swap Transaction for Clearing in accordance with the Special Provisions,

Eurex Clearing AG will, subject to the following provisions, interpose itself by means of a novation as central counterparty between the parties to the Original Swap Transaction.

- (b) Any novation of Original Swap Transactions shall be subject to the novation procedures, criteria and effectiveness requirements specified in the relevant Special Provisions. The Swap Transactions resulting from the novation are binding regardless whether the Original Swap Transaction was validly formed.
- (c) The Original Swap Transaction shall, subject to the Special Provisions, upon the novation becoming effective, be extinguished and replaced by two transactions, each on terms that are identical to the terms of the other transaction, one that is a Swap Transaction between Eurex Clearing AG and the FCM Clearing Member (acting as agent on behalf of an FCM Client Transaction) and the other between Eurex Clearing AG and the other relevant Clearing Member (which may be a transaction subject to the Clearing Conditions or a Swap Transaction subject to the FCM Clearing Conditions, depending on the status of such Clearing Member).

(2) Transactions Pursuant to the Default Management Process

- (a) Eurex Clearing AG may conclude Swap Transactions with an FCM Clearing Member as part of its default management process pursuant to Number 4 of the FCM Default Rules and include such Swap Transactions in the Clearing. In particular, if an FCM Mandatory Participant has submitted the winning Bid in a DM Auction in accordance with the FCM Default Rules, the relevant DM Auction Transactions that are Swap Transactions shall be established between Eurex Clearing AG and such FCM Clearing Member pursuant to these FCM Regulations. The terms “**FCM Mandatory Participant**”, “**Bid**” and “**DM Auction**” have the meanings assigned to them in the FCM Default Rules.
- (b) Eurex Clearing AG may conclude Swap Transactions with an FCM Clearing Member pursuant to the FCM Regulations as part of Eurex Clearing AG’s procedures to hedge or manage liquidity risks or any other risks that Eurex

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Clearing AG may be exposed to with respect to a failed settlement of a transaction on the scheduled settlement day.

(3) **Transfer of Swap Transactions**

Subject to the terms and conditions set out in the Special Conditions, Eurex Clearing AG will, at the request of an FCM Client made through its FCM Clearing Member, transfer all or a portion of the FCM Client Transactions booked to its FCM Client Transaction Account to an appropriate transaction account at another Clearing Member.

(4) **Swap Transactions Binding**

Once a Swap Transaction is concluded in accordance with the FCM Clearing Conditions (whether for an FCM Clearing Member Own Transaction Account or an FCM Client Transaction Account), unless explicitly stated in the FCM Clearing Conditions, the Swap Transaction is legally binding and the FCM Clearing Member waives, to the fullest extent permitted under Applicable Law, any right (contractual or otherwise) to rescind, terminate, void or adjust the terms of such Swap Transaction for reason of error, incorrect transmission, price correction or similar causes.

1.3.4 **Payment Netting**

- (1) If any amounts are payable on the same date between Eurex Clearing AG and an FCM Clearing Member in both directions in respect of (i) FCM Client Transaction Accounts linked to the same FCM Client Margin Account, (ii) the same currency, and (iii) to or from the same FCM Clearing Member Client Cash Account, and provided that the FCM Clearing Member is not in default of any obligation to Eurex Clearing AG under the FCM Clearing Conditions:
 - (a) Eurex Clearing AG will aggregate the payments owed by Eurex Clearing AG into a single aggregated payment amount and will aggregate the payments owed by the FCM Clearing Member into a single aggregated payment amount, separately in respect of the FCM Client Margin Requirement and any Variation Settlement amounts owed (each a separate "**Accumulation Amount**").
 - (b) The Accumulation Amounts owed by Eurex Clearing AG to the FCM Clearing Member and by the FCM Clearing Member to Eurex Clearing AG in respect to the FCM Client Margin Requirement will not be netted against one another.
 - (c) The Accumulation Amounts owed by Eurex Clearing AG to the FCM Clearing Member and by the FCM Clearing Member to Eurex Clearing AG for Variation Settlement will be netted against one another, and
 - (aa) if the net amount is zero, the payment obligations are deemed automatically satisfied and discharged (and Actual Delivery of the currency is deemed to occur);
 - (bb) if the netting results in a net amount payable by the FCM Clearing Member to Eurex Clearing AG, Eurex Clearing AG will issue a payment instruction to the FCM Clearing Member for such net amount and, upon receipt of

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payment of such net amount by Eurex Clearing AG, the Accumulation Amounts are deemed automatically satisfied and discharged to the extent of the netting (and Actual Delivery of the currency is deemed to occur); or

(cc) if the netting results in a net amount payable by Eurex Clearing AG to the FCM Clearing Member, Eurex Clearing AG will instruct a payment to the FCM Clearing Member for such net amount and, upon receipt of payment of such net amount by the FCM Clearing Member, the Accumulation Amounts are deemed automatically satisfied and discharged to the extent of the netting (and Actual Delivery of the currency is deemed to occur).

- (2) If any amounts are payable on the same date between Eurex Clearing AG and an FCM Clearing Member in both directions in respect of (i) the FCM Clearing Member's Own Transactions, (ii) the same currency, and (iii) to or from the same FCM Clearing Member Own Cash Account, and provided that the FCM Clearing Member is not in default of any obligation to Eurex Clearing AG under the FCM Clearing Conditions:
- (a) Eurex Clearing AG will aggregate the payments owed by Eurex Clearing AG into a single aggregated payment amount and will aggregate the payments owed by the FCM Clearing Member into a single aggregated payment amount;
 - (b) The obligations owed by Eurex Clearing AG to the FCM Clearing Member and by the FCM Clearing Member to Eurex Clearing AG will be netted against one another, and to the extent of such netting the payment obligations are deemed automatically satisfied and discharged (and Actual Delivery of the currency is deemed to occur); and
 - (c) If the aggregate amount that would otherwise have been payable by one party (Eurex Clearing AG or the FCM Clearing Member) to the other exceeds the aggregate amount that would otherwise have been payable by the other party, the amount owed by the party with the larger aggregate amount is automatically replaced by an obligation to pay the other person an amount equal to the difference between the larger aggregate amount and the smaller aggregate amount.

1.3.5 **Mandatory Business Hours**

FCM Clearing Members are obliged to procure that they are prepared to handle Clearing-related business, including the assessment of reports and notifications in accordance with Number 15.1, on each Business Day from 7:00 a.m. until 23:30 p.m. CET.

1.3.6 **Prohibition of Assignment**

Unless otherwise provided for in the FCM Clearing Conditions, an FCM Clearing Member may not assign any claims or rights arising from any Swap Transactions or its use of the Clearing.

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1.4 Settlement of Swap Transactions

The following general provisions shall apply in relation to the settlement of Swap Transactions.

1.4.1 Cash Payments

- (1) The FCM Clearing Member shall procure that debit instructions received from Eurex Clearing AG with respect to any FCM Clearing Member Own Cash Accounts and any FCM Clearing Member Client Cash Accounts are honoured by the relevant bank.
- (2) All debit instructions provided by the FCM Clearing Member with respect to any FCM Clearing Member Own Cash Accounts and any FCM Clearing Member Client Cash Accounts may only be revoked by the FCM Clearing Member if the FCM Clearing Member also terminates its Clearing License. If the FCM Clearing Member has declared such revocation and termination, such revocation of debit instructions and the termination of the related Clearing License shall only become effective after all Swap Transactions of the FCM Clearing Member that are Own Transactions and FCM Client Transactions have been cancelled, closed or fulfilled. If the Clearing License ends for any other reasons, all related debit instructions shall terminate and such termination shall become effective in accordance with the foregoing sentence.

1.4.2 Currency Conversion

Eurex Clearing AG is entitled in its discretion to convert cash standing to the debit or credit of an FCM Clearing Member's FCM Client Margin Account into any other currency or currencies as it determines. Eurex Clearing AG will make the conversion at such reasonable rate or rates of exchange as it determines appropriate.

1.5 EMIR Risk Committee

Eurex Clearing AG has established the EMIR Risk Committee to advise the supervisory board of Eurex Clearing AG (the “**Supervisory Board**”) and the Executive Board of Eurex Clearing AG (the “**Executive Board**”) with respect to certain matters as provided in the statutes for the EMIR Risk Committee. The matters on which the EMIR Risk Committee may provide advice from time to time could result in changes to Eurex Clearing AG's provision of Clearing to the FCM Clearing Members.

1.6 Additionally Monitored Risks and Risk Mitigating Measures

1.6.1 General Rules

- (1) Eurex Clearing AG monitors and, when necessary, mitigates the following risks that Eurex Clearing AG is exposed to in relation to the FCM Clearing Member:
 - (a) the potential loss which Eurex Clearing AG may suffer if an FCM Clearing Member fails to fulfil its contractual obligations under its Swap Transactions (“**Credit Risk**”),

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- (b) the potential loss which Eurex Clearing AG may suffer during the default management process, due to insufficient diversification in respect of the Eligible Margin Assets provided by the FCM Clearing Member in respect of the FCM Clearing Member's Swap Transactions ("**Concentration Risk**"), and
 - (c) the potential loss which Eurex Clearing AG may suffer during the default management process, due to an unfavourable interrelatedness between the FCM Clearing Member's creditworthiness, the value of the Eligible Margin Assets provided by the FCM Clearing Member and the notional exposure arising from the FCM Clearing Member's Swap Transactions ("**Wrong Way Risk**", together with the Credit Risk and the Concentration Risk, the "**Additionally Monitored Risks**").
- (2) Eurex Clearing AG determines dedicated thresholds or limits for each of the Additionally Monitored Risks. The FCM Clearing Member is required to comply with these thresholds and limits at all times.
- (3) Eurex Clearing AG will publish further details and guidelines regarding the determination of thresholds and limits and the applicable mitigation measures (together the "**Framework**") on its homepage (www.eurexclearing.com). The Framework may be amended from time to time and published accordingly.
- (4) Eurex Clearing AG conducts an internal assessment of the creditworthiness of the FCM Clearing Member. Based on this assessment, Eurex Clearing AG classifies the FCM Clearing Member into one of multiple pre-defined classification levels (the "**Clearing Member Classification**"). Eurex Clearing AG performs such Clearing Member Classification (i) prior to the granting of an FCM Clearing Licence, (ii) at least once annually, and (iii) on an ad-hoc basis when it is deemed necessary. Eurex Clearing AG notifies the FCM Clearing Member about the Clearing Member Classification and any changes thereof.
- (5) Eurex Clearing AG conducts an internal assessment of the creditworthiness of each country, which is (i) the home country of any FCM Clearing Member, or (ii) the home country of an issuer of securities that qualify as Eligible Margin Assets. Based on this assessment, Eurex Clearing AG classifies such countries into one of multiple pre-defined classification levels (the "**Country Classification**"). Eurex Clearing AG reviews each Country Classification on a regular basis and on an ad-hoc basis when it is deemed necessary.
- (6) Eurex Clearing AG conducts an internal assessment of the creditworthiness of each supranational organization which has issued securities that qualify as Eligible Margin Assets. Based on this assessment, Eurex Clearing AG classifies such supranational organizations into one of multiple pre-defined classification levels (the "**Supranational Organization Classification**"). Eurex Clearing AG reviews each Supranational Organization Classification on a regular basis and on an ad-hoc basis when it is deemed necessary.

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- (7) Eurex Clearing AG will publish the Country Classification and the Supranational Organization Classification in the member section on its website (www.eurexclearing.com).

1.6.2 **Assessment and Mitigation of Credit Risk**

- (1) Based on the Clearing Member Classification, Eurex Clearing AG is entitled to define one or more Credit Risk thresholds for the FCM Clearing Member ("**Credit Risk Thresholds**"). Eurex Clearing AG reviews each Credit Risk Threshold on a regular basis and on an ad-hoc basis when it is deemed necessary. Eurex Clearing AG notifies the FCM Clearing Member about all Credit Risk Thresholds, and any changes thereof.
- (2) Credit Risk Thresholds can be defined as maximum Margin Requirement or as maximum notional exposure arising from the FCM Clearing Member's FCM Client Transactions or Own Transactions (which may be applied separately or on a combined basis to the FCM Clearing Member's FCM Client Transactions or Own Transactions).
- (3) In case the FCM Clearing Member breaches any Credit Risk Threshold, applicable at that point in time, the following applies:
 - (a) Eurex Clearing AG will notify the FCM Clearing Member about the breach of the relevant Credit Risk Threshold and will request the reduction of the relevant Margin Requirement or notional exposure, as the case may be, within a reasonable period of time and in an amount, which is necessary to remedy the relevant breach.
 - (b) In case the FCM Clearing Member does not remedy the breach of the relevant Credit Risk Threshold within the reasonable period of time pursuant to (a), Eurex Clearing AG is entitled to demand the provision of Supplementary Margin in accordance with Number 3.1.4.

1.6.3 **Assessment and Mitigation of Concentration Risk**

- (1) Eurex Clearing AG defines Concentration Risk limits for any Eligible Margin Assets in the form of securities ("**Concentration Risk Limits**").
 - (a) Eurex Clearing AG reviews each Concentration Risk Limit on a regular basis and on an ad-hoc basis when it is deemed necessary.
 - (b) Eurex Clearing AG will publish the Concentration Risk Limits, and any changes thereof, on its website (www.eurexclearing.com).
 - (c) In case the FCM Clearing Member breaches any Concentration Risk Limit applicable at that point in time, the following applies:
 - (aa) Eurex Clearing AG will notify the FCM Clearing Member about the breach of the relevant Concentration Risk Limit and will request the replacement of Eligible Margin Assets in the form of securities by other Eligible Margin

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Assets (“**New Eligible Margin Assets**”) within a reasonable period of time and in an amount, which is necessary to remedy the relevant breach. The FCM Clearing Member must provide the New Eligible Margin Assets in accordance with the terms of Number 3.1.2 Paragraph (4), the same as if they constitute Other Eligible Margin Assets.

(bb) In case the FCM Clearing Member does not remedy the breach of the relevant Concentration Risk Limit, within the reasonable period of time pursuant to (i), Eurex Clearing AG is entitled to demand the provision of Supplementary Margin in accordance with Number 3.1.4.

(2) Notwithstanding Paragraph (1), Eurex Clearing AG defines Concentration Risk thresholds in relation to Eligible Margin Assets in the form of securities (“**Concentration Risk Thresholds**”).

(a) Concentration Risk Thresholds are defined with respect to each Country Classification and Supranational Organization Classification.

(b) Eurex Clearing AG reviews the Concentration Risk Thresholds on a regular basis and on an ad-hoc basis when it is deemed necessary.

(c) Eurex Clearing AG will publish the Concentration Risk Thresholds, and any changes thereof, on its website (www.eurexclearing.com).

(d) In case the FCM Clearing Member breaches a Concentration Risk Threshold, applicable at that point in time, the following applies:

(aa) Eurex Clearing AG will notify the FCM Clearing Member about the breach of the relevant Concentration Risk Threshold and will request (i) the reduction of the relevant notional exposure or (ii) the replacement of Eligible Margin Assets in the form of securities by New Eligible Margin Assets within a reasonable period of time and to the extent necessary to remedy the relevant breach.

(bb) In case the FCM Clearing Member does not remedy the breach of the relevant Concentration Risk Threshold within the reasonable period of time pursuant to (i), Eurex Clearing AG is entitled to demand the provision of Supplementary Margin in accordance with Number 3.1.4.

1.6.4 **Assessment and Mitigation of Wrong Way Risk**

(1) Eurex Clearing AG defines Wrong Way Risk thresholds in relation to Eligible Margin Assets in the form of securities (“**Wrong Way Risk Thresholds**”).

(2) Wrong Way Risk Thresholds are defined with respect to each FCM Clearing Member Classification and Country Classification.

(3) Eurex Clearing AG reviews the Wrong Way Risk Thresholds on a regular basis and on an ad-hoc basis when it is deemed necessary.

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- (4) Eurex Clearing AG will publish the Wrong Way Risk Thresholds, and any changes thereof, on its website (www.eurexclearing.com).
- (5) In case the FCM Clearing Member breaches any Wrong Way Risk Threshold applicable at that point in time, Eurex Clearing AG is entitled to take the following mitigating measures:
 - (a) Eurex Clearing AG will notify the FCM Clearing Member about the breach of the relevant Wrong Way Risk Threshold and will request (i) the reduction of the relevant notional exposure, or (ii) the replacement of Eligible Margin Assets in the form of securities by New Eligible Margin Assets within a reasonable period of time and to the extent necessary to remedy the relevant breach.
 - (b) In case the FCM Clearing Member does not remedy the breach of the relevant Wrong Way Risk Threshold within the reasonable period of time pursuant to (a), Eurex Clearing AG is entitled to demand the provision of Supplementary Margin in accordance with Number 3.1.4.

1.7 Representations and Undertakings with Respect to the FCM Clearing Agreement

1.7.1 Representations by the FCM Clearing Member

At the time it enters an FCM Clearing Agreement, each FCM Clearing Member represents and warrants to Eurex Clearing AG that:

- (1) it has the power to enter into and perform the FCM Clearing Agreement and any other documentation relating to the FCM Clearing Agreement to which it is a party and has taken all necessary action to authorize such execution and performance;
- (2) its entry into and performance of the FCM Clearing Agreement and any other documentation relating to the FCM Clearing Agreement to which it is a party do not conflict with any law or regulation applicable to it, any provision of its constitutional documents, any order or judgment of any court or agency of government applicable to it or any of its assets or any agreement or instrument by which it is bound or which affects any of its assets;
- (3) it is registered with the CFTC as a futures commission merchant and is a member of the NFA;
- (4) it has all other governmental consents or other consents that it is required to obtain with respect to its entry into and performance of the FCM Clearing Agreement and such consents are in full force and effect and all conditions of any such consents have been complied with;
- (5) no order has been made or applied for or resolution passed for the suspension of payments or dissolution, termination of existence, liquidation, winding-up, reorganization, bankruptcy, insolvency, judicial management or curatorship, in each case, with respect to it;

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- (6) no moratorium in respect of all or any debts or a composition or an arrangement with creditors or any similar proceeding or arrangement by which its assets are submitted to the control of its creditors is ordered, declared or applied for, in each case, with respect to it;
- (7) no liquidator, trustee, administrator, receiver or similar officer has been appointed in respect of it or in respect of all or a substantial part of its assets;
- (8) it is able to pay its debts as and when they fall due, will not become unable to pay its debts as a consequence of entering into the FCM Clearing Agreement;
- (9) it is acting as principal in respect of the FCM Clearing Agreement and with respect to all of its Swap Transactions that are Own Transactions;
- (10) it is duly authorized under its agreement (or agreements) with each of its FCM Clients to Clear FCM Client Transactions on their behalf subject to and in accordance with the terms of the FCM Clearing Conditions; and
- (11) no event has occurred or circumstance arisen with respect to it which would (whether or not with the giving of notice and/or the passage of time and/or the fulfilment of any other requirement) constitute a Termination Event or Insolvency Termination Event under the FCM Clearing Conditions.

1.7.2 **Additional representations and undertakings by FCM Clearing Members**

- (1) At the time it enters into the FCM Clearing Agreement, each FCM Clearing Member further represents and warrants to Eurex Clearing AG that:
 - (a) it is entitled to pledge, or, as relevant, transfer full legal and beneficial ownership of, all assets (including, without limitation, all Eligible Margin Assets (including securities)) to be so pledged or so transferred by it pursuant to the FCM Clearing Agreement, free from any liens, encumbrances, charges or other rights or claims;
 - (b) it is not subject to a disqualification pursuant to Section 8a of the CEA;
 - (c) it has implemented risk management processes that sufficiently address operational capacity, including the ability to process expected volumes and/or values of transactions within required time frames, including at peak times, the ability to fulfil collateral, payment, and delivery obligations, and the ability to participate in default management;
 - (d) it maintains written risk management policies and procedures which address the risks that such FCM Clearing Member may pose to Eurex Clearing AG.
- (2) The FCM Clearing Member further undertakes:
 - (a) to make the risk management policies and procedures described in Number 1.7.2 (1) (c) and (d) available to Eurex Clearing AG for inspection;

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- (b) to disclose to Eurex Clearing AG whether it has been audited by another derivatives clearing organization as well as the pertinent results of any such risk management audit; and
- (c) to make information and documents regarding its risk management policies, procedures and practices available to the CFTC upon the CFTC's request.

1.7.3 **FCM Clearing Member Representations Deemed Repeated**

Each FCM Clearing Member is deemed to repeat each representation set out in Numbers 1.7.1 and 1.7.2(1), to Eurex Clearing AG with regard to the facts and circumstances then existing whenever (i) its FCM Clearing Agreement is amended; (ii) it enters into a Swap Transaction that is an Own Transaction; or (iii) it submits (or allows the submission of) an Original Swap Transaction that results in a Swap Transaction that is an FCM Client Transaction.

1.7.4 **Representations by Eurex Clearing AG**

Eurex Clearing AG represents and warrants to the FCM Clearing Member at the time it enters into the FCM Clearing Agreement that:

- (1) it has the power to enter into and perform the FCM Clearing Agreement and any other documentation relating to the FCM Clearing Agreement to which it is a party and has taken all necessary action to authorize such execution and performance;
- (2) no order has been made or applied for or resolution passed for the suspension of payments or dissolution, termination of existence, liquidation, winding-up, reorganization, bankruptcy, insolvency, judicial management or curatorship, in each case, with respect to it;
- (3) no moratorium in respect of all or any debts or a composition or an arrangement with creditors or any similar proceeding or arrangement by which its assets are submitted to the control of its creditors is ordered, declared or applied for, in each case, with respect to it;
- (4) no liquidator, trustee, administrator, receiver or similar officer has been appointed in respect of it or in respect of all or a substantial part of its assets;
- (5) it is able to pay its debts as and when they fall due, will not become unable to pay its debts as a consequence of entering into the FCM Clearing Agreement and is not (i) imminent illiquid (*drohend zahlungsunfähig*) within the meaning of Section 18 of the German Insolvency Code ("**InsO**"), (ii) illiquid (*zahlungsunfähig*) within the meaning of Section 17 of the InsO or (iii) over-indebted (*überschuldet*) within the meaning of Section 19 of the InsO;
- (6) it has all governmental and other consents that it is required to obtain with respect to its entry into and performance of the FCM Clearing Agreement under the Applicable Laws in Germany and such consents are in full force and effect and all conditions of any such consents have been complied with; and

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- (7) no event has occurred or circumstances arisen with respect to it which would (whether or not with the giving of notice and/or the passage of time and/or the fulfilment of any other requirement) constitute a Failure to Pay Event or Insolvency Event under the FCM Clearing Agreement.

1.7.5 **Notice Required When Representations Cease to be True**

- (1) Eurex Clearing AG shall promptly inform the FCM Clearing Member if it becomes aware that any representation or warranty in Number 1.7.4 ceases to be true.
- (2) The FCM Clearing Member shall promptly inform Eurex Clearing AG if it becomes aware that any of its representations or warranties in Number 1.7.1 or 1.7.2 Paragraph (1) ceases to be true.

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2 FCM Clearing Members

2.1 Granting of FCM Clearing License

- 2.1.1 An FCM Clearing Member may only participate in the Clearing of the relevant Swap Transaction Type, if the FCM Clearing Member was granted a clearing license for such Swap Transaction Type by Eurex Clearing AG (each, an “**FCM Clearing License**”).
- 2.1.2 Upon written application, Eurex Clearing AG may grant an FCM Clearing License for a Swap Transaction Type if the relevant applicant meets the general prerequisites pursuant to Number 2.2 and the special prerequisites for the relevant Swap Transaction Type set forth in the Special Provisions.
- 2.1.3 An FCM Clearing License will be granted upon the conclusion of, or an amendment to this effect to, an FCM Clearing Agreement for the relevant Swap Transaction Type.
- 2.1.4 As specified in the FCM Clearing Agreement, the FCM Clearing Member will be authorized to clear Own Transactions and FCM Client Transactions in the relevant Swap Transaction Type pursuant to its FCM Clearing License.
- 2.1.5 An FCM Clearing Member may not assign or transfer its FCM Clearing License, or its rights and obligations thereunder, to any other person.

2.2 General Prerequisites for the FCM Clearing License

To receive approval for an FCM Clearing License, an applicant must meet the following prerequisites, and must continue to meet them on an ongoing basis to maintain its FCM Clearing License:

- 2.2.1 It must be legally organized and have its principal place of business in the United States.
- 2.2.2 It must be registered with the CFTC as a futures commission merchant and must be a member in good standing of the NFA.
- 2.2.3 At the time of the application, it must have adjusted net capital, calculated in accordance with CFTC Regulation 1.17, in the minimum amount published by Eurex Clearing AG on its website (www.eurexclearing.com), provided that such initial minimum amount will not be greater than USD 50,000,000 (fifty million USD). It must provide evidence of its adjusted net capital to Eurex Clearing AG as part of the application, and if the FCM Clearing License is granted, periodically thereafter as provided in Number 2.3 Paragraph (3).
- 2.2.4 It must provide Eurex Clearing AG with its written anti-money laundering procedures and written risk management policies and procedures and practices, addressing the risks that such FCM Clearing Member may pose to Eurex Clearing AG, including, but not limited to, information and documents relating to the liquidity of such FCM Clearing Member's financial resources and settlement procedures.
- 2.2.5 Without prejudice to the obligations imposed on an FCM Clearing Member under the FCM Clearing Conditions, it must have the ability to (i) process expected volumes and

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values of Own Transactions and FCM Client Transactions that it will clear within required time frames, including at peak times and on peak days; (ii) fulfil any collateral, payment and delivery obligations imposed by Eurex Clearing AG; and (iii) participate in the default management process pursuant to Number 4 of the FCM Default Rules.

2.2.6 It must comply with the following requirements:

- (1) Technical connection to the systems of Eurex Clearing AG and execution of the Agreement on Technical Connection to the Clearing EDP of Eurex Clearing AG (Connection Agreement) under inclusion of the General Terms and Conditions on Technical Connection to the Clearing EDP of Eurex Clearing AG.
- (2) The use of appropriate technical equipment (back-office facilities) to ensure the orderly recording, booking and supervision of all Swap Transactions, as well as the provision of margin and the calculation of Margin Requirements for its FCM Clients pursuant to the minimum requirements of Eurex Clearing AG.
- (3) The use of at least one sufficiently qualified (as defined by Eurex Clearing AG published pursuant to Number 15.1) clearing staff member in the back office for the orderly fulfilment of Number 1.3.5, provided however that an FCM Clearing Member is not obliged to use a qualified clearing staff member in the case of outsourcing to an Insourcer as defined in, and according to, Number 14.2 that has a qualified clearing staff member.

2.2.7 It must make its payment/delivery of the Contribution to the Default Fund in accordance with Number 3 of the FCM Default Rules.

2.2.8 It must appoint at least one employee as emergency contact for Eurex Clearing AG to initiate necessary measures in emergency cases who shall be available during regular business hours of Eurex Clearing AG; the FCM Clearing Member must register this employee contact with Eurex Clearing AG.

2.2.9 Securities Accounts

- (1) It must have available the following securities accounts, as applicable:
 - (a) With respect to the Clearing of Own Transactions: a securities account with Clearstream Banking AG pledged in favour of Eurex Clearing AG (the **"FCM Clearing Member Own Pledged Securities Account"**);
 - (b) With respect to the Clearing of FCM Client Transactions: one or more securities accounts with Clearstream Banking AG pledged in favour of Eurex Clearing AG for each FCM Client Margin Account (each an **"FCM Client Pledged Securities Account"**).
- (2) The applicant is not required to maintain securities accounts, if it provides Eligible Margin Assets only in the form of cash.
- (3) For each FCM Client Pledged Securities Account, the applicant must:

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- (a) Open the account under a name that clearly identifies the account as a Cleared Swaps Customer Account that holds Cleared Swaps Customer Collateral (as those terms are defined in the CFTC Part 22 Regulations), subject to segregation in accordance with the CEA and CFTC Part 22 Regulations; and
- (b) For avoidance of doubt, obtain an acknowledgement letter from Clearstream Banking AG in the form required by CFTC Regulation 22.5 addressed to the applicant, and provide a copy of such acknowledgement letter to Eurex Clearing AG (in addition to providing the acknowledgement letter to the CFTC).

2.2.10 Cash Accounts

- (1) With respect to cash payments under any FCM Clearing Agreement or Swap Transaction, the applicant is required to maintain the separate cash accounts with respect to the Clearing of Own Transactions and FCM Client Transactions, as provided in this Number 2.2.10.
- (2) With respect to the Clearing of Own Transactions:
 - (a) for cash payments when the Clearing Currency:
 - (aa) an account within the payment module at a central bank of the Euro system which participates in TARGET2 with its TARGET2 component system or an account at another central bank which is not a central bank of the Euro system and, due to a special agreement, connected to TARGET2 ("**RTGS Account**"), or
 - (bb) an RTGS Account maintained in the name of a correspondent bank ("**Correspondent Bank**"), or
 - (cc) an account with a commercial bank recognized by Eurex Clearing AG ("**Settlement Bank**") under the conditions set out under (ee), or
 - (dd) an account with a bank which maintains an account with a Settlement Bank under the conditions set out under (ee);
 - (ee) in case the applicant chooses to use an account with a Settlement Bank pursuant to (cc) or (dd) above, the following shall apply:
 - (A) any payment obligation of the applicant towards Eurex Clearing AG which may arise with respect to the Clearing of Own Transactions shall only be deemed discharged with the actual credit of the relevant cash amount to the general TARGET2 account of Eurex Clearing AG (the "**Eurex Clearing AG General RTGS Account**"). Eurex Clearing AG ensures that it will instruct its Settlement Bank immediately after any cash amount has been credited to its account with the Settlement Bank to transfer such amounts to the Eurex Clearing AG General RTGS Account;

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- (B) any payment obligation of Eurex Clearing AG towards the applicant which may arise with respect to the Clearing of Own Transactions shall already be deemed discharged with the actual credit of the relevant cash amount to Eurex Clearing AG's account maintained with the Settlement Bank. Eurex Clearing AG ensures that it will instruct its Settlement Bank immediately after any cash amount has been credited to its account with the Settlement Bank to transfer such amounts to the applicant's account with the Settlement Bank;
 - (C) at the time the applicant enters into an FCM Clearing Agreement with Eurex Clearing AG, the applicant further represents and warrants to Eurex Clearing AG that it will indemnify Eurex Clearing AG against any and all damages and losses which may arise from (a) a non-transfer of the relevant cash amounts from the account of Eurex Clearing AG with the Settlement Bank to the Eurex Clearing AG General RTGS Account or (b) a non-transfer of the relevant cash amounts from the account of Eurex Clearing AG with the Settlement Bank to the applicant's account with the Settlement Bank, unless such non-transfer has been caused by a wilful action or omission by Eurex Clearing AG. Eurex Clearing AG will assign any transferrable claim it may have against the Settlement Bank with respect to such non-transferred cash amount to the applicant;
 - (b) for cash payments in other currencies:
 - (aa) an account in the relevant currency with a Settlement Bank under the conditions set out under (cc), or
 - (bb) an account in the relevant currency with a bank which maintains an account with a Settlement Bank under the conditions set out under (cc);
 - (cc) in case the applicant chooses to use an account with a Settlement Bank pursuant to (aa) or (bb) above and if the Settlement Bank is an Affiliate of the applicant ("**Affiliated Settlement Bank**"), the applicant is not allowed to pay any cash amounts to the account of Eurex Clearing AG maintained with such Affiliated Settlement Bank. Any payment obligation of the applicant towards Eurex Clearing AG with respect to the Clearing of Own Transactions shall not be deemed discharged if the applicant pays the cash amount to the account of Eurex Clearing AG maintained with the Affiliated Settlement Bank. Any payment obligation of the applicant towards Eurex Clearing AG with respect to the Clearing of Own Transactions shall only be deemed discharged if the applicant pays the cash amount to an account of Eurex Clearing AG maintained with another Settlement Bank which is not an Affiliated Settlement Bank;
- (together, the "**FCM Clearing Member Own Cash Accounts**").

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(3) With respect to the Clearing of FCM Client Transactions:

(a) for cash payments when the Clearing Currency:

(aa) an account which is reserved for payments with respect to FCM Client Transactions within the payment module at a central bank of the Euro system which participates in TARGET2 with its TARGET2 component system or an account at another central bank which is not a central bank of the Euro system and, due to a special agreement, connected to TARGET2 ("**FCM Client RTGS Account**"), or

(bb) an RTGS Account of a Correspondent Bank and which is reserved for payments with respect to FCM Clients, or

(cc) an account with a Settlement Bank and which is reserved for payments with respect to FCM Clients, under the conditions set out under (V), or

(dd) an account with a bank which maintains an account with a Settlement Bank and which is reserved for payments with respect to FCM Clients under the conditions set out under (ee);

(ee) In case the applicant chooses to use an account with a Settlement Bank pursuant to (cc) or (dd) above, the following shall apply:

(A) Any payment obligation of the applicant towards Eurex Clearing AG with respect to the Clearing of FCM Client Transactions shall only be deemed discharged with the actual credit of the relevant cash amount to the designated TARGET2 account of Eurex Clearing AG reserved for payments in EUR for FCM Clients (the "**Eurex Clearing AG FCM Client RTGS Account**"). Eurex Clearing AG ensures that it will instruct its Settlement Bank immediately after any cash amount has been credited to its account with the Settlement Bank to transfer such amounts to the Eurex Clearing AG FCM Client RTGS Account;

(B) Any payment obligation of Eurex Clearing AG towards the applicant with respect to the Clearing of FCM Client Transactions shall already be deemed discharged with the actual credit of the relevant cash amount to Eurex Clearing AG's account maintained with the Settlement Bank reserved for payments for FCM Clients. Eurex Clearing AG ensures that it will instruct its Settlement Bank immediately after any cash amount has been credited to its account with the Settlement Bank to transfer such amounts to the applicant's account with the Settlement Bank;

(C) At the time the applicant enters into an FCM Clearing Agreement with Eurex Clearing AG, the applicant further represents and warrants to Eurex Clearing AG that it will indemnify Eurex Clearing AG against any and all damages and losses which may arise from (a) a non-transfer of the relevant cash amounts from the account of Eurex

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Clearing AG with the Settlement Bank to the Eurex Clearing AG FCM Client RTGS Account or (b) a non-transfer of the relevant cash amounts from the account of Eurex Clearing AG with the Settlement Bank to the applicant's account with the Settlement Bank reserved for payments with respect to FCM Clients, unless such non-transfer has been caused by a wilful action or omission by Eurex Clearing AG. Eurex Clearing AG will assign any transferable claim it may have against the Settlement Bank with respect to such non-transferred cash amount to the applicant;

(b) for cash payments in other currencies:

- (aa) an account in the relevant currency with a Settlement Bank and which is reserved for payments with respect to FCM Clients, under the conditions set out under (cc), or
- (bb) an account in the relevant currency with a bank which maintains an account with a Settlement Bank and which is reserved for payments with respect to FCM Clients under the conditions set out under (cc);
- (cc) In case the applicant chooses to use an account with a Settlement Bank pursuant to (aa) or (bb) above and if the Settlement Bank is an Affiliate of the applicant ("**Affiliated Settlement Bank**"), the applicant is not allowed to pay any cash amounts to the account of Eurex Clearing AG, which is reserved for payments with respect to the Clearing of FCM Client Transactions, and which is maintained with such Affiliated Settlement Bank. Any payment obligation of the applicant towards Eurex Clearing AG with respect to the Clearing of FCM Client Transactions shall not be deemed discharged if the applicant pays the cash amount to the account of Eurex Clearing AG, which is reserved for payments with respect to the Clearing of FCM Client Transactions, and which is maintained with the Affiliated Settlement Bank. Any payment obligation of the applicant towards Eurex Clearing AG with respect to the Clearing of FCM Client Transactions shall only be deemed discharged if the applicant pays the cash amount to an account of Eurex Clearing AG, which is reserved for payments with respect to FCM Client Transactions, and which is maintained with another Settlement Bank which is not an Affiliated Settlement Bank;

(together, the "**FCM Clearing Member Client Cash Accounts**").

2.2.11 General obligations for accounts

Each FCM Clearing Member shall comply with the requirements set forth in the CFTC Regulations. Without limitation, this means that an FCM Clearing Member must:

- (1) Establish Cleared Swaps Customer Accounts at Permitted Depositories in which it holds Cleared Swaps Customer Collateral (including without limitation any cash or securities it receives from an FCM Client for the FCM Client's Swap Transactions) in accordance with the requirements of the CFTC Part 22 Regulations; and

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- (2) not use, or permit the use of, one client's funds to purchase, margin or settle transactions (including without limitation Swap Transactions) of any other person or to secure credit for or extend credit to any other person; and to compute, record and report completely and accurately, and in a timely manner, the balances in its **"Statement of Segregation Requirements and Cleared Swaps Customer Collateral Held in Cleared Swaps Customer Accounts"** (as that term is used by the CFTC).

For purposes of this Number 2.2.11, the terms **"Cleared Swaps Customer Account"** and **"Cleared Swaps Customer Collateral"** have the meanings as defined in CFTC Regulation 22.1, and the term **"Permitted Depository"** has the meaning assigned to it in CFTC Regulation 22.4, subject to the further terms of CFTC Regulation 22.9.

- 2.2.12 An applicant must provide evidence of compliance with the prerequisites set forth in Paragraph 2.2 upon submission of the application, and is subject to the terms of such prerequisites on an ongoing basis if it is granted an FCM Clearing Member License.
- 2.2.13 Eurex Clearing AG may require the applicant to provide, at its own expense, a legal opinion from qualified counsel acceptable to Eurex Clearing AG that verifies the legal validity and enforceability of the FCM Clearing Conditions against the FCM Clearing Member in the United States, including in the state or territory of its organization or location of its principal place of business.

2.3 Additional Continuing Obligations for FCM Clearing Members

- (1) The FCM Clearing Member shall inform Eurex Clearing AG, without undue delay, if it is, or if it becomes aware that it will be, in non-compliance with any of the prerequisites or conditions included in Number 2.2.
- (2) The FCM Clearing Member must maintain adjusted net capital, calculated in accordance with CFTC Regulation 1.17, which is at least the higher of (i) the minimum amount required as published by Eurex Clearing AG in the member section on its website (www.eurexclearing.com) or (ii) such higher amount as determined by Eurex Clearing AG based on the risks posed by the applicant or FCM Clearing Member.
- (3) The FCM Clearing Member shall file a copy of its monthly Form 1-FR (as defined by the CFTC) or, if applicable, FOCUS Report (as defined by the U.S. Securities and Exchange Commission) and its annual audited financial report with Eurex Clearing AG, promptly, but in any event no later than 30 Business Days after such report is available.
- (4) The FCM Clearing Member is further obliged to respond on a timely basis to requests for information about its financial condition from Eurex Clearing AG or from authorized agents acting on behalf of Eurex Clearing AG.
- (5) The FCM Clearing Member shall inform Eurex Clearing AG without undue delay of any decline in equivalent regulatory capital of 20% or more from that shown on its most recent monthly Form 1-FR or, if applicable, FOCUS Report. The FCM Clearing

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Member shall promptly inform Eurex Clearing AG if it becomes subject to a bankruptcy petition, receivership or equivalent proceeding, or it has or is required to file any notice with the CFTC or its designated self-regulatory organization pursuant to CFTC Regulation 1.12.

- (6) The FCM Clearing Member shall notify Eurex Clearing AG immediately and without request if it is unable to fulfil any obligations under the FCM Clearing Agreement or any Swap Transaction.
- (7) An FCM Clearing Member is obliged, at the request of Eurex Clearing AG, to provide Eurex Clearing AG with evidence of compliance with the prerequisites for an FCM Clearing License, including, in particular, evidence of implementation of risk management processes.
- (8) Eurex Clearing AG may, at the cost of the relevant FCM Clearing Member, conduct audits of the FCM Clearing Member which may include financial, operational, risk management and business practice aspects. An FCM Clearing Member is obliged to cooperate with such audits and promptly provide access to any books or records that Eurex Clearing AG's managers or staff or any authorized agents acting on behalf of Eurex Clearing AG may request as part of the audit, and to make their facilities available for review and inspection by Eurex Clearing AG's managers or staff or authorized agents acting on behalf of Eurex Clearing AG as such persons may request. Eurex Clearing AG's audit may include all such information that would allow Eurex Clearing AG to ascertain that the FCM Clearing Member continues to fulfil the prerequisites for participation in the Clearing and compliance with the FCM Clearing Conditions. Eurex Clearing AG may, in its discretion, have any such audit conducted by a third party.
- (9) An FCM Clearing Member shall respond promptly and completely to requests for information from Eurex Clearing AG's chief compliance officer or the chief compliance officer's authorized designee and to provide access to books and records and operating facilities upon request from Eurex Clearing AG's chief compliance officer or the chief compliance officer's authorized designee.
- (10) An FCM Clearing Member shall, without undue delay, provide Eurex Clearing AG with any changes to its written anti-money laundering procedures and written risk management policies and procedures and practices, addressing the risks that such FCM Clearing Member may pose to Eurex Clearing AG, including, but not limited to, information and documents relating to the liquidity of such FCM Clearing Member's financial resources and settlement procedures.
- (11) An FCM Clearing Member shall be obliged (to the extent permitted by Applicable Law) to provide Eurex Clearing AG with any information that Eurex Clearing AG may reasonably require in relation to the clearing services provided by the FCM Clearing Member to its FCM Clients, including any document reflecting the recording of the FCM Client Transactions in the different accounts held by the FCM Clearing Member per Business Day, the details of such FCM Client Transactions, and the margin

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assets, including excess margin, if any, held in respect of such FCM Client Transactions (reflected on an FCM Client by FCM Client basis).

2.4 Rejection and Termination of Clearing Licenses

- 2.4.1 Eurex Clearing AG may reject to grant an FCM Clearing License if Eurex Clearing AG, based on its evaluation, determines that this is necessary to avoid or mitigate risks for Eurex Clearing AG. In respect of the evaluation pursuant to Sentence 1 Eurex Clearing AG will take the following criteria into account:
- (1) credit ratings by generally accepted rating agencies relating to the applicant,
 - (2) Eurex Clearing AG's credit ratings relating to the applicant, and
 - (3) market indications relating to the applicant (e.g. share price and CDS spreads).
- 2.4.2 Eurex Clearing AG may terminate the FCM Clearing License of an FCM Clearing Member in accordance with Number 12.
- 2.4.3 Upon the occurrence of an FCM Clearing Member Termination Time with respect to the FCM Clearing Member, all FCM Clearing Licenses of the Affected FCM Clearing Member are terminated automatically in accordance with in Number 9.2.3 Paragraph (4).

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3 Margin

3.1 General Provisions

3.1.1 Margin Requirements and Settlement Cycles

- (1) Eurex Clearing AG will calculate a separate net margin requirement in accordance with this Number 3, the Special Provisions and (as applicable) the provisions under Number 6 with respect to:
 - (a) all Own Transactions of the FCM Clearing Member booked to all FCM Clearing Member Own Transaction Accounts ("**FCM Clearing Member Proprietary Margin Requirement**"); and
 - (b) all FCM Client Transactions of the relevant FCM Client booked to the FCM Client Transaction Account of such FCM Client (each an "**FCM Client Margin Requirement**");

(the FCM Clearing Member Proprietary Margin Requirement and the FCM Client Margin Requirement, each a "**Margin Requirement**").
- (2) Eurex Clearing AG shall determine each Margin Requirement in accordance with the Eurex Clearing Prisma methodology. Eurex Clearing AG will publish further information on the Eurex Clearing Prisma methodology on its homepage www.eurexclearing.com; such methodology shall form part of these FCM Clearing Conditions.
- (3) Each Margin Requirement calculated by Eurex Clearing AG shall equal, in respect of the relevant FCM Clearing Member Own Transaction Account or FCM Client Transaction Account, the sum of:
 - (a) the Initial Margin,
 - (b) any Supplementary Margin that Eurex Clearing AG may impose in respect of such FCM Clearing Member Own Transaction Account or FCM Client Transaction Account, and
 - (c) in the case of an intra-day Margin Call, amounts as determined by Eurex to cover potential Variation Settlement payments that the FCM Clearing Member may owe in respect of any FCM Clearing Member Own Transaction Account or FCM Client Transaction Account during the end-of-day settlement cycle.

The "**Initial Margin**" equals the amount of any potential losses Eurex Clearing AG would suffer as of the time of the determination of the Margin Requirement from a closing of the Swap Transaction(s) in a particular FCM Clearing Member Own Transaction Account or FCM Client Transaction Account by entering into (an) inverse transaction(s) within the respectively applicable holding period for the respective set of Swap Transactions, as published by Eurex Clearing AG on its website (www.eurexclearing.com), taking into account assumed price changes due to extreme price movements in the market.

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- (4) Eurex Clearing AG will conduct an end-of-day settlement cycle each Business Day to determine the end-of-day Margin Requirement, any Variation Settlement amounts (or other amounts such as Price Alignment Interest in accordance with Chapter II Part 2 Number 2.2.1 Paragraph (5) (b) of the FCM Regulations) owed or owing, and any amounts owed or owing in respect of Swap Transactions that have been terminated or which have expired, separately in respect of each FCM Clearing Member Own Transaction Account or FCM Client Transaction Account, in accordance with the Special Provisions.

3.1.2 Eligible Margin Assets and Valuation

- (1) Eligible assets to be provided as cover:

- (a) in respect of Initial Margin or Supplementary Margin are such currency amounts and such securities, as are acceptable to Eurex Clearing AG from time to time in its reasonable discretion; and
- (b) in respect of Variation Settlement such currency amounts specified in the Special Provisions,

(together, the eligible assets described in clauses (a) and (b), the “**Eligible Margin Assets**”).

Eurex Clearing AG will publish the relevant applicable list of Eligible Margin Assets on its homepage www.eurexclearing.com. Unless otherwise provided for in such list, debt securities that have a remaining term of 15 calendar days or less will not be accepted as Eligible Margin Assets.

- (2) The following general provisions apply:

- (a) The value of any Eligible Margin Asset that are Actually Delivered will be based on the latest valuation method and haircuts determined by Eurex Clearing AG from time to time in its reasonable discretion and published in accordance with Number 15.1.
- (b) If Eligible Margin Assets in the form of cash are provided in a currency other than the Clearing Currency, the relevant cash amount shall, for the purpose of assessing compliance with the relevant Margin Requirement, be deemed to have been Actually Delivered on the Business Day following confirmation by Eurex Clearing AG’s receiving bank of the receipt of such cash amount vis-à-vis Eurex Clearing AG.
- (c) If Eligible Margin Assets in the form of securities are credited to the FCM Clearing Member Own Pledged Securities Account or the relevant FCM Client Pledged Securities Account, such securities shall – for the purpose of assessing compliance with the Margin Requirement – be deemed to be Actually Delivered immediately after notification by Clearstream Banking AG of such credit. If such notification occurs after the cut-off time specified by Eurex Clearing AG from time to time with respect to Clearstream Banking AG, such securities shall –

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for the purpose of assessing compliance with the Margin Requirement – be treated by Eurex Clearing AG as Actually Delivered on the Business Day following such confirmation.

- (d) For avoidance of doubt, actual delivery of Eligible Margin Assets in the form of securities to an FCM Clearing Member Own Pledged Securities Account or an FCM Client Pledged Securities Account in accordance with the FCM Clearing Conditions constitutes delivery of such Eligible Margin Assets to Eurex Clearing AG.
 - (e) Currency amounts or securities, in each case that are Actually Delivered, which are no longer accepted by Eurex Clearing AG as Eligible Margin Assets will be disregarded for the purpose of assessing compliance with the Margin Requirement. Eurex Clearing AG will, without undue delay, inform the FCM Clearing Members of any currency amounts or securities that are no longer accepted in satisfaction of their respective Margin Requirements.
- (3) Deliveries of currency amounts or securities not accepted by Eurex Clearing AG as Eligible Margin Assets to Eurex Clearing AG shall be returned without undue delay.
- (4) If Eurex Clearing AG becomes aware of circumstances which justify a higher risk assessment of Eurex Clearing AG with respect to the FCM Clearing Member, or unanticipated market developments, in each case which have an adverse impact on Eligible Margin Assets that were Actually Delivered, Eurex Clearing AG is entitled to request at any time and in its discretion from the FCM Clearing Member the delivery of other Eligible Margin Assets as specified by Eurex Clearing AG (**“Other Eligible Margin Assets”**) as replacement for Eligible Margin Assets which have been Actually Delivered to Eurex Clearing AG.
- (a) The request pursuant to Sentence 1 shall be made in writing (including electronically) and shall include the specification of the relevant Other Eligible Margin Assets to be delivered, their value, and a reasonable period of time within which such Other Eligible Margin Assets shall actually be delivered to Eurex Clearing AG.
 - (b) If the relevant Other Eligible Margin Assets requested pursuant to Sentence 1 have been Actually Delivered to Eurex Clearing AG, the FCM Clearing Member may request the release or redelivery of the Eligible Margin Assets that the Other Eligible Margin Assets are intended to replace.
 - (c) To the extent Other Eligible Margin Assets requested pursuant to Sentence 1 have not been delivered within the specified period of time, Eurex Clearing AG shall be entitled to directly debit the relevant FCM Clearing Member Own Cash Account in accordance with the daily cash clearing procedure pursuant to Number 1.4.1 in an amount equal to the amount of Other Eligible Margin Assets requested pursuant to Sentence 1.
 - (d) If an FCM Clearing Member requests the redelivery or release of Eligible Margin Assets that the Other Eligible Margin Assets are intended to replace, as

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applicable, Eurex Clearing AG is entitled to refuse the redelivery or release of specific Eligible Margin Assets in its own discretion, provided that Eurex Clearing AG becomes aware of unanticipated market developments, which have an adverse impact on the Other Eligible Margin Assets that were Actually Delivered, and provided further that Eurex Clearing AG is not required to redeliver or release such Eligible Margin Assets if doing so would trigger a Margin Call for any FCM Clearing Member Own Transaction Account or any FCM Client Transaction Account. Eurex Clearing AG shall inform the FCM Clearing Member about its decision to refuse the redelivery or release of Eligible Margin Assets immediately.

3.1.3 **Currency Conversion, Use of Eligible Margin Assets in the form of cash and Income on Margin Assets**

- (1) If at any time a conversion of a currency amount which is not denominated in a Clearing Currency is necessary in order to calculate the relevant Margin Requirement or to assess compliance therewith, Eurex Clearing AG shall use a commercially reasonable exchange rate prevailing as at such time (or if such rate is not available or not commercially appropriate as deemed by Eurex Clearing AG, such other rate as Eurex Clearing AG determines).
- (2) Eurex Clearing AG reserves the right to make use of Eligible Margin Assets in the form of cash that is Actually Delivered by an FCM Clearing Member to Eurex Clearing AG as cover in respect of Initial Margin or Supplementary Margin for all Own Transactions in its sole discretion in order to ensure its capacity to operate as a derivatives clearing organization as well as for investment purposes. Eurex Clearing AG shall also be entitled to use securities purchased in such investment transactions for purposes of liquidity management and liquidity generation in relation to its clearing activities in form of repo transactions.
- (3) Eurex Clearing AG may agree from time to time to pay interest on Eligible Margin Assets in the form of cash that is Actually Delivered by an FCM Clearing Member to Eurex Clearing AG in respect of Margin. Eurex Clearing AG publishes information on the calculation of interest as well as any changes to the applicable calculation method due to extraordinary market conditions or market disruptions on its website (www.eurexclearing.com). Such information will be amended from time to time and published accordingly.
- (4) Eurex Clearing AG may demand from an FCM Clearing Member the reimbursement of expenses arising from the holding of cash that is Actually Delivered as Margin. The FCM Clearing Member shall reimburse Eurex Clearing AG for expenses such as charges on any account balances (including in connection with any applicable bank levies, taxes or similar regulatory instruments), negative interest rates, penalty fees, commissions and other payments with a similar effect which are determined by the relevant central bank or relevant commercial bank or governmental agencies in respect of the respective cash funds.

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3.1.4 **Supplementary Margin**

- (1) Eurex Clearing AG shall be entitled to demand at any time during a Business Day from an FCM Clearing Member a higher or supplementary margin in the form of Eligible Margin Assets ("**Supplementary Margin**") in an amount adequate to secure all of Eurex Clearing AG's claims (including conditional claims) under any set of Swap Transactions in one or more FCM Clearing Member Own Transaction Accounts or FCM Client Transaction Accounts of the FCM Clearing Member, if the prerequisites of Paragraph (2) below have been fulfilled. This applies even if Eurex Clearing AG has initially refrained, wholly or partly, from demanding any Supplementary Margin. Any Supplementary Margin requested by Eurex Clearing AG will increase the Margin Requirement with respect to the relevant set of Swap Transactions.
- (2) Eurex Clearing AG's claim for the provision of Supplementary Margin shall always be based on the precondition that Eurex Clearing AG becomes aware of any of the following circumstances, which justify a higher risk assessment of Eurex Clearing AG's claims against the FCM Clearing Member. This may, in particular, be the case, if:
 - (a) the economic conditions of the FCM Clearing Member have adversely changed or threaten to adversely change, e.g., upon the occurrence of extraordinary losses of the FCM Clearing Member or the deterioration of the credit standing of the FCM Clearing Member,
 - (b) portfolio risks in the form of cluster risks occur,
 - (c) the legal or regulatory framework for the exercise of rights or the fulfilment of obligations of Eurex Clearing AG or the FCM Clearing Member under or in relation to the FCM Clearing Agreement adversely changes (e.g., if trade restrictions are imposed, the determination of currency exchange rates is regulated or Eurex Clearing AG is required to demand additional margin),
 - (d) the liquidity of certain products or markets in or in relation to which the FCM Clearing Member conducts business, materially decreases,
 - (e) the recognized risk models change (e.g., by inclusion of new risk factors, exclusion of existing risk factors or changes in the assessment of time-related dependencies or the correlation of risk factors), or
 - (fi) unanticipated market developments or political events occur which have not been considered previously in the risk assessment of Eurex Clearing AG with respect to the FCM Clearing Member.
- (3) Eurex Clearing AG shall have the right to demand the provision of Supplementary Margin, irrespective of whether Eurex Clearing AG has already exercised Margin Calls vis-à-vis the FCM Clearing Member.
- (4) Eurex Clearing AG shall, in view of the prevailing circumstances, allow a reasonable period of time for the provision of Supplementary Margin by the FCM Clearing

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Member. If Eurex Clearing AG intends to make use of a termination right against such FCM Clearing Member in accordance with Number 9 in the event that the FCM Clearing Member fails to fulfil its obligation to provide Supplementary Margin in due time, it shall inform the FCM Clearing Member thereof when demanding the provision of Supplementary Margin.

- (5) Supplementary Margin shall be provided by the FCM Clearing Member in accordance with the provisions of Number 3.2, but shall not limit the right of Eurex Clearing AG to exercise Margin Calls.
- (6) After and to the extent that the risks leading to the provision of Supplementary Margin have ceased or Eurex Clearing AG has otherwise covered such risks vis-à-vis the FCM Clearing Member, Eurex Clearing AG shall be obliged to return or, as applicable, release to the FCM Clearing Member any Supplementary Margin, subject to the terms of Number 9 if a Termination Time has occurred in respect of the FCM Clearing Member.

3.1.5 Provisions regarding holding of Eligible Margin Assets by Eurex Clearing AG

- (1) Any cash held at any time in any Trust Account or Eurex Clearing AG FCM Client RTGS Account and any securities held at any time in any FCM Client Pledged Securities Account established by an FCM Clearing Member for the benefit of Eurex Clearing AG are part of the cleared swaps account class as defined in, and for purposes of, the CFTC Part 190 Regulations.
- (2) Eurex Clearing AG shall comply with the requirements set forth in the CFTC Part 22 Regulations with respect to the FCM Client Margin Accounts. Without limitation, this means that Eurex Clearing AG will treat FCM Clients as **“Cleared Swaps Customers”** and FCM Client Margin Accounts as **“Cleared Swaps Customer Accounts”** as those terms are defined in, and for purposes of, the CFTC Part 22 Regulations, and will only invest collateral held directly by Eurex Clearing AG in a Cleared Swaps Customer Account with a Permitted Depository in accordance with CFTC Regulation 1.25.

3.1.6 Participation of FCM Clearing Members in non-default losses

- (1) If an FCM Clearing Member pays Eligible Margin Assets in the form of cash, denominated in a Commercial Bank Currency, to Eurex Clearing AG:
 - (a) to meet an FCM Clearing Member Proprietary Margin Requirement, and Eurex Clearing AG either (X) holds such cash amounts in an account maintained with a commercial bank (**“Deposit”**) or (Y) invests such cash amounts, partly or in whole, for purposes of liquidity management and liquidity generation (**“Investment”**); or
 - (b) to meet an FCM Client Margin Requirement, and Eurex Clearing AG holds such cash amounts on an account maintained with a commercial bank (also a **“Deposit”**),

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and Eurex Clearing AG suffers a Loss with respect thereto, Eurex Clearing AG is entitled to claim compensation for the Loss in accordance with the provisions of this Number 3.1.6.

(2) Definitions

“Loss” means any loss incurred by Eurex Clearing AG with respect to:

- (a) an Investment because the amount invested was not, or not fully, repaid to Eurex Clearing AG or a third party by the contractual counterparty of the relevant Investment (**“Investment Counterparty”**) on the date on which it shall be repaid in accordance with the relevant contractual terms of the Investment or an instruction by Eurex Clearing AG;
- (b) a Deposit due to the failure or default of the commercial bank holding the account.

“Commercial Bank Currency” means any currency accepted by Eurex Clearing AG as Eligible Margin Assets for which Eurex Clearing AG does not maintain an account with a central bank. Eurex Clearing AG shall publish a list of the Commercial Bank Currencies on its website (www.eurexclearing.com).

(3) Allocation of Losses

- (a) Eurex Clearing AG shall participate in the Loss on a pro rata basis (**“Own Contribution”**). The maximum Own Contribution shall be EUR 50,000,000 (**“Maximum Own Contribution”**). The Maximum Own Contribution refers to all past and future Losses and, in case of the occurrence of a Loss, the Maximum Own Contribution shall be reduced by the relevant Own Contribution (**“Available Own Contribution”**). Eurex Clearing AG shall publish the current Available Own Contribution on its website (www.eurexclearing.com).

In case of the occurrence of Losses with respect to more than one Commercial Bank Currency on a Business Day, Eurex Clearing AG allocates the Available Own Contribution to the Commercial Bank Currencies as follows: the product of (A) the Available Own Contribution and (B) the ratio of (i) the sum of the Eligible Margin Assets in form of cash, Prefunding Amounts, Late Payment Amounts and Corresponding Pay-In Amounts (all as defined under the Clearing Conditions), denominated in the relevant Commercial Bank Currency, which were paid by all Clearing Members to Eurex Clearing AG (or, in the case of Corresponding Pay-In Amounts, relate to all Late CMs (as defined under the Clearing Conditions) as receivers of a Deferred Payment Amount (as defined under the Clearing Conditions)) with respect to all their Swap Transactions or Transactions (as defined under the Clearing Conditions) and (ii) the sum of the Eligible Margin Assets in form of cash, Prefunding Amounts, Late Payment Amounts and Corresponding Pay-In Amounts (all as defined under the Clearing Conditions), denominated in all Commercial Bank Currencies, which were paid by all Clearing Members to Eurex Clearing AG (or, in the case of Corresponding Pay-In Amounts, relate to all Late CMs as receivers of a Deferred Payment

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Amount (all as defined under the Clearing Conditions)) with respect to all their Swap Transactions or Transactions (as defined under the Clearing Conditions) ("**Available Currency-Related Own Contribution**").

- (b) Eurex Clearing AG shall determine the relevant Own Contribution with respect to each Commercial Bank Currency separately on the basis of the following formula; the product of (A) the Loss and (B) the ratio of (i) the Available Own Contribution or the Available Currency-Related Own Contribution and (ii) the sum of the Eligible Margin Assets in form of cash, Prefunding Amounts, Late Payment Amounts and Corresponding Pay-In Amounts (all as defined under the Clearing Conditions), denominated in the relevant Commercial Bank Currency, which were paid by all Clearing Members to Eurex Clearing AG (or, in the case of Corresponding Pay-In Amounts, relate to all Late CMs as receivers of a Deferred Payment Amount (all as defined under the Clearing Conditions)) with respect to all their Swap Transactions or Transactions (as defined under the Clearing Conditions) plus the Available Own Contribution or the Available Currency-Related Own Contribution.
- (c) Eurex Clearing AG shall determine the FCM Clearing Member's share in the Loss with respect to each Commercial Bank Currency separately and on the basis of the following formula: the product of (A) the Loss and (B) the ratio of (i) the sum of the Eligible Margin Assets in form of cash, denominated in the Commercial Bank Currency, which were paid by the relevant FCM Clearing Member to Eurex Clearing AG with respect to all its Swap Transactions and (ii) the sum of the Eligible Margin Assets in form of cash, Prefunding Amounts, Late Payment Amounts and Corresponding Pay-In Amounts (all as defined under the Clearing Conditions), denominated in the Commercial Bank Currency, which were paid by all Clearing Members to Eurex Clearing AG (or, in the case of Corresponding Pay-In Amounts, relate to all Late CMs as receivers of a Deferred Payment Amount (all as defined under the Clearing Conditions)) with respect to all of their Swap Transactions or Transactions (as defined in the Clearing Conditions) plus the Available Own Contribution or the Available Currency-Related Own Contribution ("**FCM Clearing Member-Related Loss**").

Eurex Clearing AG shall notify the FCM Clearing Member about the FCM Clearing Member-Related Loss without undue delay ("**Loss Notice**").

- (d) The FCM Clearing Member shall pay to Eurex Clearing AG the relevant FCM Clearing Member-Related Loss by the time specified in the Loss Notice at the latest. If the FCM Clearing Member fails to do so by the time specified in the Loss Notice, Eurex Clearing AG is entitled to directly debit the FCM Clearing Member Own Cash Account in an amount equal to the requested amount in accordance with the daily cash clearing procedure pursuant to Number 1.4.1.
- (e) If the Loss is reduced through a payment by the Investment Counterparty (if applicable) or a third party ("**Reduction Amount**") after the FCM Clearing Member paid its FCM Clearing Member-Related Loss to Eurex Clearing AG or Eurex Clearing AG has paid any excess pursuant to Chapter VIII Part 3

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Number 3.4.1 Paragraph (6) or Number 3.4.2 Paragraph (3) of the Clearing Conditions, Eurex Clearing AG shall distribute the Reduction Amount among all Clearing Members, which paid their Clearing Member-Related Loss to Eurex Clearing AG or received such excess, by applying, *mutatis mutandis*, the share in the Loss determined under Paragraph (ii) or (iii).

- (f) In case of the occurrence of a Loss, the FCM Clearing Member is not entitled to require Eurex Clearing AG to enforce any rights or security interests which Eurex Clearing AG may have against the Investment Counterparty (in the case of Loss due to Investment) and/or a third party, before claiming the payment of the FCM Clearing Member-Related Loss from the FCM Clearing Member. In the case Eurex Clearing AG has claimed the payment of the FCM Clearing Member-Related Loss from the FCM Clearing Member on the occurrence of a Loss, Eurex Clearing AG will take any action as is required to enforce any rights or security interests which Eurex Clearing AG may have against the Counterparty and/or a third party with respect to the Loss.

3.2 Margin Calls and Delivery of Eligible Margin Assets

3.2.1 Margin Call and direct debit prior to or at the end of a Business Day

- (1) Eurex Clearing AG is entitled to require the FCM Clearing Member to provide additional Eligible Margin Assets in an amount up to
- (a) the Proprietary Margin Requirement, determined in accordance with Numbers 3.1.1 and 5.2 and the Special Provisions, or
 - (b) the relevant FCM Client Margin Requirement, determined in accordance with Number 3.1.1 and Number 6.4.3 or Number 6.5.4, as applicable, and the Special Provisions;
- in each case by the time specified by Eurex Clearing AG at the end or at any time prior to the end of a Business Day ("**Margin Call**").
- (2) With respect to a Margin Call, Eurex Clearing AG shall be entitled to directly debit the relevant FCM Clearing Member Own Cash Account or FCM Clearing Member Client Cash Account in an amount equal to the requested amount of Eligible Margin Assets in accordance with the daily cash clearing procedure pursuant to Number 1.4.1.

3.2.2 Delivery of Eligible Margin Assets in the form of cash

- (1) The FCM Clearing Member shall be obliged to deliver Eligible Margin Assets in the form of cash by transferring to Eurex Clearing AG all rights, title and interest in and to the relevant cash, as the case may be, free and clear from any and all rights and claims of the FCM Clearing Member and of any third person, including, without limitation, pursuant to applicable regulation or under any statutory or other trust, but subject to the obligations of Eurex Clearing AG with respect to Cleared Swaps Customer Collateral (as defined in CFTC Regulation 22.1).

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- (2) Eligible Margin Assets in the form of cash shall be provided in accordance with the cash clearing procedure pursuant to Number 1.4.1.
- (3) In order to ensure insolvency protection in relation to Eligible Margin Assets in the form of cash delivered to Eurex Clearing AG by the FCM Clearing Member in respect of the FCM Client Margin Account, Eurex Clearing AG and the FCM Clearing Member are subject to specific German law governed provisions on the establishment of trust accounts as set out in Clause 7 of the FCM Clearing Agreement in the form attached to these FCM Regulations as Appendix 1 (each such account, a **"Trust Account"**). The FCM Clearing Member agrees to hold its rights in respect of any such Trust Account on trust for its FCM Clients from time to time.

3.2.3 **Delivery of Eligible Margin Assets in the form of securities**

- (1) The FCM Clearing Member will grant a German law pledge in favour of Eurex Clearing AG over all securities which are or will be credited to the relevant FCM Clearing Member Own Pledged Securities Account or the relevant FCM Client Pledged Securities Account by execution of the Pledge Agreement in the form attached to the FCM Regulations as Appendix 2 (the **"Pledge Agreement"**).

In order to provide Eligible Margin Assets in the form of securities:

- (a) as cover in respect of Initial Margin or Supplementary Margin for all Own Transactions, the Clearing Member shall transfer Eligible Margin Assets in the form of securities to its FCM Clearing Member Own Pledged Securities Account; and
 - (b) as cover in respect of Initial Margin or Supplementary Margin for all FCM Client Transactions of the relevant FCM Client, the FCM Clearing Member shall transfer Eligible Margin Assets in the form of securities to the relevant FCM Client Pledged Securities Account maintained for the relevant FCM Client Margin Account within which the relevant FCM Client Margin Sub-Account of such FCM Client is located.
- (2) The FCM Clearing Member shall instruct Clearstream Banking AG in a timely manner to transfer the relevant securities to the FCM Clearing Member Own Pledged Securities Account or the FCM Client Pledged Securities Account and authorizes Clearstream Banking AG to inform Eurex Clearing AG of such transfer.
- (3) In relation to securities credited to the FCM Clearing Member Own Pledged Securities Account or the FCM Client Pledged Securities Account that confer voting rights or other optional rights on the FCM Clearing Member (including, but not limited to, warrants, options, conversion and subscription rights, rights in connection with takeovers, other forms of offers or capital reorganizations, redemption rights, tenders, options to tender or non-mandatory puts or calls) or that provide for discretionary action or alternative courses of action by the FCM Clearing Member, Eurex Clearing AG shall not be entitled to exercise such voting or optional rights or

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to take up such discretionary actions or alternative courses of action. The FCM Clearing Member shall remain responsible in this respect.

- (4) The FCM Clearing Member agrees to take any action requested by Eurex Clearing AG to perfect, maintain or enforce the security interest granted to Eurex Clearing AG pursuant to this Number 3.2.3, including the execution and due filing or registration of any documents with any relevant competent authority.
- (5) Pursuant to the Pledge Agreement in the form attached to the FCM Regulations as Appendix 2 and subject to the provisions set out therein, each pledge granted by the FCM Clearing Member to Eurex Clearing AG over securities which are or will be credited to the FCM Clearing Member Own Pledged Securities Account with Clearstream Banking AG (the “**Relevant Pledged Securities**”) permits Eurex Clearing AG to make use of the Relevant Pledged Securities, subject to the following conditions:
 - (a) Eurex Clearing AG shall only be entitled to exercise such appropriation right and right of use for the purpose of liquidity management in relation to its business activities as central counterparty, in particular for obtaining refinancing from the Eurosystem or entering into repo transactions with commercial counterparties.
 - (b) If Eurex Clearing AG exercises such appropriation right in respect of any Relevant Pledged Securities, the FCM Clearing Member shall have a claim against Eurex Clearing AG for redelivery of securities that are equivalent to such Relevant Pledged Securities; such redelivery claim shall become due at the same time the Difference Claim with respect to all FCM Clearing Member Own Transaction Accounts becomes due in accordance with Number 9.5.4, provided that, Eurex Clearing AG may, in its discretion, either (A) discharge such redelivery claim by transferring to the FCM Clearing Member securities equivalent to such Relevant Pledged Securities before the Difference Claim with respect to all FCM Clearing Member Own Transaction Accounts becomes due, (B) set off the value of such Relevant Pledged Securities against the amount of such Difference Claim or (C) include the value of the Relevant Pledged Securities in the determination of such Difference Claim (as a position in favour of the FCM Clearing Member).
 - (c) If Eurex Clearing AG receives, in relation to the Relevant Pledged Securities with respect to which Eurex Clearing AG exercised its appropriation right, a payment of interest, dividends, or other distributions in the form of securities (“**Securities Income**”), or any payment of interest, dividends or other distribution in cash (“**Cash Income**”), Eurex Clearing AG shall transfer to the FCM Clearing Member securities equivalent to and in the same value as the relevant Securities Income and pay to the FCM Clearing Member a cash amount equivalent to and in the same currency as the relevant Cash Income, respectively. With respect to any voting rights or elections in relation to corporate actions, which may arise from the Relevant Pledged Securities and with respect to which Eurex Clearing AG exercised its appropriation right, Eurex

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Clearing AG shall have no obligation in respect of the exercise of such voting rights or the exercise of such elections in relation to corporate actions. Eurex Clearing AG shall neither be under any obligations to exercise any subscription right resulting from the Relevant Pledged Securities nor under any obligation to sell such subscription rights and any subscription right resulting from the Relevant Pledged Securities which has not been exercised by the end of the subscription period shall lapse without the FCM Clearing Member being entitled to any compensation.

- (d) The information statement set out in Appendix 3 of the FCM Regulations in accordance with Article 15 of the Regulation on transparency of securities financing transactions and of reuse (Regulation (EU) 2015/2365) applies.
- (6) Each time the FCM Clearing Member furnishes Eligible Margin Assets to Eurex Clearing AG, in the form of securities, it represents and warrants to Eurex Clearing AG, as applicable, that the FCM Clearing Member is the sole legal and beneficial owner of the Eligible Margin Assets or is furnishing and pledging the Eligible Margin Assets with the unconditional consent of, and authority granted by, the legal and beneficial owner of the Eligible Margin Assets.

3.3 Secured Claims

The purpose of the Eligible Margin Assets that are Actually Delivered in the form of cash or pledged as securities is to secure, the following claims of Eurex Clearing AG against the FCM Clearing Member:

- (1) the claims secured by the Eligible Margin Assets booked to the FCM Clearing Member Proprietary Margin Account, which comprise
 - (a) all present and future claims under any Own Transactions, any Difference Claim and any single difference claim (as described in Number 11.1.2) Eurex Clearing AG may have against the FCM Clearing Member with respect to the Own Transactions, and
 - (b) all present and future claims under any FCM Client Transactions, any Difference Claim and any single difference claim (as described in Number 11.1.2) Eurex Clearing AG may have against the FCM Clearing Member with respect to any FCM Client Transactions of any FCM Client of such FCM Clearing Member, and
 - (c) all other present and future claims of Eurex Clearing AG against the FCM Clearing Member under the FCM Clearing Agreement between Eurex Clearing AG and such FCM Clearing Member,

(together, the “**FCM Proprietary Secured Claims**”); and
- (2) the claims secured by the Eligible Margin Assets booked to the relevant FCM Client Margin Account, which comprise

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- (a) all present and future claims under any FCM Client Transactions on all FCM Client Transaction Accounts linked to the relevant FCM Client Margin Account, and
- (b) any Difference Claim and any single difference claim (as described in Number 11.1.2) Eurex Clearing AG may have against the FCM Clearing Member with respect to any FCM Client Transactions on all FCM Client Transaction Accounts linked to the relevant FCM Client Margin Account,

(together, the "**FCM Client Secured Claims**"),

provided, however, that Eurex Clearing AG will not apply the value of any Eligible Margin Assets booked to the FCM Client Margin Sub-Account for one FCM Client to satisfy the FCM Client Secured Claim of any other FCM Client or any other person other than the FCM Client for the FCM Client Margin Sub-Account.

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4 Internal Accounts

4.1 Types of Accounts

Eurex Clearing AG establishes and maintains internal accounts for each FCM Clearing Member, on which the Swap Transactions, cash amounts and margin of such FCM Clearing Member for its Own Transactions and its FCM Client Transactions are booked as further set out in this Number 4 and subject further to the provisions of Number 6 in the case of FCM Client Transactions.

4.2 Internal Transaction Accounts

4.2.1 Eurex Clearing AG opens and maintains with respect to each FCM Clearing Member the following transaction accounts in which the Swap Transactions of the FCM Clearing Member to be cleared will be booked:

- (1) one or more transaction accounts for Own Transactions of the FCM Clearing Member (each account an **"FCM Clearing Member Own Transaction Account"**);
- (2) with respect to FCM Client Transactions, a separate account for each FCM Client (each, an **"FCM Client Transaction Account"**) in which the Swap Transactions to be cleared by the FCM Clearing Member acting as agent on behalf of the FCM Client will be booked.

4.2.2 With respect to FCM Clearing Member Own Transaction Accounts, the FCM Clearing Member shall ensure that each instruction to book Own Transactions to the FCM Clearing Member Own Transaction Account only relates to Own Transactions of such FCM Clearing Member. Eurex Clearing AG may rely on, and is not obligated to verify, the contents of any such instruction from the FCM Clearing Member.

4.2.3 With respect to each FCM Client Transaction Account the following applies:

- (1) The FCM Clearing Member shall ensure that each instruction to book Swap Transactions to a certain FCM Client Transaction Account only relates to FCM Client Transactions of the FCM Client for such FCM Client Transaction Account. Eurex Clearing AG may rely on, and is not obliged to verify the contents of, any such instruction from the FCM Clearing Member.
- (2) When establishing an FCM Client Transaction Account within the systems of Eurex Clearing AG, the FCM Clearing Member must link each FCM Client Transaction Account to the relevant FCM Client Margin Sub-Account and each relevant FCM Client Margin Sub-Account to the relevant FCM Client Margin Account.

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4.3 Internal Margin Accounts

4.3.1 Eurex Clearing AG will, in its internal systems, establish and maintain for each FCM Clearing Member the following internal margin accounts to which the value of all Eligible Margin Assets that have been Actually Delivered to Eurex Clearing AG as Eligible Margin Assets shall be allocated:

- (1) with respect to Own Transactions of the FCM Clearing Member one internal proprietary margin account (the **"FCM Clearing Member Proprietary Margin Account"**);
- (2) with respect to FCM Client Transactions of all or a set of FCM Clients of the FCM Clearing Member one or more internal FCM Client margin accounts (each an **"FCM Client Margin Account"**) in accordance with the instructions of the FCM Clearing Member (which shall be provided in the form requested by Eurex Clearing AG);
- (3) within each FCM Client Margin Account, Eurex Clearing AG establishes the following separate sub-accounts:
 - (a) separate margin sub-account linked to each FCM Client Transaction Account (each an **"FCM Client Margin Sub-Account"**);
 - (b) one FCM Client Buffer Sub-Account;
 - (c) one FCM Client Unallocated Excess Sub-Account; and
 - (d) provided that the FCM Client Margin Account is established and maintained in accordance with the LSOC With Excess Model, an FCM Client Assumed Allocation Sub-Account that is treated as part of the FCM Client Margin Sub-Account.

4.3.2 Each FCM Client Margin Account shall be established and maintained in accordance with either the LSOC Without Excess Model or the LSOC With Excess Model.

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5 Clearing of Own Transactions

5.1 Scope

This Number 5 will apply to the Clearing of Own Transactions.

5.2 Proprietary Margin Requirement

The Clearing Member is required to provide Eligible Margin Assets as margin in respect of all its Own Transactions booked into all FCM Clearing Member Own Transaction Accounts, in such amounts, in such forms and at such times as are required pursuant to this Number 5, Number 3 and the Special Provisions.

Eurex Clearing AG calculates a separate Margin Requirement for each FCM Clearing Member Own Transaction Account, and adds the sums of all such margin requirements to calculate the FCM Clearing Member Proprietary Margin Requirement. The FCM Clearing Member Proprietary Margin Requirement will be notified by Eurex Clearing AG to the relevant FCM Clearing Member.

The FCM Clearing Member Proprietary Margin Requirement may, in the case of an intra-day Margin Call, include amounts as determined by Eurex to cover potential Variation Settlement payments that the FCM Clearing Member may owe in respect of any Own Transactions in any FCM Clearing Member Own Transaction Account during the end-of-day settlement cycle.

5.3 Margin Call with respect to Own Transactions

Eurex Clearing AG will issue a Margin Call if the FCM Clearing Member Proprietary Margin Requirement exceeds the FCM Clearing Member Proprietary Margin Account Balance.

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6 Clearing of FCM Client Transactions

6.1 Scope

This Number 6 will apply to the Clearing of FCM Client Transactions.

6.2 General

- 6.2.1 An FCM Clearing Member may clear Swap Transactions for FCM Clients. An FCM Clearing Member is not permitted to clear Interest Rate Derivative Transactions through Eurex Clearing AG for or on behalf of any Affiliate or any third person whose account in which the FCM Clearing Member would record the transactions in its internal books is classified as a proprietary account of the FCM Clearing Member under CFTC Regulation 1.3.
- 6.2.2 The FCM Clearing Member acts as agent on behalf of each of its FCM Clients (for purposes of CFTC Regulation 39.12 (b) (6)), and as guarantor, for each FCM Client Transaction. In contrast, Eurex Clearing AG treats the FCM Clearing Member as principal for purposes of the rights and obligations defined under the FCM Clearing Agreement and FCM Clearing Conditions in relation to an FCM Client Transaction. Accordingly, an FCM Client does not have any rights against Eurex Clearing AG with respect to the Clearing of its Swap Transactions. The terms “**acts as agent,**” “**acts as agent on behalf of**” or derivations thereof when used in the FCM Regulations to describe the FCM Clearing Member’s relationship to its FCM Clients shall be interpreted consistent with this Number 6.2.2.
- 6.2.3 An FCM Clearing Member may provide clearing services to FCM Clients subject to the provisions of the FCM Clearing Conditions, on terms and conditions mutually agreed between the FCM Clearing Member and the FCM Client.
- 6.2.4 Before an FCM Clearing Member clears Swap Transactions for an FCM Client under the provisions of the FCM Clearing Conditions, it must ensure that it has a written agreement in place with such person (which may be in the form of an addendum to an existing agreement), pursuant to which such person agrees that it is bound by the applicable provisions of the FCM Clearing Conditions (as may be revised from time to time) by direct reference thereto or otherwise.
- 6.2.5 Each FCM Client, by virtue of clearing any Swap Transaction subject to the provisions of the FCM Clearing Conditions, is deemed to acknowledge and agree that:
- (1) the FCM Client does not have any rights against Eurex Clearing AG;
 - (2) the Swap Transactions cleared on its behalf by the FCM Clearing Member are governed by applicable provisions of the FCM Clearing Conditions, the FCM Client is bound by such provisions, and such provisions are enforceable by Eurex Clearing AG in accordance with their terms;
 - (3) the FCM Client is bound by the terms of each Swap Transaction cleared by its FCM Clearing Member on its behalf in its FCM Client Transaction Account; and

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- (4) the FCM Client has granted its consent to the FCM Clearing Member to deposit collateral with Eurex Clearing AG in satisfaction of the Margin Requirement attributable to its Swap Transactions cleared by its FCM Clearing Member on its behalf.

- 6.2.6 The FCM Clearing Member must require an FCM Client to provide it with collateral in respect of the FCM Client's open Swap Transactions in its FCM Client Transaction Account that has a value not less than the sum of (a) (i) Eurex Clearing AG's Margin Requirements for such Transactions if they are hedge transactions for the FCM Client or (ii) 110% of Eurex Clearing AG's Margin Requirements for such Transactions if they are non-hedge transactions for the FCM Client, and (b) any Variation Settlement requirement for such Transactions as determined by Eurex Clearing AG in accordance with the relevant Special Provisions in Chapter II.
- 6.2.7 The situs of each FCM Client Transaction Account and FCM Client Margin Account (including each FCM Client Margin Sub-Account and each other sub-account within the FCM Client Margin Account) is deemed to be in the United States.
- 6.2.8 Each FCM Clearing Member shall maintain internal accounts for its FCM Clients. The FCM Clearing Member shall keep accurate and up-to-date records of the Swap Transactions and collateral relating to each FCM Client in respect of which Swap Transactions are cleared by Eurex Clearing AG and the collateral and accruals standing to the credit of the FCM Client in respect of such Swap Transactions.

6.3 Provisions Common to Both LSOC Models

An FCM Clearing Member may clear FCM Client Transactions for an FCM Client in accordance with either the LSOC Without Excess Model or the LSOC With Excess Model (together, the "**LSOC Models**").

The following provisions in this Number 6.3 apply regardless of the LSOC Model that the FCM Clearing Member has elected with respect to the relevant FCM Client.

6.3.1 Election of applicable LSOC Model

- (1) An FCM Clearing Member must specify within the systems of Eurex Clearing AG for each FCM Client Margin Account whether such FCM Client Margin Account shall be established under the LSOC Without Excess Model or the LSOC With Excess Model.
- (2) Eurex Clearing AG reserves the right to reject the election of an FCM Clearing Member to establish an FCM Client Transaction Account (and corresponding FCM Client Margin Sub-Account) under the LSOC With Excess Model in its own reasonable discretion. Any such FCM Client Transaction Account (and corresponding FCM Client Margin Sub-Account) shall be established and maintained in accordance with the LSOC Without Excess Model.

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6.3.2 FCM Client Buffer

- (1) An FCM Clearing Member may deposit Eligible Margin Assets that it owns with Eurex Clearing AG to be attributed to an FCM Client Margin Account for the benefit of its FCM Clients covered by such FCM Client Margin Account as **"FCM Client Buffer"**.
 - (a) Under the LSOC Without Excess Model, Eurex Clearing AG is permitted to, and the FCM Clearing Member agrees that it may, treat as FCM Client Buffer the value of all Eligible Margin Assets delivered with respect to an FCM Client Margin Account that are not delivered upon a Margin Call or a Collateral Call (as defined in Number 6.3.5) by Eurex Clearing AG.
 - (b) Under the LSOC With Excess Model, Eurex Clearing AG will treat as FCM Client Buffer the legally segregated value of Eligible Margin Assets specified in the latest CVR provided by the FCM Clearing Member as FCM Client Buffer.
- (2) Eurex Clearing AG shall book the value of all Eligible Margin Assets qualifying as FCM Client Buffer in a sub-account of the relevant FCM Client Margin Account (**"FCM Client Buffer Sub-Account"**).
- (3) Upon the occurrence of a Termination Event or an Insolvency Termination Event with respect to the FCM Clearing Member, Eurex Clearing AG may apply FCM Client Buffer (other than Encumbered FCM Client Buffer, which is instead applied in accordance with the relevant provisions of Number 6.4 or Number 6.5) to satisfy an FCM Client Margin Sub-Account Balance shortfall in any FCM Client Margin Sub-Account in the same FCM Client Margin Account as the FCM Client Buffer Sub-Account in which the FCM Client Buffer is booked. If the available FCM Client Buffer is insufficient to satisfy in full each FCM Client Margin Sub-Account Balance shortfall in the relevant FCM Client Margin Account, Eurex Clearing AG will apply the available FCM Client Buffer on a pro rata basis (based on the amount of the shortfall) to each FCM Client Margin Sub-Account with an FCM Client Margin Sub-Account shortfall.
- (4) Provided it is not subject to a Termination Event or an Insolvency Termination Event, an FCM Clearing Member may withdraw any of its FCM Client Buffer that is not, at the time, being used by Eurex Clearing AG as Encumbered FCM Client Buffer by (i) instructing Eurex Clearing AG to transfer such FCM Client Buffer to the FCM Client Unallocated Excess Sub-Account in the relevant FCM Client Margin Account (in the case of LSOC Without Excess) or (ii) by reclassifying FCM Client Buffer as Unallocated Excess in a new CVR (in the case of LSOC With Excess). Following transfer of the FCM Client Buffer to the relevant Unallocated Excess Sub-Account, the amount will be returned as provided in Number 6.3.3 Paragraph (4).

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6.3.3 FCM Client Unallocated Excess

(1) “**FCM Client Unallocated Excess**” means:

- (a) with respect to the LSOC Without Excess Model, the value of all Eligible Margin Assets booked to an FCM Client Margin Account that are not allocated to
 - (aa) any FCM Client Margin Sub-Account, or
 - (bb) the FCM Client Buffer Sub-Account; and
- (b) with respect to the LSOC With Excess Model, the value of all Eligible Margin Assets booked to an FCM Client Margin Account, which are not delivered upon a Margin Call or Collateral Call by Eurex Clearing AG, that are not allocated to
 - (aa) any FCM Client Margin Sub-Account or the linked FCM Client Assumed Allocation Sub-Account, or
 - (bb) the FCM Client Buffer Sub-Account.

All such Eligible Margin assets qualifying as FCM Client Unallocated Excess, shall be booked in a sub-account of the applicable FCM Client Margin Account (the “**FCM Client Unallocated Excess Sub-Account**”).

- (2) Eurex Clearing AG holds FCM Client Unallocated Excess for the benefit of the FCM Clients corresponding to such FCM Client Margin Account as a class, segregated in accordance with the CEA and CFTC Regulations, including the CFTC Part 22 Regulations. Eurex Clearing AG shall treat and record the FCM Client Unallocated Excess in respect of an FCM Client Margin Account on an unallocated basis, and shall not attribute any portion thereof to a particular FCM Client, FCM Client Margin Sub-Account (of any linked FCM Client Assumed Allocation Account, if applicable) or FCM Client Buffer Sub-Account.
- (3) An FCM Clearing Member that maintains FCM Client Unallocated Excess in an FCM Client Unallocated Excess Sub-Account must assure that its internal records accurately reflect at all times the FCM Client or FCM Clients to which such FCM Client Unallocated Excess is attributable and the amount attributable to each such FCM Client.
- (4) Eurex Clearing AG will return FCM Client Unallocated Excess to the FCM Clearing Member as part of the end-of-day settlement cycle.
- (5) Upon the occurrence of a Termination Event or an Insolvency Termination Event with respect to the FCM Clearing Member, Eurex Clearing AG shall hold any FCM Client Unallocated Excess in the FCM Clearing Member’s FCM Client Unallocated Excess Sub-Account in the relevant FCM Client Margin Account for the benefit of the FCM Clients of the FCM Clearing Member linked to such FCM Client Margin Account, in accordance with the CFTC Part 190 Regulations and Applicable Law. Eurex Clearing AG acknowledges that it is not permitted to, and it shall not, apply any such FCM Client Unallocated Excess to any obligations owed by the FCM

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Clearing Member to Eurex Clearing AG (whether acting as agent on behalf of its FCM Clients or otherwise), except to the extent required by Applicable Law and/or as directed by the applicable bankruptcy trustee or government authority in accordance with Applicable Law.

6.3.4 Substitution of Eligible Margin Assets

An FCM Clearing Member may request to substitute Eligible Margin Assets booked to an FCM Client Margin Account with alternative forms of Eligible Margin Assets that have an equal or greater value to the Eligible Margin Assets being substituted. Eurex Clearing AG will only release or re-deliver the Eligible Margin Assets that have been substituted to the FCM Clearing Member after confirming that the substitute Eligible Margin Assets have been Actually Delivered.

6.3.5 Collateral Value Decrease

- (1) If Eurex Clearing AG determines that the value of Eligible Margin Assets recorded in an FCM Client Margin Account for any FCM Clearing Member has decreased due to changes in the market value of the Eligible Margin Assets or to changes in foreign exchange rates used to calculate the value ("**Collateral Value Decrease**"), Eurex Clearing AG shall be entitled to demand that an FCM Clearing Member furnish additional Eligible Margin Assets to Eurex Clearing AG up to the amount of the Collateral Value Decrease ("**Collateral Call**").
- (2) In case of the occurrence of a Termination Event or Insolvency Termination Event with respect to the FCM Clearing Member, and if the FCM Clearing Member did not furnish additional Eligible Margin Assets to Eurex Clearing AG to meet the Collateral Call or the Collateral Value Decrease occurs after such Termination Event or Insolvency Termination Event, Eurex Clearing AG shall reduce pro rata the legally segregated value of Eligible Margin Assets recorded in each FCM Client Margin Sub-Account (including any linked Assumed Allocation Sub-Account, if applicable), the FCM Client Unallocated Excess Sub-Account, and the FCM Client Buffer Sub-Account.

6.4 LSOC Without Excess Model

The provisions of this Number 6.4 shall apply with respect to an FCM Client Margin Account with respect to which the FCM Clearing Member made the election that the FCM Clearing Member is not allowed to maintain Excess Margin in an FCM Client Margin Sub-Account on a day-to-day basis ("**LSOC Without Excess Model**").

6.4.1 Restriction on Excess Margin in FCM Client Margin Sub-Accounts

- (1) An FCM Clearing Member is not permitted to maintain Excess Margin in any FCM Client Margin Sub-Account on a day-to-day basis, but an FCM Client Margin Sub-Account may maintain Excess Margin on an intraday basis.
- (2) If any Excess Margin is attributable to an FCM Client Margin Sub-Account following a close of the end-of-day clearing cycle, Eurex Clearing AG shall transfer such

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Excess Margin to the FCM Client Unallocated Excess Sub-Account of the relevant FCM Client Margin Account on the morning of the following Business Day, whereupon such Excess Margin becomes FCM Client Unallocated Excess.

- (3) If Eurex Clearing AG determines intra-day that any Excess Margin is attributable to an FCM Client Margin Sub-Account, the FCM Clearing Member may request Eurex Clearing AG to transfer such Excess Margin to the corresponding FCM Client Unallocated Excess Sub-Account of the relevant FCM Client Margin Account, whereupon such Excess Margin becomes FCM Client Unallocated Excess. By virtue of making such request, the FCM Clearing Member is deemed to represent to Eurex Clearing AG that the request complies with the CFTC Regulations.
- (4) If at any time an FCM Clearing Member furnishes Eligible Margin Assets to Eurex Clearing AG on behalf of an FCM Client in an amount that would cause the FCM Client's FCM Client Margin Sub-Account to contain Excess Margin, Eurex Clearing AG may reject the deposit of such Excess Margin or immediately transfer such Excess Margin back to the FCM Clearing Member. If Eurex Clearing AG does not take either of those actions, and accepts the deposit, it will reclassify and record the Excess Margin as FCM Client Unallocated Excess in the FCM Client Unallocated Excess Sub-Account.

6.4.2 FCM Client Buffer

- (1) If the applicable Margin Requirement with respect to an FCM Client Transaction Account exceeds the FCM Client Margin Sub-Account Balance for such FCM Client Transaction Account, Eurex Clearing AG is permitted to apply any portion of the FCM Client Buffer carried in the FCM Client Buffer Sub-Account in the same FCM Client Margin Account as the FCM Client Margin Sub-Account to satisfy the FCM Client Margin Sub-Account Balance shortfall (the "**Encumbered FCM Client Buffer**").
- (2) Eurex Clearing AG may not at any time apply any portion of the FCM Client Buffer with respect to an FCM Client Margin Sub-Account in an amount that would cause the sum of the applicable FCM Client Margin Sub-Account Balance and the Encumbered FCM Client Buffer applicable to such FCM Client Margin Sub-Account at such time (if any) to exceed the amount of the applicable Margin Requirement determined for such FCM Client Margin Sub-Account. In the event that any such excess exists (e.g., due to a decrease in the margin required, crediting additional Eligible Margin Assets attributable to such FCM Client, or otherwise) with respect to an FCM Client Margin Sub-Account, Eurex Clearing AG shall reduce the amount of Encumbered FCM Client Buffer applicable to such FCM Client in an amount sufficient to remove any such excess; thereupon the reduced portion of Encumbered FCM Client Buffer again constitutes unencumbered FCM Client Buffer.
- (3) Eurex Clearing AG will calculate the Margin Requirement for each FCM Client Transaction Account for the end-of-day settlement cycle and issue a Margin Call for the corresponding FCM Client Margin Sub-Account without regard to any Encumbered FCM Client Buffer applied to such FCM Client Margin Sub-Account on

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the Business Day to which the end-of-day Margin Call applies. The FCM Clearing Member may elect to use the Encumbered FCM Client Buffer to meet (in whole or in part) the Margin Call, in which case the Encumbered FCM Client Buffer becomes part of the FCM Client Sub-Account Balance and no longer constitutes Encumbered FCM Client Buffer or FCM Client Buffer.

6.4.3 **Margin Calls; Application of FCM Client Buffer**

- (1) Eurex Clearing AG calculates a separate FCM Client Margin Requirement for each FCM Client Transaction Account. Eurex Clearing AG will notify an FCM Clearing Member of the FCM Client Margin Requirement for each FCM Client Transaction Account with a corresponding FCM Client Margin Sub-Account in the FCM Client Margin Account. Notification of an FCM Client Margin Requirement is not a Margin Call.
- (2) Eurex Clearing AG will issue a Margin Call with respect to an FCM Client Transaction Account if the FCM Client Margin Requirement for such account exceeds the FCM Client Margin Sub-Account Balance for the corresponding FCM Client Margin Sub-Account, except that it will issue an intra-day Margin Call with respect to an FCM Client Margin Sub-Account only if and to the extent that the FCM Client Margin Requirement exceeds the sum of the FCM Client Margin Sub-Account Balance and any Encumbered FCM Client Buffer allocated to such FCM Client Margin Sub-Account.
- (3) As provided in Number 6.4.2 Paragraph (3), Eurex Clearing AG will calculate the Margin Requirement for each FCM Client Transaction Account for the end-of-day settlement cycle and issue a Margin Call for the corresponding FCM Client Margin Sub-Account without regard to any Encumbered FCM Client Buffer applied to such FCM Client Margin Sub-Account on the Business Day to which the end-of-day Margin Call applies. If the FCM Clearing Member (with the consent of Eurex Clearing AG) elects to use the Encumbered FCM Client Buffer to meet (in whole or in part) the Margin Call, the Encumbered FCM Client Buffer becomes part of the FCM Client Sub-Account Balance and no longer constitutes Encumbered FCM Client Buffer or FCM Client Buffer.
- (4) Eurex Clearing AG may combine the Margin Call amounts for more than one of the FCM Client Margin Sub-Accounts within the same FCM Client Margin Account into a single gross aggregate Margin Call amount.
- (5) The FCM Clearing Member is required to provide Eligible Margin Assets to Eurex Clearing AG in the amount of the Margin Call, in accordance with the applicable provisions of Number 3 and this Number 6.
- (6) Eurex Clearing AG will book the value of the Eligible Margin Assets Actually Delivered by the FCM Clearing Member due to a Margin Call into the relevant FCM Client Margin Sub-Account(s) covered by the Margin Call.

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6.4.4 FCM Client Unallocated Excess

- (1) Eurex Clearing AG shall not, at any time, apply any FCM Client Unallocated Excess to an FCM Client Margin Sub-Account or FCM Client Buffer Sub-Account.
- (2) An FCM Clearing Member may provide an instruction to Eurex Clearing AG requesting Eurex Clearing AG to book all or a portion of its FCM Client Unallocated Excess to the FCM Client Buffer Sub-Account within the corresponding FCM Client Margin Account. Eurex Clearing AG will accordingly reduce FCM Client Unallocated Excess Sub-Account Balance and increase the FCM Client Buffer Sub-Account Balance. By virtue of making such request, the FCM Clearing Member is deemed to represent to Eurex Clearing AG that the request complies with the CFTC Regulations.

6.5 LSOC With Excess Model

The provisions of this Number 6.5 shall apply with respect to an FCM Client Margin Account with respect to which the FCM Clearing Member made the election that the FCM Clearing Member is permitted to maintain Excess Margin in FCM Client Margin Sub-Accounts on a day-to-day basis ("**LSOC With Excess Model**").

6.5.1 Collateral Value Reports

- (1) The FCM Clearing Member must provide to Eurex Clearing AG, at least once each Business Day, a collateral value report (a "**Collateral Value Report**" or "**CVR**") for each FCM Client Margin Account that is established and maintained in accordance with the LSOC With Excess Model, that instructs Eurex Clearing AG as to the appropriate allocation of the FCM Client Margin Account Collateral Balance attributable to each FCM Client Margin Sub-Account and the FCM Client Buffer Sub-Account within such FCM Client Margin Account.
- (2) The FCM Clearing Member must produce and submit CVRs in accordance with the CFTC Part 22 Regulations and any other Applicable Law, and such CVRs must also comply with the requirements prescribed by Eurex Clearing AG from time to time set forth in the technical description for CVRs which are published on the website of Eurex Clearing AG (www.eurexclearing.com).
- (3) The FCM Clearing Member is fully responsible for all information contained in its CVRs. Eurex Clearing AG is entitled to rely fully on such information, without no obligation to conduct its own investigation as to the accuracy thereof.
- (4) Eurex Clearing AG is entitled to reject a CVR submitted with respect to an FCM Client Margin Account in the following cases:
 - (a) the CVR allocates the value of Eligible Margin Assets in a manner that would trigger a Margin Call by creating a shortfall in the FCM Client Margin Account Collateral Balance for any FCM Client Margin Sub-Account;

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- (b) the CVR reallocates the value of Eligible Margin Assets to satisfy a Margin Call in whole or in part; or
 - (c) if Eurex Clearing AG determines in its discretion that allocating the value of Eligible Margin Assets in the manner provided in the CVR could cause Eurex Clearing AG to violate any Applicable Law.
- (5) Eurex Clearing AG will update its applicable records in accordance with the most recent compliant version of the CVR submitted with respect to the relevant FCM Client Margin Account, which will supersede any prior CVR for such FCM Client Margin Account.

6.5.2 **Assumed Allocation due to a Margin Call before the submission of a CVR**

- (1) When an FCM Clearing Member furnishes Eligible Margin Assets to Eurex Clearing AG with respect to an FCM Client Margin Account to satisfy a Margin Call, Eurex Clearing AG shall automatically allocate such Eligible Margin Assets among each of the FCM Client Margin Sub-Accounts within the FCM Client Margin Account with respect to which Eurex Clearing AG determined an FCM Client Margin Shortfall Amount pro rata based on the amount of shortfall in each such FCM Client Margin Sub-Account (the **"Assumed Allocation"**).

Eurex Clearing AG shall record the value of all Eligible Margin Assets forming part of an Assumed Allocation in a sub-account of the applicable FCM Client Margin Account (the **"FCM Client Assumed Allocation Sub-Account"**).

"FCM Client Assumed Allocation Sub-Account Balance" means, at any particular time, the legally segregated value of the Eligible Margin Assets allocated to an FCM Client Assumed Allocation Sub-Account as determined by Eurex Clearing AG.

- (2) Eurex Clearing AG will consider any FCM Client Assumed Allocation Sub-Account Balance when determining whether a Margin Call shall be issued with respect to the relevant FCM Client Margin Account.
- (3) An FCM Clearing Member is not permitted to deliver a CVR simultaneously with its delivery or payment of Eligible Margin Assets to Eurex Clearing AG in satisfaction of a Margin Call so as to avoid the Assumed Allocation.
- (4) However, an FCM Clearing Member may subsequently deliver a CVR allocating the entire FCM Client Margin Account Collateral Value in the applicable FCM Client Margin Account and any prior Assumed Allocation shall not limit the FCM Clearing Member's ability to allocate the FCM Client Margin Account Collateral Value in the normal course by subsequent delivery of CVRs. Whenever a new CVR is submitted by the FCM Clearing Member, the FCM Client Assumed Allocation Sub-Account Balance is reduced to zero.

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- (5) Upon the occurrence of a Termination Event or an Insolvency Termination Event with respect to the FCM Clearing Member, Eurex Clearing AG shall treat the Encumbered Assumed Allocation as part of the FCM Client Margin Sub-Account Balance of the relevant FCM Client. The Assumed Allocation can be used in case a porting occurs with respect to the relevant FCM Client Transactions and can also be used by Eurex Clearing AG in case no porting occurs with respect to the relevant FCM Client Transactions.

6.5.3 FCM Client Buffer

- (1) If the applicable Margin Requirement with respect to an FCM Client Transaction Account exceeds the FCM Client Margin Sub-Account Balance for such FCM Client Transaction Account, Eurex Clearing AG is permitted to apply any portion of the FCM Client Buffer carried in the FCM Client Buffer Sub-Account in the same FCM Client Margin Account as the FCM Client Margin Sub-Account to satisfy the FCM Client Margin Sub-Account Balance shortfall (the “**Encumbered FCM Client Buffer**”).
- (2) Eurex Clearing AG will calculate the Margin Requirement for each FCM Client Transaction Account for the end-of-day settlement cycle and issue a Margin Call for the corresponding FCM Client Margin Sub-Account without regard to any Encumbered FCM Client Buffer applied to such FCM Client Margin Sub-Account on the Business Day to which the end-of-day Margin Call applies. The FCM Clearing Member may elect to use the Encumbered FCM Client Buffer to meet (in whole or in part) the Margin Call, in which case the Encumbered FCM Client Buffer becomes part of the FCM Client Sub-Account Balance and no longer constitutes Encumbered FCM Client Buffer or FCM Client Buffer.

6.5.4 Margin Calls; Application of FCM Client Buffer

- (1) Eurex Clearing AG calculates a separate FCM Client Margin Requirement for each FCM Client Transaction Account. Eurex Clearing AG will notify an FCM Clearing Member of the FCM Client Margin Requirement for each FCM Client Transaction Account. Notification of an FCM Client Margin Requirement is not a Margin Call.
- (2) Eurex Clearing AG will issue a Margin Call with respect to an FCM Client Transaction Account if the FCM Client Margin Requirement for such account exceeds the FCM Client Margin Sub-Account Balance for the corresponding FCM Client Margin Sub-Account, except that it will issue an intra-day Margin Call with respect to an FCM Client Margin Sub-Account only if and to the extent that the FCM Client Margin Requirement exceeds the sum of the FCM Client Margin Sub-Account Balance (which for avoidance of doubt includes the related FCM Client Assumed Allocation Sub-Account Balance as a component) and any Encumbered FCM Client Buffer allocated to such FCM Client Margin Sub-Account.

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- (3) As provided in Number 6.5.3 Paragraph (2), Eurex Clearing AG will calculate the Margin Requirement for each FCM Client Transaction Account for the end-of-day settlement cycle and issue a Margin Call for the corresponding FCM Client Margin Sub-Account without regard to any Encumbered FCM Client Buffer applied to such FCM Client Margin Sub-Account on the Business Day to which the end-of-day Margin Call applies. If the FCM Clearing Member (with the consent of Eurex Clearing AG) elects to use the Encumbered FCM Client Buffer to meet (in whole or in part) the Margin Call, the Encumbered FCM Client Buffer becomes part of the FCM Client Sub-Account Balance and no longer constitutes Encumbered FCM Client Buffer or FCM Client Buffer.
- (4) Eurex Clearing AG may combine the Margin Call amounts for more than one FCM Client Margin Sub-Accounts within the same FCM Client Margin Account into a single gross aggregate Margin Call amount.
- (5) The FCM Clearing Member is required to provide Eligible Margin Assets to Eurex Clearing AG in the amount of the Margin Call, in accordance with the applicable provisions of Number 3 and this Number 6.
- (6) Eurex Clearing AG will initially book the value of the Eligible Margin Assets Actually Delivered by the FCM Clearing Member due to a Margin Call into the relevant FCM Client Assumed Allocation Sub-Account(s).

6.5.5 **FCM Client Unallocated Excess**

- (1) An FCM Clearing Member may not deliver additional Eligible Margin Assets to Eurex Clearing AG for the purpose of allocating such Eligible Margin Assets to the FCM Client Unallocated Excess Sub-Account.
- (2) An FCM Clearing Member may deliver a CVR to Eurex Clearing AG that has the effect of allocating all or a portion of the FCM Client Unallocated Excess to the FCM Client Buffer Sub-Account within the same FCM Client Margin Account.

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7 Fees

On the basis of its price list in effect (the “**Price List of Eurex Clearing AG**” (*Preisverzeichnis der Eurex Clearing AG*)), which will be published in accordance with Number 15.1, Eurex Clearing AG will charge to its FCM Clearing Members (i) a one-time fee upon conclusion of the first FCM Clearing Agreement, (ii) an annual fee for the granting of an FCM Clearing License, payable by the FCM Clearing Member, as applicable, on January 31 of each year, and (iii) further fees for certain actions and Swap Transactions, as specified in the Price List of Eurex Clearing AG. The Price List of Eurex Clearing AG shall form part of the FCM Clearing Conditions.

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8 **Default Fund**

Eurex Clearing AG maintains the Default Fund. Special provisions governing an FCM Clearing Member's obligations to contribute to the Default Fund are set forth in the FCM Default Rules. Certain matters pertaining to the rights and obligations of Eurex Clearing AG and FCM Clearing Members are also set forth in the FCM Default Rules.

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9 Termination Rules with respect to the FCM Clearing Member

Upon the occurrence of certain termination or insolvency events with respect to an FCM Clearing Member, Eurex Clearing AG may issue a Declaration of Termination (as defined in Number 9.2.3), terminate and liquidate Swap Transactions and realize and apply Eligible Margin Assets to payment of Difference Claims (as defined Number 9.5.2), or transfer FCM Client Transactions, as further provided for in this Number 9.

9.1 Application and Netting Sets

The provisions set forth in this Number 9 apply upon the occurrence of a Termination Event or Insolvency Termination Event with respect to an FCM Clearing Member.

The term “**Netting Set**” refers to

- (1) all Own Transactions in all FCM Clearing Member Own Transaction Accounts of the FCM Clearing Member, which constitute a single Netting Set (“**FCM Clearing Member Netting Set**”), and
- (2) all FCM Client Transactions in the relevant FCM Client Transaction Account, each of which constitutes a separate netting set (each a “**FCM Client Netting Set**”).

9.2 Termination Events, Insolvency Termination Event, Suspension of Clearing, and Declaration of Termination

9.2.1 Termination in case of the occurrence of Termination Events

(1) Termination Events:

Each of the following events constitutes a termination event with respect to an FCM Clearing Member (each a “**Termination Event**”):

(a) Failure to Pay; Failure to Deliver Eligible Margin Assets or Failure to pay Variation Settlement Amounts

The FCM Clearing Member fails to pay any amount due under the FCM Clearing Conditions to Eurex Clearing AG or fails to deliver any Eligible Margin Assets to Eurex Clearing AG in respect of a due request for delivery of Eligible Margin Assets in respect of Initial Margin or, if applicable, Supplementary Margin or to meet a Collateral Call, or fails to pay a due request for Variation Settlement.

(b) Failure to comply with FCM Clearing Conditions

The FCM Clearing Member fails to comply with any of its obligations under the FCM Clearing Agreement (incorporating the FCM Clearing Conditions) or is in breach of any of its representations given in an FCM Clearing Agreement.

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(c) **Failure to comply with Clearing License prerequisites**

The FCM Clearing Member is no longer in compliance with the relevant prerequisites for its FCM Clearing License set forth in Number 2.2.

(d) **Repudiation or objection to amendments to the FCM Clearing Conditions**

The FCM Clearing Member (i) repudiates any of the terms and conditions of the FCM Clearing Agreement or the FCM Clearing Conditions or (ii) objects to an amendment to the FCM Clearing Agreement or the FCM Clearing Conditions and Eurex Clearing AG cannot reasonably be expected to continue its relationship with such FCM Clearing Member, in particular, if such objections would lead to different versions of the FCM Clearing Conditions being applicable to several FCM Clearing Members, and the application of different versions of the FCM Clearing Conditions would not be technically feasible.

(e) **Insolvency related Events**

Any action, legal proceedings or other procedure or step is taken in relation to any of the following events or any of the following events occurs in relation to the FCM Clearing Member:

- (aa) The suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, termination of existence, liquidation, administration, reorganization (by way of voluntary arrangement, scheme of arrangement or otherwise), judicial management or curatorship;
- (bb) A settlement, deferred payment, debt restructuring, transfer, restructuring, composition, compromise, assignment or similar arrangement of the FCM Clearing Member with any of its creditors;
- (cc) The appointment of a liquidator, trustee, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of the FCM Clearing Member or any of its assets;
- (dd) Any application for commencement or an order of reorganization or restructuring proceedings; or
- (ee) The filing of an involuntary petition to commence a bankruptcy case against the FCM Clearing Member under Subchapter IV of Chapter 7 of the U.S. Bankruptcy Code, 11 U.S.C. § 101 et seq.

(f) **Violation of Regulatory Provisions**

Non-compliance with regulatory requirements by the FCM Clearing Member, provided that Eurex Clearing AG has determined in its reasonable opinion that such non-compliance may materially impair the FCM Clearing Member's proper fulfilment of the obligations under the FCM Clearing Agreement.

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(g) Regulatory Actions

Any enforcement decision or action taken against the FCM Clearing Member by the CFTC (including the appointment of a temporary receiver pursuant to Section 6c (a) of the CEA), NFA, another regulator or a self-regulatory organization with jurisdiction over the FCM Clearing Member, provided that Eurex Clearing AG has determined in its reasonable opinion that such action may materially impair the FCM Clearing Member's proper fulfilment of the obligations under the FCM Clearing Agreement.

(h) Change in Law and other similar Causes

(aa) Any change takes place in the laws of the United States or other laws applicable to the FCM Clearing Member, or the official interpretation or application of such laws which, in the reasonable opinion of Eurex Clearing AG, have a material adverse impact on the interests or services of Eurex Clearing AG under the FCM Clearing Conditions or the interests of the other FCM Clearing Members (or Non-FCM Clearing Members), or

(bb) any similar event occurs having a similar adverse impact on the interests or services of Eurex Clearing AG under the FCM Clearing Conditions or the interests of other FCM Clearing Members (or Non-FCM Clearing Members).

(i) Non-Compliance with Outsourcing Requirements

Non-compliance with the obligation to terminate the Outsourcing or to re-assume the Outsourced Functions upon the exercise of the veto right by Eurex Clearing AG pursuant to Number 14.2.7.

(2) Right to suspend Clearing upon occurrence of a Termination Event

Upon the occurrence of a Termination Event or if any of the following events occurs with respect to an FCM Clearing Member:

- (a) the existence of an unremedied breach by the FCM Clearing Member of its FCM Clearing Agreement with Eurex Clearing AG, except where such breach is minor, technical or administrative in nature in the reasonable opinion of Eurex Clearing AG;
- (b) a determination is made by Eurex Clearing AG that a limitation or suspension of Clearing is necessary for it to contain its exposure to the FCM Clearing Member (including in respect of the FCM Client Transaction Accounts and FCM Clearing Margin Sub-Accounts for its FCM Clients);
- (c) the suspension or termination (other than a voluntary termination) of the FCM Clearing Member's membership in another clearing house, provided that the circumstances relating to that suspension or termination are, in Eurex Clearing AG's reasonable opinion, material to the management of the risk of Eurex Clearing AG, and that Eurex Clearing AG first consults or attempts to

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consult with the FCM Clearing Member and the competent regulatory authorities;

- (d) the commencement of Disciplinary Procedures pursuant to the Disciplinary Procedures Rules, in each case as defined in Chapter 1 Part 1 Number 14 of the Clearing Conditions, against the FCM Clearing Member; or
- (e) any other event in respect of the FCM Clearing Member that could materially impact the ability of that FCM Clearing Member to perform its obligations under the FCM Clearing Conditions and the relevant FCM Clearing Agreement,

Eurex Clearing AG may (taking into account the interests of the FCM Clearing Member and its FCM Clients and provided that such action constitutes a proportionate and reasonable action), one or more times, suspend or limit the Clearing of Own Transactions and FCM Client Transactions.

Eurex Clearing AG shall notify the FCM Clearing Member and attempt to notify all FCM Clients of such FCM Clearing Member of the decision to suspend or limit the Clearing. Eurex Clearing AG shall specify in the notification a reasonable period of time during which such suspension or limitation shall apply.

Furthermore, if Eurex Clearing AG so demands, the relevant FCM Clearing Member shall, at the FCM Clearing Member's own expense, provide such information and evidence as Eurex Clearing AG, in its reasonable opinion, may deem necessary to conduct an appropriate investigation of the facts and circumstances relating to a Termination Event or any of the events listed above in this Number 9.2.1 Paragraph (2).

(3) **Delivery of Grace Period Notice**

If a Termination Event has occurred and is continuing with respect to an FCM Clearing Member, Eurex Clearing AG may give written notice thereof to the FCM Clearing Member and designate a reasonable grace period to remedy the relevant Termination Event (the "**Grace Period**"), which may be extended by Eurex Clearing AG from time to time, (the "**Grace Period Notice**").

- (a) If the Termination Event has been remedied to Eurex Clearing AG's satisfaction by the end of the Grace Period, Eurex Clearing AG shall inform the FCM Clearing Member thereof.
- (b) If Eurex Clearing AG determines in its discretion that the Termination Event has not been satisfactorily remedied by the end of the Grace Period, Eurex Clearing AG shall be entitled to deliver a Declaration of Termination (as defined in Number 9.2.3) to the FCM Clearing Member.

(4) **Grace Period unreasonable**

If a Termination Event has occurred and is continuing with respect to an FCM Clearing Member and if, taking into account all relevant circumstances of the specific case, Eurex Clearing AG determines in its discretion that it would be unreasonable

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to set a Grace Period or if the relevant Termination Event cannot be remedied, Eurex Clearing AG shall also be entitled to deliver a Declaration of Termination immediately.

(5) **Disciplinary Procedures**

Where Eurex Clearing AG has commenced Disciplinary Procedures against an FCM Clearing Member with respect to an Alleged Breach (as defined in the Disciplinary Procedures Rules), Eurex Clearing AG shall for as long as such Disciplinary Procedures are continuing, refrain from delivering a Declaration of Termination to such FCM Clearing Member on the basis of those facts that have led to the determination of the Alleged Breach by Eurex Clearing AG.

9.2.2 **Insolvency Termination Event**

An “**Insolvency Termination Event**” occurs with respect to an FCM Clearing Member, when:

- (1) an order for relief has been entered in a bankruptcy case commenced by or against the FCM Clearing Member under Subchapter IV of Chapter 7 of the U.S. Bankruptcy Code, 11 U.S.C. § 101 et seq.,
- (2) if the FCM Clearing Member is a member of the Securities Investor Protection Corporation, a liquidation proceeding has been commenced under the U.S. Securities Investor Protection Act, 15 U.S.C. § 78aaa et seq., against the FCM Clearing Member, or
- (3) a proceeding has been commenced against the FCM Clearing Member under Title II of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, 12 U.S.C. § 5301 et seq.

9.2.3 **Declaration of Termination**

- (1) Submission of Declaration of Termination

If

- (a) a Termination Event has occurred and is continuing with respect to the FCM Clearing Member and a Grace Period Notice was delivered to the FCM Clearing Member and the Termination Event has not been remedied to Eurex Clearing AG's satisfaction by the end of the Grace Period, or
- (b) a Termination Event has occurred and is continuing with respect to the FCM Clearing Member and Eurex Clearing AG determines in its discretion that it would be unreasonable to set a Grace Period or if the relevant Termination Event cannot be remedied,

Eurex Clearing AG shall be entitled to issue a declaration of termination with respect to the FCM Clearing Member (the “**Declaration of Termination**”) specifying the

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termination date and time ("**FCM Clearing Member Termination Time**") with respect to the FCM Clearing Member shall occur.

In case of the occurrence of an Insolvency Termination Event with respect to the FCM Clearing Member, Eurex Clearing AG shall issue a Declaration of Termination immediately after acquiring knowledge of the occurrence of the Insolvency Termination Event with respect to the FCM Clearing Member. The FCM Clearing Member Termination Time shall be effective immediately upon issuance of the Declaration of Termination relating to the Insolvency Termination Event.

(2) Consequences for Own Transactions of the FCM Clearing Member

Upon the Declaration of a Termination with respect to an FCM Clearing Member (the "**Affected FCM Clearing Member**"), the following consequences apply to the Affected FCM Clearing Member with respect to its Own Transactions:

- (a) the Clearing of new Own Transactions by the Affected FCM Clearing Member is immediately suspended;
- (b) the payment of Variation Settlement amounts to the Affected FCM Clearing Member with respect to its Own Transactions is immediately suspended; and
- (c) all Own Transactions are treated as if they are terminated as of the applicable FCM Clearing Member Termination Time, and Eurex Clearing AG shall calculate the Difference Claim with respect thereto in accordance with Number 9.5.2.

(3) Consequences for FCM Client Transactions

- (a) If Eurex Clearing AG issues a Declaration of Termination against an FCM Clearing Member, the following consequences apply to the Affected FCM Clearing Member with respect to the FCM Client Transactions:
 - (aa) the Clearing of all existing and new FCM Client Transactions of all FCM Clients of the Affected FCM Clearing Member is immediately suspended; and
 - (bb) the payment of Variation Settlement amounts to the Affected FCM Clearing Member with respect to all FCM Client Transactions of all FCM Clients is immediately suspended.
- (b) Upon issuance of a Declaration of Termination against an FCM Clearing Member, Eurex Clearing AG may separately for each FCM Client Netting Set exercise one of the following rights:
 - (aa) its right to treat FCM Client Transactions under the relevant Netting Set as if they are terminated by issuing an FCM Client Declaration of Termination pursuant to Number 9.3, and to calculate the Difference Claim with respect to such Netting Set in accordance with Number 9.5.2; or

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(bb) transfer all FCM Client Transactions under the relevant FCM Client Netting Set (including the relevant Eligible Margin Assets) to one or more other FCM Clearing Members pursuant to Number 9.4,

Any action taken by Eurex AG pursuant to Paragraph (b) (aa) or (bb) of this Paragraph (3) regarding the liquidation or porting of FCM Client Transactions and Eligible Margin Assets booked in any FCM Client Margin Account shall be taken in its reasonable discretion, in accordance with this Number 9 and the FCM Default Rules, and in compliance with the CEA, CFTC Regulations and (as applicable) the U.S. Bankruptcy Code and related CFTC Part 190 Regulations.

(4) Effective upon the FCM Clearing Member Termination Time, all FCM Clearing Licenses of the Affected FCM Clearing Member are terminated automatically.

9.2.4 **Notifications**

Eurex Clearing AG will notify the CFTC and BaFin without undue delay after the occurrence of a Termination Event or Insolvency Termination Event with respect to an FCM Clearing Member.

Eurex Clearing AG will also inform the Management Board of Clearstream Banking AG of the occurrence of a Termination Event or Insolvency Termination Event.

9.3 **Termination of FCM Client Transactions**

Upon the occurrence of a Termination Event or Insolvency Termination Event with respect to the FCM Clearing Member, if Eurex Clearing AG, in its sole discretion, exercises its termination right under Number 9.2.3 Paragraph (3) (b) (aa) with respect to FCM Client Transactions under any FCM Client Netting Set, it shall issue a declaration of termination to the FCM Clearing Member (the “**FCM Client Declaration of Termination**”) specifying the termination date and time (“**FCM Client Termination Time**”) on which all FCM Client Transactions under the FCM relevant Client Netting Set are treated as if they are terminated.

9.4 **Porting of FCM Client Transactions**

9.4.1 **Reasonable Efforts to Port**

- (1) Following the Declaration of Termination with respect to the FCM Clearing Member, Eurex Clearing AG will use reasonable efforts to transfer FCM Client Transactions in an FCM Client Transaction Account, along with Eligible Margin Assets as provided in Number 9.4.4, to one or more other FCM Clearing Members, subject to compliance with the FCM Clearing Member Replacement Requirements.
- (2) Eurex Clearing AG may provide for such procedures for the transfer of assets and positions that it deems necessary taking into account Applicable Law with respect to any such transfer.

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- (3) Eurex Clearing AG reserves its termination right with respect to FCM Client Transactions under the relevant FCM Client Netting Set if it believes that the Transfer of such transactions would introduce an unacceptable level of risk or volatility to the Clearing or to Eurex Clearing AG.
- (4) If the Affected FCM Clearing Member is subject to an Insolvency Termination Event, Eurex Clearing AG will seek to coordinate with the CFTC and the bankruptcy trustee (or comparable person responsible for administering the proceeding) with respect to the transfer of any FCM Client Transactions and Eligible Margin Assets allocated to the relevant FCM Client Margin Account or FCM Client Margin Sub-Account. In case of the occurrence of an Insolvency Termination Event with respect to the FCM Clearing Member, Eurex Clearing AG may deviate from the provisions and processes described in this Number 9.4 below if so required by the CFTC and the bankruptcy trustee.

9.4.2 Replacement Notice

- (1) Unless Eurex Clearing AG has exercised its termination right with respect to FCM Client Transactions under the relevant FCM Client Netting Set pursuant to Number 9.2.3 Paragraph (3) (b) (aa) and Number 9.3, Eurex Clearing AG may upon the issuance of the Declaration of Termination with respect to the FCM Clearing Member give notice to all other FCM Clearing Members of Eurex Clearing AG and all FCM Clients of the Affected FCM Clearing Member, and to all Non-FCM Clearing Members, in accordance with Number 15.1 Clause (ii) of the occurrence of the Termination Event or Insolvency Termination Event with respect to the FCM Clearing Member and that Eurex Clearing AG is initiating the porting process with respect to the FCM Client Transactions of the FCM Clearing Member (the **"Replacement Notice"**).
- (2) If no Replacement FCM Clearing Member can be identified or if a potential Replacement FCM Clearing Member does not fulfil the FCM Clearing Member Replacement Requirements with respect to an FCM Client Netting Set until 13:00 p.m. CET on the Business Day following the date on which the FCM Clearing Member Termination Time occurs (the **"Replacement Cut-Off Time"**), Eurex Clearing AG shall exercise its termination right with respect to such FCM Client Netting Set pursuant to Number 9.2.3 Paragraph (3) (b) (aa) and Number 9.3, in accordance with Number 9.5.

Eurex Clearing AG may extend the Replacement Cut-Off Time to facilitate porting of FCM Client Transactions by giving notice to the Affected FCM Clearing Member and all FCM Clients of the Affected FCM Clearing Member, and all other FCM Clearing Members, and to all Non-FCM Clearing Members, in accordance with Number 15.1 Clause (ii).

9.4.3 Transfer of FCM Client Transactions

- (1) If a potential FCM Clearing Member is willing to accept the transfer of FCM Client Transactions in one or more FCM Client Transaction Accounts, and all FCM Clearing Member Replacement Requirements in respect of the relevant FCM Client

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Transactions are fulfilled by the end of the Replacement Cut-Off Time, the FCM Client Transactions, and all rights and obligations of the Affected FCM Clearing Member arising from such FCM Client Transactions, shall be transferred (a **“Transfer”**) to the new FCM Clearing Member (the **“Replacement FCM Clearing Member”**).

If one or more FCM Clearing Member Replacement Requirements in respect of the relevant FCM Client Transactions are not fulfilled by the end of the Replacement Cut-Off Time, Eurex Clearing AG shall exercise its termination right with respect to such FCM Client Netting Set pursuant to Number 9.2.3 Paragraph (3) (b) (aa) and Number 9.3, in accordance with Number 9.5. Eurex Clearing AG shall inform the FCM Clearing Member and the relevant FCM Client(s) on the non-fulfilment of the FCM Clearing Member Replacement Requirements immediately.

- (2) **“FCM Clearing Member Replacement Requirements”** means all of the following requirements:
- (a) the Replacement FCM Clearing Member is an FCM Clearing Member;
 - (b) the Replacement FCM Clearing Member has agreed with Eurex Clearing AG in writing on the Transfer pursuant to this Number 9.4 in form and substance satisfactory to Eurex Clearing AG;
 - (c) the Replacement FCM Clearing Member has represented to Eurex Clearing AG that it meets the minimum funding requirements of CFTC Regulation 1.17 (a) (4);
 - (d) the Replacement FCM Clearing Member has (a) provided Eurex Clearing AG with sufficient Eligible Margin Assets to cover any shortfall in Eligible Margin Assets in respect of all FCM Client Transactions to which the Transfer relates or (b) committed itself to Eurex Clearing AG to provide the relevant amount of Eligible Margin Assets without undue delay following the Transfer; and
 - (e) if the Affected FCM Clearing Member is the subject of an Insolvency Termination Event, the CFTC or bankruptcy trustee (or comparable party administering the proceeding) has consented (or not disapproved) the Transfer.
- (3) As a result of a Transfer, the Affected FCM Clearing Member will be released from all its obligations in relation to the transferred FCM Client Transactions and the Replacement FCM Clearing Member shall have assumed such obligations in relation to such FCM Client Transactions.

9.4.4 **Transfer of Eligible Margin Assets**

- (1) Eurex Clearing AG will determine the portion of the value of Eligible Margin Assets booked on the FCM Client Margin Account to which the relevant FCM Client is allocated which may be transferred to the Replacement FCM Clearing Member (**“Transferred Portion”**) in connection with a Transfer of FCM Client Transactions.

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- (2) With respect to Eligible Margin Assets transferred to a Replacement FCM in the form of securities, the following applies:
- (a) The Affected FCM Clearing Member hereby irrevocably authorizes Eurex Clearing AG to transfer to the Replacement FCM Clearing Member any or all Eligible Margin Assets in the form of securities that are credited to the relevant FCM Client Pledged Securities Account at the time when the FCM Clearing Member Requirements are fulfilled and to issue all other statements and to take all other acts on behalf of the Affected FCM Clearing Member that Eurex Clearing AG considers necessary or expedient to effect the transfer of the relevant securities to the Replacement FCM Clearing Member. Such transfer shall be without prejudice to the security interest granted to Eurex Clearing AG in the relevant securities.
 - (b) Eurex Clearing AG and the Affected FCM Clearing Member agree that, following the transfer of any Eligible Margin Assets in the form of securities to the Replacement FCM Clearing Member, the security purpose of the security interests held by Eurex Clearing AG in such securities shall also extend to all present and future claims of Eurex Clearing AG against the Replacement FCM Clearing Member with respect to the transferred FCM Client Transactions.
 - (c) If a transfer of Eligible Margin Assets in the form of securities to the securities account of the Replacement FCM Clearing Member is impossible or impractical due to restrictions of the securities depository bank, custodian or central securities depository used by the Replacement FCM Clearing Member or for other reasons, the Affected FCM Clearing Member hereby irrevocably authorizes (*bevollmächtigt*) Eurex Clearing AG to liquidate on behalf of the Replacement FCM Clearing Member such Eligible Margin Assets in the form of securities and to appropriate the proceeds of the realization of such securities and such proceeds shall then constitute, and be treated as, Eligible Margin Assets in the form of cash with respect to the relevant FCM Client Margin Account.
- (3) After the Transfer, Eurex Clearing AG will make appropriate changes to its records with respect to the transferred Eligible Margin Assets. Following such changes to the records, the transferred Eligible Margin Assets shall be deemed to constitute Eligible Margin Assets that have been provided by the Replacement FCM Clearing Member with respect to the transferred FCM Client Transactions.

9.5 Consequences of a Termination

If

- (1) an FCM Clearing Member Termination Time has occurred with respect to all Own Transactions under the FCM Clearing Member Netting Set of the Affected FCM Clearing Member, or

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- (2) an FCM Client Termination Time has occurred with respect to FCM Client Transactions under the relevant FCM Client Netting Set for any FCM Client of the Affected FCM,

the following provisions in this Number 9.5 shall apply.

9.5.1 **As if Termination**

All Swap Transactions forming an FCM Clearing Member Netting Set or an FCM Client Netting Set shall be treated as if they are terminated as of the Termination Time or the FCM Client Termination Time, as applicable. Eurex Clearing AG shall be entitled to liquidate the Swap Transactions in the relevant Netting Set in accordance with the FCM Default Rules, and to calculate the Difference Claim with respect thereto.

9.5.2 **Difference Claim**

Upon the occurrence of an FCM Clearing Member Termination Time or FCM Client Termination Time, Eurex Clearing AG shall determine a separate difference claim for the FCM Clearing Member Netting Set and each FCM Client Netting Set on the Last Valuation Date (each a “**Difference Claim**”) by way of combining the Single Transaction Amounts of all Swap Transactions forming part of the relevant FCM Clearing Member Netting Set or FCM Client Netting Set.

The final amount of the Difference Claim resulting from such combination shall

- (1) if it is a positive figure, be owed by Eurex Clearing AG to the FCM Clearing Member (in case of an FCM Client Netting Set, on behalf of the relevant FCM Client), or
- (2) if it is a negative figure, shall be owed by the FCM Clearing Member (in case of an FCM Client Netting Set, on behalf of the relevant FCM Client) to Eurex Clearing AG.

The Difference Claim shall be denominated in the Clearing Currency or any other currency last agreed in writing between Eurex Clearing AG and the FCM Clearing Member (the “**Termination Currency**”).

- (1) The “**DMP Valuation Date**” shall, with respect to a Swap Transaction, be any day on which a Liquidation Price is determined for such Swap Transaction. The latest DMP Valuation Date with respect to Swap Transactions under the relevant FCM Clearing Member Netting Set or FCM Client Netting Set shall be the “**Last Valuation Date**”. Such Last Valuation Date shall occur upon completion of the default management process pursuant to this Number 9 and the FCM Default Rules.
- (2) The “**Single Transaction Amount**” shall be determined with respect to each Swap Transaction under the relevant FCM Clearing Member Netting Set or FCM Client Netting Set that is deemed terminated as of the FCM Clearing Member Termination Time or FCM Client Termination Time and shall equal its Liquidation Price as of the relevant DMP Valuation Date.

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In case a group of Swap Transactions is liquidated in a way that Eurex Clearing AG cannot determine a Single Transaction Amount for each individual Swap Transaction in that group of Swap Transactions, Eurex Clearing AG may include the price received for the respective group of Swap Transactions in the respective Difference Claim.

- (3) **“Liquidation Price”** means, with respect to a Swap Transaction,
- (a) the price of a relevant replacement transaction entered into by Eurex Clearing AG with respect to the relevant Swap Transaction during and as part of the default management process pursuant to the FCM Default Rules at the latest on the fifth Business Day after the date on which the FCM Clearing Member Termination Time has occurred, or, to the extent this is required for a value-preserving liquidation, at the latest on the 20th Business Day after the date on which the FCM Clearing Member Termination Time has occurred, including relevant costs and expenses incurred by Eurex Clearing AG during the respective default management process, in particular relevant DM Hedging Transaction Costs (as defined in Number 4.2 of the FCM Default Rules);
 - (b) subject to Sub-Paragraph (c) below, if Eurex Clearing AG does not enter into a replacement transaction during and as part of the default management process pursuant to Number 4 of the FCM Default Rules, the last available Market Price for such Swap Transaction on the date on which the FCM Clearing Member Termination Time or FCM Client Termination Time has occurred; or
 - (c) if Eurex Clearing AG does not enter into a replacement transaction during and as part of the default management process pursuant to Number 4 of the FCM Default Rules and a Liquidation Group Deficiency (as defined in Number 9.6) occurs in relation to such Swap Transaction, the amount corresponding to the relevant Single Valuation Price for such Swap Transaction.
- (4) **“Market Price”** means:
- (a) the market price for the relevant Swap Transaction; and
 - (b) if market events do not allow the determination of a market or exchange price in accordance with Sub-Paragraph (a) above, the price determined on the basis of a model for the valuation of the market or exchange value of the relevant Swap Transactions (which considers market risks and market prospects, inter alia, taking into account asset classes, volatility and liquidity).

9.5.3 Notification

Eurex Clearing AG shall notify the value of each Difference Claim determined by it to the FCM Clearing Member and, in case of an FCM Client Netting Set, to the relevant FCM Client as soon as reasonably practicable after its determination, together with reasonable detail regarding the data and information forming the basis of the determination.

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9.5.4 **Payment of Difference Claim**

- (1) The Difference Claim of either Eurex Clearing AG or the FCM Clearing Member relating to the relevant FCM Clearing Member Netting Set or FCM Client Netting Set shall become unconditional and immediately due in the Termination Currency against the respective other party as of the end of the Last Valuation Date.
- (2) The debtor of the relevant Difference Claim shall pay the determined amount of the Difference Claim as soon as reasonably practicable following the notification by Eurex Clearing AG of the payable amount pursuant to Number 9.5.3.
- (3) The debtor of the Difference Claim shall not be obliged to pay any interest on the amount of the Difference Claim unless it is in default following the receipt of a payment reminder by the other party. Default interest shall be paid on the basis of the effective overnight interest rate applicable to the currency of the Difference Claim.

9.5.5 **Realization of Margin, release or return of Eligible Margin Assets**

- (1) In case Eurex Clearing AG is, with respect to an FCM Clearing Member Netting Set or an FCM Client Netting Set, the creditor of the Difference Claim against the Affected FCM Clearing Member, Eurex Clearing AG shall, in the case of Eligible Margin Assets in the form of cash, use such cash (where applicable, in accordance with the provisions relating to Trust Accounts set out in the FCM Clearing Agreement) and, in the case of Eligible Margin Assets in the form of securities, be entitled to realize its security interest granted by the Affected FCM Clearing Member in accordance with the Pledge Agreement.
- (2) Eurex Clearing AG:
 - (a) shall apply Eligible Margin Assets in the form of cash, and shall enforce and realize its security interests over all Eligible Margin Assets in the form of securities booked into the FCM Clearing Member Proprietary Margin Account and apply the proceeds thereof, in the following order of priority:
 - (aa) first, to the Difference Claim relating to the FCM Clearing Member Netting Set of the Affected FCM Clearing Member; and
 - (bb) second, (only to the extent that the FCM Client Margin is, for whatever reason, not sufficient for such purpose), in Eurex Clearing AG's discretion, to the Difference Claim relating to an FCM Client Netting Set of any FCM Client of the Affected FCM Clearing Member; and
 - (b) shall enforce and realize its security interests over all Eligible Margin Assets booked into the relevant FCM Client Margin Account and shall apply the proceeds to the Difference Claim relating to an FCM Client Netting Set of any FCM Client of the Affected FCM Clearing Member whose FCM Client Transaction Account has been allocated to such FCM Client Margin Account within the systems of Eurex Clearing AG.

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9.5.6 **Return of any balance owed by Eurex Clearing AG in respect of the FCM Clearing Member Netting Set or any FCM Client Netting Set after the completion of the default management process**

If an FCM Clearing Member Termination Time has occurred with respect to all FCM Clearing Member Own Transaction Accounts and an FCM Client Termination Time has occurred with respect to any FCM Client Transaction Accounts, Eurex Clearing AG shall return any balance owed by it in respect of any FCM Clearing Member Netting Set or relevant FCM Client Netting Set following the completion of the default management process with respect to the FCM Clearing Member as follows:

- (1) The Difference Claim in relation to the FCM Clearing Member Netting Set owed by Eurex Clearing AG shall be discharged by payment of the relevant amount to the Affected FCM Clearing Member.
- (2) The Difference Claim in relation to the relevant FCM Client Netting Set owed by Eurex Clearing AG shall be discharged by payment of the relevant amount to the Affected FCM Clearing Member and such payment shall constitute a return to the Affected FCM Clearing Member for the account of such FCM Client.
- (3) Any remaining pledges in respect of Eligible Margin Assets in the form of securities booked into the FCM Clearing Member Margin Account or the relevant FCM Client Margin Account shall expire or shall be released by Eurex Clearing AG.
- (4) Any remaining Eligible Margin Assets in the form of cash booked into the FCM Clearing Member Margin Account or the relevant FCM Client Margin Account shall be returned to the Affected FCM Clearing Member, in the latter case collectively for the benefit of its FCM Clients.

9.6 **Cash Settlement of Liquidation Group Transactions**

If, at any time following the occurrence of a Realization Event, Eurex Clearing AG determines a Liquidation Group Deficiency with respect to the Relevant Liquidation Group, Eurex Clearing AG may terminate and settle in cash all (but not only some) Swap Transactions of such Relevant Liquidation Group (each a "**Liquidation Group Transaction**") with all Non-Affected FCM Clearing Members by giving a notice to such FCM Clearing Members specifying the date ("**Liquidation Group Cash Settlement Date**") and the time ("**Liquidation Group Cash Settlement Time**") on which the termination shall become effective. At the same time, Eurex Clearing AG will suspend the clearing with respect to all transaction types which are comprised in such Relevant Liquidation Group and will inform the respective markets accordingly.

A "**Liquidation Group Deficiency**" shall occur with respect to a Relevant Liquidation Group, if Eurex Clearing AG determines on the basis of its valuation models for the Terminated Clearing Member Transactions and/or Terminated FCM Clearing Member Transactions falling within the Relevant Liquidation Group that all Contributions and Further Contributions and all FCM Contributions and FCM Further Contributions to the Default Fund would not be sufficient to settle all Default Fund Secured Claims relating to such Relevant Liquidation Group as of the time of determination by Eurex Clearing AG.

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9.6.1 **Consequences of Cash Settlement of a Liquidation Group**

If a Liquidation Group Cash Settlement Time has occurred with respect to the Relevant Liquidation Group, the following provisions shall apply:

All current and future primary obligations (including payment and delivery obligations) of each party under the relevant Netting Set between Eurex Clearing AG and the FCM Clearing Member arising from any FCM Clearing Member Transaction relating to the Relevant Liquidation Group shall expire as of the Liquidation Group Cash Settlement Time and shall no longer be required to be performed by the relevant obligor. The expiration affects all claims arising from all FCM Clearing Member Transactions relating to the Relevant Liquidation Group independently of the time they came into existence or would have come into existence otherwise. These expired primary obligations and delivery obligations, respectively, are reflected by the FCM Liquidation Group Difference Claim (as defined in Number 9.6.2).

9.6.2 **Liquidation Group Difference Claim**

With regard to the relevant Netting Set between Eurex Clearing AG and the FCM Clearing Member, the difference claim relating to the Relevant Liquidation Group that was created by the signing of the relevant FCM Clearing Agreement shall become unconditional and immediately due in the Termination Currency from one party to the relevant Netting Set to the respective other party as of the end of the Liquidation Group Cash Settlement Date (each such claim shall be a “**Liquidation Group Difference Claim**”).

The Liquidation Group Difference Claim shall be determined by Eurex Clearing AG on the Liquidation Group Cash Settlement Date for each Netting Set by way of combining the Single Valuation Prices of all terminated FCM Clearing Member Transactions relating to the Relevant Liquidation Group under such Netting Set. “**Single Valuation Price**” shall mean, with respect to the FCM Clearing Member Transactions relating to the Relevant Liquidation Group, the last available settlement price as determined by Eurex Clearing AG.

The final amount of the Liquidation Group Difference Claim resulting from such combination shall (i) if it is a positive figure for Eurex Clearing AG, be owed to it by the relevant FCM Clearing Member, or (ii) if it is a negative figure for Eurex Clearing AG, be owed by it to the relevant FCM Clearing Member.

Eurex Clearing AG shall notify the value of the Liquidation Group Difference Claim determined by it to the FCM Clearing Member as soon as reasonably practicable, together with reasonable detail regarding the data and information forming the basis of the determination.

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9.6.3 **Payment of Liquidation Group Difference Claim**

Such party to the relevant Netting Set which is the obligor of the FCM Liquidation Group Difference Claim shall be obliged to pay the determined amount to the other party as soon as reasonably practicable following the notification by Eurex Clearing AG of the amount payable.

9.6.4 **Certain Defined Terms**

For purposes of this Number 9.6 the terms “**Realization Event**”, “**Relevant Liquidation Group**”, “**FCM Clearing Member Transaction**”, “**Non-Affected FCM Clearing Member**”, “**Terminated Clearing Member Transactions**”, “**Terminated FCM Clearing Member Transactions**”, “**Contributions**”, “**Further Contributions**”, “**FCM Contributions**”, “**FCM Further Contributions**”, “**Default Fund**” and “**Default Fund Secured Claims**” shall have the meanings ascribed to them in the FCM Default Rules.

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10 Termination of FCM Client Transactions when the FCM Client is in default

10.1 Scope

This Number 10 describes actions that an FCM Clearing Member may take in the event that one of its FCM Clients is in default or is the subject of a termination event ("**Client Default or Termination Event**") under the FCM Clearing Member's agreement (or agreements) with the FCM Client (the "**Affected FCM Client**").

10.2 Transfers

- (1) Following the occurrence of a Client Default or Termination Event, an FCM Clearing Member may take one or more of (but not limited to) the following actions to liquidate FCM Client Transactions of the Affected FCM Client, by choosing the appropriate option within the systems of Eurex Clearing AG (each, an "**FCM Client Risk Reducing Measure**"):
 - (a) Enter into one or more Original Swap Transactions that economically reverse one or more of the FCM Client Transactions in the FCM Clearing Member's FCM Client Transaction Account for the Affected FCM Client, and submit such Original Swap Transaction(s) to be booked (if concluded by way of novation as set out in Number 1.3.3) as FCM Client Transactions in such FCM Client Transaction Account.
 - (b) Transfer one or more of the Affected FCM Client's FCM Client Transactions from the FCM Clearing Member's FCM Client Transaction Account for the Affected FCM Client to:
 - (aa) the FCM Clearing Member's Own Transaction Account;
 - (bb) the Own Transaction Account of another Clearing Member;
 - (cc) another FCM Client Transaction Account of the FCM Clearing Member; or
 - (dd) an FCM Client Transaction Account of another FCM Clearing Member or a Client Transaction Account of a Non-FCM Clearing Member.
 - (c) Transfer one or more Own Transactions from the FCM Clearing Member's Own Transaction Account to the FCM Clearing Member's FCM Client Transaction Account for the Affected FCM Client; or
 - (d) Transfer one or more Own Transactions from the Own Transaction Account of another Clearing Member (which may be a Non- FCM Clearing Member) to the FCM Clearing Member's FCM Client Transaction Account for the Affected FCM Client.
- (2) Alternatively, the FCM Clearing Member may submit a written request to Eurex Clearing AG by email or facsimile requesting Eurex Clearing AG to initiate one or more of the FCM Client Risk Reducing Measures described in (a) through (d) in Paragraph (1) of this Number 10.2.

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- (3) The FCM Clearing Member must ensure that after it takes one or more FCM Client Risk Reducing Measures, the FCM Client Margin Requirement for the relevant FCM Client Transaction Account for the Affected FCM Client is zero.
- (4) For purposes of this Number 10, when used in relation to a Non-FCM Clearing Member, the terms Own Transaction Account, Own Transaction and Client Transaction Account have the meanings assigned to them in the Clearing Conditions.
- (5) The FCM Clearing Member is responsible for verifying that each of the following conditions (as applicable) is met with respect to each FCM Client Risk Reducing Measure it takes, and represents to Eurex Clearing AG that each such condition (as applicable) is met when it takes the FCM Client Risk Reducing Measure:
 - (a) The FCM Clearing Member is not in default of any of its obligations to Eurex Clearing AG under the FCM Clearing Conditions and will not become in default upon completion of the transfer;
 - (b) Any other Clearing Member involved in the transfer is not in default of any of its obligations to Eurex Clearing AG under the FCM Clearing Conditions or Clearing Conditions (as applicable) and will not become in default upon completion of the transfer; and
 - (c) The FCM Clearing Member has the authority under its agreement(s) with the Affected FCM Client or otherwise to take such action.
- (6) When an FCM Clearing Member takes any Client Risk Reducing Measure, Eurex Clearing AG will not perform any transfer of Eligible Margin Assets. If the FCM Client Margin Sub-Account for the Affected Clearing Member is in an FCM Client Margin Account under LSOC Without Excess, and if the FCM Client Risk Reducing Measure (or measures) taken by the FCM Clearing Member for the Affected FCM Client's corresponding FCM Client Transaction Account results in Excess Margin in the corresponding FCM Client Margin Sub-Account, the amount of such Excess Margin will become Unallocated Excess and will be booked to the relevant FCM Unallocated Excess Margin Sub-Account.

10.3 Terms that apply to Transfers

- (1) Eurex Clearing AG shall have no liability to the FCM Clearing Member, the Affected FCM Client, or any Clearing Member involved in the transfer for any losses or costs it may incur in connection with any action that Eurex Clearing AG takes pursuant to this Number 10.
- (2) The actions described in this Number 10 are subject to Applicable Law, including the provisions of the CEA and CFTC Regulations.

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- (3) An FCM Clearing Member that takes any FCM Client Risk Reducing Measure in respect of an Affected FCM Client shall indemnify Eurex Clearing AG and its officers, employees and agents against any and all losses, liabilities, damages, claims, costs or expenses suffered or incurred by such person arising out of or in connection with any dispute between the FCM Clearing Member and Affected FCM Client regarding (i) any FCM Client Risk Reducing Measure taken (or any measure not taken) by the FCM Clearing or (ii) the underlying circumstances that led the FCM Clearing Member to take the FCM Client Risk Reducing Measure. This indemnity is in addition to the general indemnification by an FCM Clearing Member under Number 13.1.3.

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11 Termination Rules with respect to Eurex Clearing AG

11.1 Claim for Non-Performance and Single Difference Claim

- 11.1.1 If at any time a Failure to Pay Event or an Insolvency Event has occurred with respect to Eurex Clearing AG, all primary obligations (including payment and delivery obligations but excluding Termination Unpaid Amounts) arising from all Swap Transactions in all FCM Clearing Member Own Transaction Accounts and all FCM Client Transaction Accounts shall expire and may no longer be performed by the relevant obligor. These expired primary obligations representing the market or exchange value of the Swap Transactions are reflected by the claim for non-performance ("**Claim for Non-Performance**") which is determined pursuant to Number 11.2.

Further, all due but unsatisfied obligations to deliver Eligible Margin Assets to meet an obligation to pay a Margin Requirement or Variation Settlement in respect of the relevant account expire.

- 11.1.2 A separate Claim for Non-Performance shall be determined by Eurex Clearing AG for all FCM Clearing Member Own Transaction Accounts and each FCM Client Transaction Account by way of combining (*saldieren*) the CCP Single Transaction Amounts of all terminated Swap Transactions in such account or sub-account.

The Claim for Non-Performance for all FCM Clearing Member Own Transaction Accounts or the relevant FCM Client Transaction Account resulting from such combination shall, following its determination in accordance with Number 11.2.1 or Number 11.2.2 below, be automatically (i) set off with relevant Termination Unpaid Amounts and/or (ii) added to relevant Termination Unpaid Amounts in case they are payable by the debtor of the Claim for Non-Performance, as the case may be, in order to result in one single difference claim.

If the Claim for Non-Performance is a positive figure for all FCM Clearing Member Own Transaction Accounts or the relevant FCM Client Transaction Account, that amount shall be owed by Eurex Clearing AG to the FCM Clearing Member in respect of such account or sub-account (with the FCM Clearing Member acting as agent on behalf of its FCM Client in the case of an FCM Client Transaction Account); if it is a negative figure for a particular Account, that amount shall be owed by the FCM Clearing Member to Eurex Clearing AG in respect of such account.

The Claim for Non-Performance and the difference claim shall be denominated in the Termination Currency.

Eurex Clearing AG shall notify the determined value of the difference claim with respect to all FCM Clearing Member Own Transaction Accounts or the relevant FCM Client Transaction Account to the relevant FCM Clearing Member as soon as reasonably practicable after its determination, together with reasonable detail regarding the data and information forming the basis of the determination. The party with the payment obligation in respect of all FCM Clearing Member Own Transaction Accounts or the relevant FCM Client Transaction Account shall pay the determined value of the difference claim to the other party as soon as reasonable practicable following the notification of the payable

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amount by Eurex Clearing AG. Such party shall not be obliged to pay any interest on the amount of the difference claim unless it is in default following the receipt of a payment reminder by the other party. Default interest shall be paid on the basis of the effective overnight interest rate applicable to the currency of the difference claim.

“Termination Unpaid Amounts” means (i) any amount due to be paid as a primary obligation under the relevant Swap Transaction, but unpaid on the date of expiry of primary obligations under Number 11.1.1 above, and (ii) the value of any assets due to be delivered as a primary obligation under the relevant Transaction, but not delivered, on the date of expiry of primary obligations under Number 11.1 above. All such amounts or values shall be denominated in the Termination Currency.

11.2 Calculation of the Claim for Non-Performance

11.2.1 Calculation in case of a Failure to Pay Event

In the case of a Failure to Pay Event, the value of the Claim for Non-Performance for all FCM Clearing Member Own Transaction Accounts or the relevant FCM Client Transaction Account shall be determined by Eurex Clearing AG in accordance with this Number 11.2.1.

If Eurex Clearing AG enters into replacement transactions in connection with the determination of the CCP Market Price, such replacement transactions will be entered into without undue delay on or after the occurrence of the Failure to Pay Event.

For the purpose of the determination of the Claim for Non-Performance, the following definitions shall apply:

- (1) The **“CCP Valuation Date”** shall, with respect to a Swap Transaction, be any day until and including the Last CCP Valuation Date on which a CCP Market Price is determined for such Swap Transaction in accordance with the applicable determination mechanism set out in the definition of **“CCP Market Price”** in Number 11.2.2 Paragraph (2) below.

The **“Last CCP Valuation Date”** is (i) the fifth Business Day after the occurrence of the Failure to Pay Event, or (ii), to the extent this is required for a value-preserving liquidation, the 20th Business Day after the occurrence of a Failure to Pay Event.

The **“CCP Margin Valuation Date”** shall, with respect to any Eligible Margin Assets, be any day until and including the Last CCP Valuation Date on which such Eligible Margin Assets are actually realized by Eurex Clearing AG.

- (2) The **“CCP Single Transaction Amount”** shall be determined with respect to each terminated Swap Transaction for all FCM Clearing Member Own Transaction Accounts or the relevant FCM Client Transaction Account and shall equal its CCP Market Price on the relevant CCP Valuation Date.

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- (3) **“CCP Market Price”** means, with respect to a Swap Transaction:
- (a) the price of the replacement transaction entered into by Eurex Clearing AG with respect to the relevant terminated Swap Transaction on the relevant CCP Valuation Date; or
 - (b) if Eurex Clearing AG does not enter into a replacement transaction by or on the Last CCP Valuation Date, the last available Market Price for the terminated Swap Transaction on the fifth Business Day after the occurrence of the Failure to Pay Event.
- (4) **“Market Price”** shall have the same meaning as stipulated under Number 9.5.2 Paragraph (4).

11.2.2 Calculation in case of an Insolvency Event

In the case of an Insolvency Event, the value of the Claim for Non-Performance for all FCM Clearing Member Own Transaction Accounts or the relevant FCM Client Transaction Account shall be determined by Eurex Clearing AG in accordance with this Number 11.2.2. For the purpose of the determination of the Claim for Non-Performance the following definitions shall apply:

- (1) The **“CCP Single Transaction Amount”** shall be determined with respect to each terminated Swap Transaction for all FCM Clearing Member Own Transaction Accounts or the relevant FCM Client Transaction Account and shall equal its CCP Market Price on the second Business Day following the Insolvency Event.
- (2) **“CCP Market Price”** means, with respect to a terminated Swap Transaction, the last available Market Price for such Swap Transaction on the second Business Day following the Insolvency Event;
- (3) **“Market Price”** shall have the same meaning as stipulated under Number 9.5.2 Paragraph (4).

11.3 Failure to Pay Event and Insolvency Event

The following events shall constitute a Failure to Pay Event or an Insolvency Event with respect to Eurex Clearing AG:

- (1) A **“Failure to Pay Event”** occurs if (a) a Payment Default, or (b) a Non-Payment of the Cash Settlement Amount following a Delivery Default.
- (2) An **“Insolvency Event”** occurs if the *Bundesanstalt für Finanzdienstleistungsaufsicht* files a petition for the opening of insolvency proceedings over the assets of Eurex Clearing AG.

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11.3.1 **A “Payment Default” occurs if:**

- (1) Eurex Clearing AG fails to make, when due, any payment (other than a payment of the Cash Settlement Amount following a Delivery Default) in respect of a payment claim of an FCM against Eurex Clearing AG arising from a Transaction;
- (2) Eurex Clearing AG has received written notice (*Textform*) of such failure from the relevant FCM Clearing Member (“**First Notification**”);
- (3) Eurex Clearing AG has received a further written notice (*Textform*) of such failure after the expiry of a period of not less than three (3) calendar days after receipt of the First Notification (“**Second Notification**”); and
- (4) Eurex Clearing AG's failure to make such payment to such FCM Clearing Member, subject to the following paragraph, for a period of at least two (2) calendar days after the Second Notification, provided that the last day of such period shall be a Business Day.

For the purposes of this Number 11.3.1, a payment will be considered not to have been made by Eurex Clearing AG if no corresponding amount has been credited to the relevant account of the relevant FCM Clearing Member or to an appropriate account of a correspondent bank designated by the FCM Clearing Member. Delays in effecting such credit for technical reasons (i) which are outside the control of Eurex Clearing AG, as explained in writing (*Textform*) to such FCM Clearing Member shall only lead to a Payment Default if Eurex Clearing AG's failure to make such payment continues for a period of one (1) calendar month after receipt of the Second Notification and (ii) which are within the control of Eurex Clearing AG shall, only lead to a Payment Default if Eurex Clearing AG's failure to make such payment continues for a period of ten (10) Business Days after receipt of the Second Notification. In the event of (i) Eurex Clearing AG shall use reasonable endeavours to effect such credit as soon as practicable. Eurex Clearing AG will notify the relevant FCM Clearing Member without undue delay whether there is a case of (i) or (ii).

11.3.2 **A “Non-Payment of the Cash Settlement Amount following a Delivery Default” occurs if with respect to a Transaction:**

- (1) a Delivery Default; and
- (2) a Cash Settlement Payment Default occurs.

11.3.3 **A “Delivery Default” occurs if:**

- (1) Eurex Clearing AG fails to satisfy, when due, any delivery obligation vis-à-vis an FCM Clearing Member arising from a Transaction;
- (2) Eurex Clearing AG has received, after the expiry of a period of not less than five (5) calendar days following the due date, written (*Textform*) notice from such FCM Clearing Member making reference to this Number 11.3.3 and requesting Eurex Clearing AG to fulfil such delivery obligation (“**First Delivery Request**”);

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- (3) Eurex Clearing AG has received from such FCM Clearing Member a further written (*Textform*) notice requesting Eurex Clearing AG to fulfil such delivery obligation after the expiry of a further period of not less than ten (10) calendar days after receipt of the First Delivery Request ("**Second Delivery Request**"); and
- (4) Eurex Clearing AG has, after the expiry of a further period of not less than ten (10) calendar days after receipt of the Second Delivery Request, received a written (*Textform*) request from such FCM Clearing Member for cash settlement of the relevant delivery obligation from Eurex Clearing AG ("**Cash Settlement Request**").

Delays in effecting a delivery for technical reasons shall not lead to a Delivery Default. Upon receipt of a Cash Settlement Request from an FCM Clearing Member (the date of such request, the "**Cash Settlement Request Date**") Eurex Clearing AG shall no longer be obliged to make any delivery under the relevant Swap Transaction. This obligation shall be replaced by an obligation of Eurex Clearing AG to pay to the FCM Clearing Member, the Cash Settlement Amount under the relevant Swap Transaction (each a "**Cash-settled Transaction**").

For the purpose of this Number 11.3.3, a delivery obligation will not be considered to be satisfied by Eurex Clearing AG if no corresponding securities have been credited to an appropriate securities account of a depositary, a settlement institution or a custodian designated by the FCM Clearing Member at a deposit bank or a central securities depository.

11.3.4 A "**Cash Settlement Payment Default**" occurs if:

- (1) Eurex Clearing AG has, after the expiry of a period of not less than three (3) calendar days following the Cash Settlement Request Date, received the written (*Textform*) request from the FCM Clearing Member to pay to it the Cash Settlement Amount ("**Cash Settlement Payment Request**"); and
- (2) Eurex Clearing AG fails, subject to the following paragraph, after the expiry of a further period of not less than two (2) calendar days after the receipt of Cash Settlement Payment Request (with the proviso that the last day of such period shall be a Business Day) to pay to such FCM Clearing Member the Cash Settlement Amount.

For the purposes of this Number 11.3.4, a payment will be considered not to have been made by Eurex Clearing AG if no corresponding amount has been credited to the relevant account of the relevant FCM Clearing Member or to an appropriate account of a correspondent bank designated by the FCM Clearing Member. Delays in effecting such credit for technical reasons for which Eurex Clearing AG (i) is not responsible, as explained in writing (*Textform*) to the FCM Clearing Member without undue delay, shall not lead to a Cash Settlement Payment Default, (ii) is responsible shall only lead to a Cash Settlement Payment Default if Eurex Clearing AG's failure to make such payment to such FCM Clearing Member continues for a period of ten (10) Business Days after receipt of the Cash Settlement Request.

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11.3.5 For the purposes of this Number 11.3.5, “**Cash Settlement Amount**” means an amount determined by the Calculating Party (as defined in Paragraph (4) below) as follows:

- (1) The Default Value of the assets which are the subject of the Delivery Default (the “**Non-Delivered Assets**”) and the amount of the corresponding payment obligation of the FCM Clearing Member shall be established by the Calculating Party.
- (2) On the basis of the sums so established, account shall be taken of what is due from each party to the other under the relevant Swap Transaction and the sums due from one party shall be set off against the sums due from the other under such Swap Transaction and only the balance of the account shall be payable (by the party having the claim valued at the lower amount pursuant to the foregoing) and such balance shall be due and payable on the next following day which is a Business Day. For the purposes of this calculation, all sums not denominated in Euro shall be converted into Euro at the then current rate of exchange, as determined by the Calculating Party.
- (3) “**Default Value**” means, with respect to any Non-Delivered Assets, the value of such assets determined by the Calculating Party by applying the following method:

The basis for this calculation shall be the settlement price determined by Eurex Clearing AG for Transactions to which the Non-Delivered Assets relate on the Business Day immediately prior to the Cash Settlement Request Date. In the event that (i) Eurex Clearing AG has not determined a settlement price for Transactions to which the Non-Delivered Assets relate on the Business Day immediately prior to the Cash Settlement Request Date or (ii) Eurex Clearing AG has determined such settlement price, but such settlement price does not reasonably accurately reflect the value of such transactions that would have been obtained from the relevant market if it were operating normally, the Calculating Party shall choose from among the Clearing Members that have been granted a clearing license to clear the relevant Swap Transaction Type pursuant to the Clearing Conditions or FCM Clearing Conditions three Clearing Members who shall determine a market price of the Non-Delivered Assets. The average of the quoted prices (mid-market offer) shall be the Default Value of the Non-Delivered Assets. If less than three quotations are provided as requested, the Calculating Party shall determine a settlement price for Transactions to which the Non-Delivered Assets relate acting in good faith and by using commercially reasonable procedures expected to produce a commercially reasonable result.

- (4) “**Calculating Party**” means, for the purposes of this Number 11.3.5, Eurex Clearing AG unless Eurex Clearing AG is, for operational reasons, unable to make one or more calculations or determinations required to be made under this Number 11.3. In such event, Eurex Clearing AG shall promptly notify the relevant FCM Clearing Member and “**Calculating Party**” then means such FCM Clearing Member.

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12 Termination of Clearing Agreements and Clearing Licenses

12.1 Termination

Eurex Clearing AG or the FCM Clearing Member may terminate the FCM Clearing Agreement and the corresponding FCM Clearing Licence at any time. Such termination requires written notice to the FCM Clearing Member or Eurex Clearing AG. The termination shall take effect on the later of the following dates: (i) 30 days after receipt of the termination notice and (ii) after all Swap Transactions which are subject to the FCM Clearing Agreement and corresponding FCM Clearing License have been cancelled, closed or fulfilled.

12.2 New Swap Transactions Following Termination

If an FCM Clearing Agreement or the relevant FCM Clearing License of an FCM Clearing Member has been terminated, no new Swap Transaction (other than a Swap Transaction that liquidates an existing Swap Transaction) of such FCM Clearing Member, may be included in the Clearing after receipt of the termination notice in accordance with Number 15.

12.3 Release of Pledge and Cash

If all FCM Clearing Licenses of the FCM Clearing Member have been terminated, and provided that the FCM Clearing Member is not the subject of a Termination Event or an Insolvency Termination Event, Eurex Clearing AG shall release its pledge over securities in any FCM Clearing Member Own Pledged Securities Account or FCM Client Pledged Securities Account of the FCM Clearing Member and release any cash provided by the FCM Clearing Member to Eurex Clearing AG in connection with the FCM Clearing Member's use of the Clearing (apart from the release of the FCM Clearing Member's Contribution to the Default Fund, as those terms are defined in the FCM Default Rules), as follows:

- (1) if no Capped Period (as defined in the FCM Default Rules) has commenced at the time of the termination, at the later of (I) the last effective date of termination of the FCM Clearing Member's FCM Clearing Licenses, or (II) 30 days after the date on which all Own Transactions of the FCM Clearing Member and all FCM Client Transactions in all FCM Client Transaction Accounts of FCM Clients of the FCM Clearing Member have been settled; and
- (2) if a Capped Period has commenced at the time of the termination, at the later of (I) the last effective date of termination of the FCM Clearing Member's FCM Clearing Licenses, (II) the end of the Capped Period, or (III) 30 days after the date on which all Own Transactions of the FCM Clearing Member and all FCM Client Transactions in all FCM Client Transaction Accounts of FCM Clients of the FCM Clearing Member have been settled, and provided further that the release shall be applied *mutatis mutandis*.

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13 Liabilities, Indemnification, Emergency Actions, Contractual Penalties, Delegation

13.1 Liability, Indemnification, Emergency Actions

- 13.1.1 An FCM Clearing Members shall be liable for its wilful misconduct and negligence. If an FCM Clearing Member causes any damages for Eurex Clearing AG, such damages shall in particular include any loss and properly incurred legal fees (including any applicable VAT).
- 13.1.2 Eurex Clearing AG shall only be liable for wilful misconduct or gross negligence, unless Eurex Clearing AG violates any of its essential obligations under the FCM Clearing Agreement (incorporating the FCM Clearing Conditions). An essential obligation is an obligation, the performance of which is necessary for the execution of the contract and as well a performance of which the FCM Clearing Member trusts in and may trust in. In case of simple negligence, the liability of Eurex Clearing AG is restricted only to damages typically foreseeable at the time of granting the FCM Clearing License. The provision under Sentence 1 above shall not affect the statutory liability for damages incurred as a result of injury to life, body or health as well as the liability pursuant to the German Product Liability Act.
- 13.1.3 Each FCM Clearing Member shall indemnify Eurex Clearing AG and its officers, employees and agents against any and all losses, liabilities, damages, claims, costs or expenses suffered or incurred by such person arising out of or in connection with the FCM Clearing Member's conduct in performing its obligations under, or its breach of, the FCM Clearing Conditions, except to the extent that the losses, liabilities, damages, claims, costs or expenses arise as a result of the bad faith, fraud, wilful default or gross negligence of the person indemnified.
- 13.1.4 In case an orderly Clearing procedure with an FCM Clearing Member is disrupted, in particular by technical disruptions, the relevant FCM Clearing Member shall immediately notify Eurex Clearing AG thereof. Any respective emergency actions by Eurex Clearing AG are legally binding on all contractual parties.
- 13.1.5 Eurex Clearing AG shall not be liable for damages arising out of a business disruption as a result of *force majeure*, riots, events of war and natural events or natural phenomena, or as a result of other events outside the control of Eurex Clearing AG (e.g., strikes, lock-outs, traffic blocks, disruptions of supply chains) or events which occur as a result of actions of German or foreign governmental authorities.
- 13.1.6 Eurex Clearing AG shall, after sufficient testing, operate and maintain the equipment and systems in their sphere of responsibility, including application and communication software.

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13.2 Disciplinary Procedures; Contractual Penalties

13.2.1 All FCM Clearing Members are subject to the disciplinary procedures (the “**Disciplinary Procedures**”) as set out in the disciplinary procedures rules, which are published on the website of Eurex Clearing AG (www.eurexclearing.com) and shall form an integral part of these Clearing Conditions, (the “**Disciplinary Procedures Rules**”). Pursuant and subject to the Disciplinary Procedures Rules, certain Sanctions (as defined in the Disciplinary Procedures Rules) may be imposed on an FCM Clearing Member following the alleged breach of such FCM Clearing Member of any of its obligations under, or any of its representations made in, the FCM Clearing Agreement (including the FCM Clearing Conditions). Such Sanctions may include contractual penalties, provided that the Disciplinary Procedures Rules do not apply to contractual penalties which are explicitly regulated in the FCM Clearing Conditions (other than in the Disciplinary Procedures Rules).

Eurex Clearing AG shall establish a Committee for the purpose of providing recommendations to the Executive Board of Eurex Clearing AG in connection with the Disciplinary Procedures, as provided for in the statutes of the disciplinary committee (the “**Statutes of the Disciplinary Committee**”). The Statutes of the Disciplinary Committee are published on the website of Eurex Clearing AG (www.eurexclearing.com) and shall form an integral part of these FCM Clearing Conditions.

13.2.2 If a Termination Event pursuant to Number 9.2.1 Paragraph (1) (a) (Failure to Pay) occurs or in the event of a failure to deliver securities or other assets or a failure to provide any cash amount where a Physical Settlement shall occur in accordance with the Special Provisions – irrespective of whether Eurex Clearing AG has suffered any damage – unless such failure to deliver securities or other assets or such failure to provide a cash amount results from force majeure and/or a general market or system disruption that is outside the control of the FCM Clearing Member, the FCM Clearing Member shall pay, in accordance with the instructions received from Eurex Clearing AG, a contractual penalty in the amount of 0.025 per cent of the relevant unpaid due amount, but no less than EUR 2,500 – or the corresponding equivalent in any other Clearing Currency as determined by Eurex Clearing AG – per calendar day, however, no more than EUR 25,000 or the corresponding equivalent in any other Clearing Currency as determined by Eurex Clearing AG. If the amount calculated from the above percentage exceeds EUR 25,000, the amount of the contractual penalty shall – notwithstanding the provisions in Sentence 1 – be calculated according to a percentage of the relevant unpaid due amount, such percentage having been fixed and notified in advance by Eurex Clearing AG. Such percentage shall be based on the effective overnight interest rate applicable to the relevant Clearing Currency. The right of Eurex Clearing AG to claim further damages and/or default interest shall remain unaffected.

13.2.3 Eurex Clearing AG shall, upon written notice by an FCM Clearing Member which has suffered damage as a consequence of the failure to comply with the obligations referred to in Number 9.2.1 Paragraph (1) (a) (Failure to Pay), be entitled to assign to such FCM Clearing Member with discharging effect any claims it may have against the defaulting FCM Clearing Member.

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13.3 Delegation

Eurex Clearing AG shall be permitted to delegate in its own name the performance of the services assigned to it in whole or in part to third parties, provided that Eurex Clearing AG considers such delegation reasonable with regard to the interests of FCM Clearing Members. If Eurex Clearing AG delegates the performance of its services, it shall only remain responsible for the performance of the contractual obligations in respect of such services, but shall otherwise only be liable for diligently selecting and providing initial instructions to such delegate. However, upon request, Eurex Clearing AG shall assign any existing claims arising out of such delegation against such delegate to the respective FCM Clearing Member.

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14 Transmission of information by Eurex Clearing AG; Outsourcing of Clearing Functions

14.1 Transmission of information relating to FCM Clearing Members by Eurex Clearing AG

- 14.1.1 Eurex Clearing AG treats all data and information which relate to its FCM Clearing Members and the FCM Clients confidentially. Eurex Clearing AG shall be authorized, subject to Applicable Law, to transfer such data and information to the CFTC or another competent supervisory authority or other authorized third parties domestic or abroad which are subject to confidentiality regulations with respect to such data and information comparable to those of Eurex Clearing AG.

All data and information which relate to FCM Clearing Members and the FCM Clients may only be passed on by Eurex Clearing AG if it is already publicly available or if it is legally required to be passed on or if the relevant FCM Clearing Member and the FCM Client has agreed to it.

- 14.1.2 Notwithstanding the provisions in Number 14.1.1, Eurex Clearing AG shall also be entitled to transmit or to request from clearing and settlement institutions or independent auditors which are subject to confidentiality regulations comparable to those applicable to Eurex Clearing AG, all data and information which refer to FCM Clearing Members and FCM Clients and which are necessary for the orderly conduct of the Clearing and for the fulfilment of Swaps Transactions.

- 14.1.3 The FCM Clearing Member agrees to obtain written (*Textform*) consent of each of its FCM Clients to the transmission of information related to such FCM Client by Eurex Clearing AG pursuant to this Number 14, if required by Applicable Law.

14.2 Fulfilment and partial Outsourcing of Clearing-related functions

- 14.2.1 Subject to the following provisions of this Number 14.2, each FCM Clearing Member has to perform itself and on its own responsibility, all functions incumbent on it in the context of the Clearing.

- 14.2.2 An FCM Clearing Member ("**Outsourcer**") may outsource the Clearing, risk management or back-office functions ("**Outsourced Functions**") to be performed by it in whole or in part to another entity ("**Insourcer**") by way of an outsourcing arrangement between the Outsourcer and the Insourcer ("**Outsourcing**"). The Insourcer may outsource the Outsourced Functions that are outsourced to it ("**Sub-Outsourcing**") to another Insourcer ("**Sub-Outsourcer**") with the prior approval of the relevant Outsourcer. The following requirements for Outsourcing shall apply accordingly to any Sub-Outsourcing.

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14.2.3 The Outsourcer remains fully responsible towards Eurex Clearing AG for the orderly conduct of the Outsourced Functions.

14.2.4 Any Outsourcing shall fulfil the following requirements:

- (1) The Outsourcing is in compliance with the laws and regulations applicable to the Outsourcer as well as to the Insourcer and the relevant FCM Clearing Agreement;
- (2) The Outsourcer ensures the performance of the Outsourced Functions by the Insourcer and that the fulfilment of its obligations arising from the Clearing procedures is not affected by the Outsourcing;
- (3) As a result of the Outsourcing, Eurex Clearing AG will not be required to obtain any additional license or authorization unless Eurex Clearing AG in its discretion decides to apply for such license or authorization;
- (4) The Outsourcer has to fulfil any further prerequisites as may be determined by Eurex Clearing AG in its reasonable discretion and published in accordance with Number 15.1.
- (5) The Outsourcer submits to Eurex Clearing AG prior to the commencement of the Outsourcing the following information in a form provided by Eurex Clearing AG which can be downloaded from the website of Eurex Clearing AG ("**Outsourcing Notice**"):
 - (a) the name and registered office of the Insourcer,
 - (b) the date on which the Outsourcing shall begin ("**Outsourcing Begin**") and the envisaged term of the Outsourcing;
 - (c) A contract person at the Insourcer in relation to the Outsourced Functions to escalate any issues in respect of the Outsourced Functions who shall be available during regular German business hours.
- (6) The Outsourcer has to provide to Eurex Clearing AG any other information as may reasonably be requested by Eurex Clearing AG for the purposes of assessing the envisaged Outsourcing.
- (7) The Outsourcer shall not be required to maintain a qualified clearing staff member pursuant to Number 2.2.6 Paragraph (3), if the Insourcer is a Clearing Member which is already required to comply with such requirement vis-à-vis Eurex Clearing AG directly and/or the Outsourcer contractually obliges the Insourcer to appoint a qualified clearing staff member in the back office pursuant to Number 2.2.6 Paragraph (3), applied *mutatis mutandis*.
- (8) The Outsourcer ensures that all requirements under this Number 14.2.4 are fulfilled during the complete term of the Outsourcing and shall inform Eurex Clearing AG in written form about any changes in this regard.

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- 14.2.5 An Outsourcing may only be commenced if (i) the Outsourcer has submitted the Outsourcing Notice to Eurex Clearing AG and (ii) Eurex Clearing AG has confirmed the receipt of the Outsourcing Notice in writing.

Eurex Clearing AG may rely on the respective information provided by the Outsourcer and will not conduct own investigations in this regard.

- 14.2.6 Eurex Clearing AG may at any time and at its own expense check, or authorize an independent auditor to check, documents and processes related to the FCM Clearing Conditions in the business premises of the Outsourcer and the Insourcer (“**Compliance Audit**”). The Outsourcer shall contractually ensure that Eurex Clearing AG is entitled to equally execute these rights vis-à-vis the Insourcer.

Any Compliance Audit is solely carried out in the interest of Eurex Clearing AG. Eurex Clearing AG is not obliged to reassess the results of any audit or any information provided by the Outsourcer.

- 14.2.7 Eurex Clearing AG may at any time exercise a veto right in respect of the Outsourcing if it becomes aware of one of the following events or if probable cause exists to believe that one of the following events has occurred:

- (1) non-compliance by the Outsourcer with the requirements for Outsourcing stipulated under Number 14.2.4;
- (2) risk of reputational damage to Eurex Clearing AG caused by the Outsourcing (e.g., by the relevant Insourcer improperly disclosing confidential information to third parties); or
- (3) concentration risk due to the appointment of the same Insourcer by several Outsourcers,

and if, in Eurex Clearing AG’s determination, this may have a material adverse effect on the FCM Clearing procedures. Upon exercise of the veto right by Eurex Clearing AG, the Outsourcer is obliged to terminate the Outsourcing with immediate effect or at a time specified by Eurex Clearing AG and to perform the Outsourced Functions by itself.

Before exercising its veto right, Eurex Clearing AG may grant the Outsourcer an adequate grace period to remedy the relevant issues. During such period, Eurex Clearing AG may partially restrict the Outsourcing and/or restrict the access of the Insourcer to its systems.

- 14.2.8 Eurex Clearing AG’s liability for any damages, losses and expenses caused by an inadequate or wrongful exercise of (i) the veto right pursuant to Number 14.2.7 or (ii) the right to conduct Compliance Audits pursuant to Number 14.2.6 shall be restricted to wilful misconduct or gross negligence, except for any damages incurred as a result of injury to life, body or health caused negligently or intentionally.

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- 14.2.9 Eurex Clearing AG shall be entitled to transfer to the Insourcer any information and customer-related data obtained by Eurex Clearing AG in connection with the Clearing procedures to the extent that such transfer of data is necessary for the orderly conduct of the Outsourced Functions. The Outsourcer shall indemnify Eurex Clearing AG for any damages claimed by third parties alleging the violation of applicable data protection law or any contractual provisions by such transfer. This obligation shall remain in force for a period of three (3) years after expiry or termination of the Clearing Agreement between the Outsourcer and Eurex Clearing AG.

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15 Publications and Notices

15.1 Notices from Eurex Clearing AG

If provided for in these FCM Clearing Conditions, all notices from Eurex Clearing AG regarding these FCM Clearing Conditions will be published (i) via electronic circular to FCM Clearing Members or (ii) on the Eurex Clearing AG website (www.eurexclearing.com) for at least three (3) Business Days. Such notices will become effective immediately upon publication, provided that changes and amendments to the FCM Clearing Conditions will become effective in accordance with Number 16.2.

15.2 Address and Form

All notices to be given between Eurex Clearing AG and an FCM Clearing Member shall be given in such form and at such address as agreed and/or notified from time to time by the relevant party. Notices will be given in the English language. Unless otherwise specified in these FCM Clearing Conditions, notices by FCM Clearing Members may be made by telefax or e-mail. Forms published by Eurex Clearing AG must be used.

15.3 Access Area for Eurex Clearing AG Notices

Each FCM Clearing Member acknowledges that Eurex Clearing AG will send to FCM Clearing Members notices and reports in the systems of Eurex Clearing AG in an area which is only individually accessible to it (the “**Access Area**”). Eurex Clearing AG is not entitled to access or change the Access Area of an FCM Clearing Member without its consent. Reports and notifications stored in an Access Area will regularly be exchanged against new notices or reports within ten (10) Business Days of their storage in the Access Area.

15.4 FCM Clearing Member Acknowledgment

Each FCM Clearing Member acknowledges that the notices and reports which are made accessible in the individual Access Area may also contain declarations of intent, in particular acceptance declarations with respect to Swap Transactions and other declarations of particular importance.

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16 Miscellaneous

16.1 Governing law; Place of Jurisdiction

16.1.1 Unless provided otherwise, the rights and obligations arising out of, and in connection with, these FCM Regulations shall be governed by the substantive laws of the United States and of the State of New York.

16.1.2 Exclusive place of jurisdiction for all disputes arising out of, or in connection with, the FCM Clearing Conditions is Frankfurt am Main.

16.2 Changes and Amendments to the FCM Clearing Conditions

16.2.1 Subject to Number 16.2.5, Eurex Clearing AG reserves the right to change or amend the FCM Regulations at any time; any changes and amendments of these FCM Clearing Conditions shall be published in accordance with Number 15.1.

16.2.2 Such publication will be made to all affected FCM Clearing Members at least fifteen (15) Business Days prior to the effective date fixed in the relevant notice ("**Notification Period**").

16.2.3 FCM Clearing Members affected by a proposed change or amendment may submit in writing to Eurex Clearing AG comments to any changes or amendments of the FCM Regulations within the first 10 Business Days of the Notification Period. Eurex Clearing AG shall assess whether these comments prevent the published change or amendment from becoming effective taking into account the interests of Eurex Clearing AG and the FCM Clearing Members. There is no obligation of Eurex Clearing AG to implement a comment. To the extent Eurex Clearing AG decides to implement comments of affected FCM Clearing Members, the relevant changes and amendments will be published again in accordance with the Notification Period. During the additional Notification Period, there will be no further assessment of any comments of any affected FCM Clearing Member pursuant to this Number 16.2.3.

16.2.4 Each affected FCM Clearing Member accepts each change and amendment of the FCM Regulations, unless it objects by written notice to Eurex Clearing AG within the Notification Period. Eurex Clearing AG will inform the affected FCM Clearing Members of the effects of such approval in the relevant publication of the changes and amendments of these FCM Regulations. Eurex Clearing AG has the right to terminate the FCM Clearing Agreement upon the occurrence of the Termination Event set out in Number 9.2.1 Paragraph (1) (d), which right shall remain unaffected by this Number 16.2.

16.2.5 Changes and amendments to the FCM Default Rules, the Default Management Committee Rules and the Default Management Auction Rules are subject to the requirements set out in Number 6.2 of the FCM Default Rules. With respect to changes to the FCM Clearing Conditions, other than changes and amendments to the FCM Regulations, the FCM Default Rules, the Default Management Committee Rules or the Default Management Auction Rules, this Number 16.2 shall apply accordingly and any reference to the amendment provisions in the Clearing Conditions shall be deemed as reference to this Number 16.2.

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16.3 Current Version of the FCM Clearing Conditions

The current valid version of the FCM Clearing Conditions is available via the internet (www.eurexclearing.com).

16.4 Tax Forms

Eurex Clearing AG and the FCM Clearing Member shall provide to the other party, upon a reasonable request in writing, any form, document, statement or certification (including any forms of the U.S. Internal Revenue Service), in each case to permit Eurex Clearing AG or the FCM Clearing Member to make any payment under any Swap Transaction, the FCM Clearing Agreement, or the FCM Regulations without withholding for any tax, levy or charge, if possible. The foregoing requirement shall not apply in the event Eurex Clearing AG or the FCM Clearing Member is not permitted to deliver such form, document, statement or certification under any applicable law. Eurex Clearing AG and the FCM Clearing Member shall immediately notify the other party in writing about any changes which may have occurred or will occur with respect to the obligation stipulated in this Number 16.4. Such written notice must be delivered to Eurex Clearing AG together with a correspondingly amended form, document, statement or certification, if applicable.

16.5 Swap Transaction Reporting

16.5.1 Each FCM Clearing Member acknowledges that Eurex Clearing AG shall, as required under the CFTC Part 43 and Part 45 Regulations, report to an Approved SDR the details of the FCM Clearing Member's Own Transactions and the details of FCM Client Transactions for the FCM Client Transaction Accounts of its FCM Clients, along with any settlement, modification or termination of such Swap Transactions, and, to the extent further required under Applicable Law, to one or more other trade repositories.

16.5.2 The FCM Clearing Member must advise its FCM Clients of Eurex Clearing AG's list of Approved SDRs, and that Eurex Clearing AG will only report details of FCM Client Transactions to an Approved SDR.

16.5.3 The FCM Clearing Member must provide Eurex Clearing AG with the unique swap identifier (as that term is used in the CFTC Part 45 Regulations) for each Original Swap Transaction submitted to Eurex Clearing AG by or on behalf of the FCM Clearing Member, along with the legal entity identifier (as that term is used in the CFTC Part 45 Regulations) for the swap data repository to which the Original Swap Transaction was reported, when the Original Swap Transaction is submitted or immediately thereafter. The FCM Clearing Member acknowledges that it must provide such information to Eurex Clearing AG so that Eurex Clearing AG may report termination of the Original Swap Transaction to the relevant swap data repository on a timely basis, in accordance with its obligations under the CFTC Part 45 Regulations.

FCM Regulations of Eurex Clearing AG – Chapter II – is being newly introduced.

Chapter II: Special Provisions for Clearing of Interest Rate Derivative Transactions

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Preamble

This Chapter II forms an integral part of the FCM Clearing Conditions, including the FCM Regulations, of Eurex Clearing AG.

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Part 1 General Provisions

- (1) Eurex Clearing AG offers the Clearing and settlement of certain Swap Transactions to FCM Clearing Members. Currently, it offers Clearing and settlement services with respect to Swap Transactions that are Interest Rate Derivative Transactions, as defined in Chapter I Number 1.1.5. As provided in Chapter I Number 1.1.5, Eurex Clearing may designate transaction types for other asset classes as Swap Transaction Types for which it will provide Clearing and settlement services to FCM Clearing Members.
- (2) Terms and expressions that are defined in Chapter I and used in this Chapter II have the meaning assigned to them in Chapter I. Other defined terms used in this Chapter II are defined herein. Any reference to Chapter I or Chapter II shall be construed as a reference to Chapter I or Chapter II, respectively, of the FCM Regulations, unless stated otherwise.

1.1 FCM Clearing License

1.1.1 Granting of the FCM Clearing License

In order to participate in the Clearing of Interest Rate Derivative Transactions, an FCM Clearing License for such Swap Transaction Type is required. Eurex Clearing AG may grant the FCM Clearing License upon written application. Eurex Clearing AG may restrict the FCM Clearing License granted to a particular FCM Clearing Member to certain product groups within the scope of the relevant Swap Transaction Type.

1.1.2 Prerequisites of the FCM Clearing License

The prerequisites for the granting of an Interest Rate Derivatives Clearing License are set out in Part 2. These prerequisites are in addition to the general prerequisites for obtaining an FCM Clearing License that are set out in Chapter I Number 2.2.

1.2 Conclusion of Transactions

Swap Transactions pursuant to this Chapter II are concluded by way of novation. The following provisions apply to the novation of an Original Swap Transaction for which at least one counterparty is an FCM Clearing Member or an FCM Client, for which the resulting Swap Transaction is to be booked on an FCM Clearing Member Own Transaction Account or an FCM Client Transaction Account, as applicable. These provisions likewise apply to Swap Transactions in connection with certain post-trade events, as further specified in Number 1.2.6. In circumstances in which a Non-FCM Clearing Member (as defined in Chapter I Number 1.2.1) or a client of a Non-FCM Clearing Member is the counterparty of the Original Swap Transaction, for purposes of this Chapter II, as used in relation to such Non-FCM Clearing Member, the term **“Original Swap Transaction”** means an Original OTC Transaction as defined in Chapter I Part 1 Number 1.2.2 Paragraph (2) of the Clearing Conditions, and **“Swap Transaction”** means

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a CCP Transaction as defined in Chapter VIII Part 1 Number 1.2.1 Paragraph (7) of the Clearing Conditions.

1.2.1 Novation of Original Swap Transactions

- (1) The trade record of the relevant Original Swap Transaction has to be transmitted to Eurex Clearing AG via an Approved Trade Source System.
- (2) Whenever the trade record of an Original Swap Transaction, including, as the case may be, a Credit Limit Token, is transmitted to Eurex Clearing AG via an ATS (such record hereinafter referred to as a **"Trade Record"**), and
 - (a) if (i) a party to the Original Swap Transaction is an FCM Clearing Member holding the relevant FCM Clearing License; or
 - (ii) an FCM Client is a party to the Original Swap Transaction, the relevant FCM Clearing Member holding the relevant FCM Clearing License, which has been designated as the FCM Clearing Member for such FCM Client in the Trade Record, has accepted the Original Swap Transaction for Clearing, which acceptance (aa) may be granted in the form of a credit limit token signifying the FCM Clearing Member's pre-approved credit limit for the FCM Client that is included in the Trade Record submitted via the ATS (the **"Credit Limit Token"**), or (bb) may otherwise be granted in the systems of Eurex Clearing AG; and
 - (b) Eurex Clearing AG accepts such Original Swap Transaction for Clearing by making a Swap Trade Novation Report available to the FCM Clearing Member electronically via its system,

a Swap Transaction will be concluded in accordance with Chapter I Number 1.3.3 Paragraph (1) and as further specified with respect to Interest Rate Derivative Transactions in Part 2.

If one side of the Original Swap Transaction will be cleared by a Non-FCM Clearing Member, Eurex Clearing AG will conclude the relevant Swap Transaction for such Non-FCM Clearing Member in accordance with the applicable provisions of the Clearing Conditions.

- (3) Any acceptance of the Original Swap Transaction by Eurex Clearing AG for inclusion in the Clearing and the related novation pursuant to Chapter I Number 1.3.3 Paragraph (1) will be subject to the novation criteria pursuant to Number 1.2.3 and will be based on the Trade Record, including, as the case may be, a Credit Limit Token, provided by the ATS on behalf of the parties to the Original Swap Transaction. Eurex Clearing AG relies on the accuracy of the data set out in the Trade Record, including, as the case may be, a Credit Limit Token, and is neither able nor obliged to verify whether the Trade Record received properly reflects the terms of the Original Swap Transaction entered into by the relevant parties.
- (4) Under the Swap Transactions created upon novation, each relevant FCM Clearing Member has, in economic terms, the same economic role (e.g. as floating rate payer

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or as fixed rate payer, respectively) as such FCM Clearing Member (or, in the case of an FCM Clearing Member acting as agent on behalf of its FCM Client, as such FCM Client) had under the Original Swap Transaction.

(5) For the purposes of this Chapter II,

- (a) **“Approved Trade Source System”** or **“ATS”** means a provider of trade information to be appointed by each of the parties to an Original Swap Transaction, and recognized by Eurex Clearing AG, for the purpose of transmitting Trade Records for Clearing with Eurex Clearing AG, as published on the website of Eurex Clearing AG (www.eurexclearing.com).
- (b) **“Swap Trade Daily Summary Report”** means a report that lists events occurring after the original novation which will be made available to FCM Clearing Members electronically via Eurex Clearing AG's system on each Business Day. The last Swap Trade Daily Summary Report will be made available at or around 11:00 p.m. (Frankfurt am Main time).
- (c) **“Swap Trade Novation Report”** means a report produced by Eurex Clearing AG on the basis of the Trade Records transmitted via the relevant ATS which specifies the Original Swap Transactions to be novated into the respective Swap Transactions.

1.2.2 Legal Effectiveness of the Novation of Original Swap Transactions

The novation becomes legally effective at the point of time when Eurex Clearing AG accepts the relevant Original Swap Transaction for Clearing by making the relevant Swap Trade Novation Report available to the FCM Clearing Member electronically via Eurex Clearing AG's system.

1.2.3 Novation Criteria for the Novation of Original Swap Transactions

- (1) Eurex Clearing AG will accept an Original Swap Transaction for inclusion in the Clearing in accordance with the novation process if all of the following novation criteria are fulfilled:
 - (a) A Trade Record of the Original Swap Transaction must be transmitted to the system of Eurex Clearing AG via an ATS and the Original Swap Transaction was either
 - (aa) entered into between two FCM Clearing Members or an FCM Clearing Member and a Non-FCM Clearing Member, in each case holding the relevant FCM Clearing License or Clearing License, on the basis of the specifications made in such Trade Record, or
 - (bb) if either party is an FCM Client, accepted by the relevant FCM Clearing Member (or FCM Clearing Members, if applicable) as provided for in Number 1.2.1 Paragraph (2) (a) (ii), or

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- (cc) if a party is a client of a Non-FCM Clearing Member, accepted by the relevant Non-FCM Clearing Member as provided for in the applicable provisions of the Clearing Conditions.
- (b) The Trade Record must specify in respect of the relevant Original Swap Transaction that it is to be cleared by Eurex Clearing AG and, in addition, if a party to the Original Swap Transaction is an FCM Client or a client of a Non-FCM Clearing Member, such FCM Clearing Member or Non-FCM Clearing Member must hold the relevant FCM Clearing License or Clearing License.
- (c) (i) The Trade Record is transmitted to Eurex Clearing AG in a format which allows Eurex Clearing AG to import the relevant data in its system, as communicated by Eurex Clearing AG and (ii) no information required with respect to the terms of the relevant Interest Rate Derivative Transaction as set out in Part 2 is missing.
- (d) No Termination Date has occurred with respect to the FCM Clearing Member(s) or, if applicable, Non-FCM Clearing Member through which the two sides of the Original Swap Transaction are to be cleared.
- (e) The Original Swap Transaction that is transmitted to the system of Eurex Clearing AG in order to be novated into an Interest Rate Derivative Transaction must be of a product type recognized by Eurex Clearing AG as published on its website (www.eurexclearing.com) and provided for in Part 2 (the “**Product Type**”).
- (f) The FCM Clearing Member and, if applicable, the Non-FCM Clearing Member clearing the other side, must have delivered Eligible Margin Assets to Eurex Clearing AG, (i) as required pursuant to Chapter I Number 3.2, 5.2, 6.4.3 or 6.5.4, as applicable, in the case of the FCM Clearing Member, and (ii) if applicable, as required pursuant to relevant provisions in the Clearing Conditions in the case of a Non-FCM Clearing Member, in each case to cover the calculated risks resulting from the Swap Transactions.
- (g) If a Non-FCM Clearing Member is clearing the other side, it has complied with any scheduled intraday margin calls as set out in relevant provisions of the Clearing Conditions.
- (h) If the Swap Transaction being cleared is an Interest Rate Derivatives Transaction, all applicable additional novation criteria set forth in Part 2 are fulfilled.
- (2) If a novation criterion is not fulfilled but the relevant Swap Trade Novation Report has nevertheless been made available via the system of Eurex Clearing AG and, accordingly, novation is effective, Eurex Clearing AG is entitled to terminate the Swap Transactions by notifying the relevant FCM Clearing Member(s) or Non-FCM Clearing Member in writing (including by fax or e-mail), provided that neither of the two Swap Transactions created upon novation of the Original Swap Transaction was subject to (i) any netting or accumulation pursuant to Part 2 Number 2.6, (ii) a

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transfer pursuant to Part 2 Number 2.7, or (iii) a trade amendment pursuant to Part 2 Number 2.7.

1.2.4 Specific Provisions with respect to the Conclusion of Swap Transactions

- (1) If the FCM Clearing Member (i) authorizes Eurex Clearing AG to capture and maintain records vis-à-vis any ATS, and (ii) confirms that it has appointed the relevant ATS to receive trade communications and generate and send trade communications to Eurex Clearing AG for the FCM Clearing Member, Eurex Clearing AG may rely on such trade communications.
- (2) The FCM Clearing Member agrees that upon acceptance of an Original Swap Transaction for inclusion in the Clearing by Eurex Clearing AG based on a Trade Record of an Original Swap Transaction (including, as the case may be, a Credit Limit Token) submitted by the ATS to Eurex Clearing AG on behalf of the FCM Clearing Member pursuant to Number 1.2.1, a Swap Transaction will be concluded between Eurex Clearing AG and the FCM Clearing Member (for the FCM Clearing Member's FCM Clearing Member Own Transaction Account or an FCM Client Transaction Account of one of its FCM Clients, as applicable) on terms based on the Trade Record pursuant to Number 1.2.1. The FCM Clearing Member agrees that it is legally bound with respect to its obligations under the FCM Clearing Conditions with respect to each such Swap Transaction at the time of the conclusion of such Swap Transaction. The FCM Clearing Member acknowledges that when a Non-FCM Clearing Member is to clear the other side of the Original Swap Transaction, Eurex Clearing AG will determine its acceptance of the Original Swap Transaction for inclusion in the Clearing for the FCM Clearing Member, in conjunction with its determination whether to accept the Original Swap Transaction for inclusion in the Clearing for the Non-FCM Clearing Member pursuant to Chapter I Part 1 Number 1.2.2 Paragraph (2) of the Clearing Conditions.
- (3) The FCM Clearing Member should check without undue delay all notices and reports received from Eurex Clearing AG with regard to the correct conclusion of Transactions and inform Eurex Clearing AG of any mistakes, errors, omissions, deviations or irregularities in such notice or report in writing (including by fax) without undue delay, but in any case by no later than 9:00 a.m. (Frankfurt am Main time) on the next Business Day of when it became aware of or reasonably should have become aware of such mistakes, errors, omissions, deviations or irregularities.
- (4) The FCM Clearing Member acknowledges that Eurex Clearing AG does not assume any liability vis-à-vis such FCM Clearing Member in respect of inaccuracies in the Trade Record submitted to Eurex Clearing AG.

1.2.5 Daily Novation Process for Original Swap Transactions

- (1) The novation and clearing process will be carried out on each Business Day ("**Daily Novation**") for each Original Swap Transaction which has been submitted to Eurex Clearing AG via an ATS and which fulfils the applicable novation criteria. The novation process will be performed pursuant to the following paragraphs.

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- (2) Original Swap Transactions that are to be included in the Clearing by way of Daily Novation may be submitted to Eurex Clearing AG at any point in time. On each Business Day between 8:00 a.m. (Frankfurt am Main time) and 9:59 p.m. (Frankfurt am Main time) Eurex Clearing AG processes and accepts or rejects Original Swap Transactions submitted to it for Clearing as quickly as would be technologically practicable, if fully automated systems were used. Eurex Clearing AG ensures that it will accept or reject each Original Swap Transaction submitted to Eurex Clearing AG for Clearing through an FCM Clearing Member in accordance with the time frames required under CFTC Regulation 39.12(b) (7). Original Swap Transactions which are submitted to Eurex Clearing AG at any other time will be processed and accepted or rejected at the beginning of the next Business Day. Original Swap Transactions submitted to Eurex Clearing AG at 10:00 p.m. (Frankfurt am Main time) may be processed and accepted or rejected on that or the next Business Day.

Original Swap Transactions which (i) have a minimum remaining term of one Business Day between the day of submission and the settlement of the near leg or the termination date and (ii) are not included in the Daily Novation on the Business Day on which they were submitted to Eurex Clearing AG via an ATS will be rejected for Clearing.

- (3) As a result of the novation process, all Original Swap Transactions which fulfil all novation criteria will be accepted for Clearing and all Original Swap Transactions which do not fulfil all novation criteria, including the requirement to provide sufficient Eligible Margin Assets in time according to Part 1 Number 1.2.3 Paragraph (1) (f), will be rejected.
- (4) If an Original Swap Transaction has been accepted for Clearing, a Swap Trade Novation Report will be made available to the relevant FCM Clearing Member(s) electronically via Eurex Clearing AG's system. The last Swap Trade Novation Report will be made available at the end of a Business Day at or around 11:00 p.m. CET. Such last Swap Trade Novation Report summarizes all novations of the respective Business Day.
- (5) Upon rejection of an Original Swap Transaction for Clearing, Eurex Clearing AG will inform the respective FCM Clearing Member(s) of such non-acceptance as quickly as technologically practicable.
- (6) An FCM Clearing Member may subsequently cancel the submission with respect to any Swap Transaction intended to be transferred pursuant to Part 2 Number 2.7 or to be terminated pursuant to Part 2 Number 2.8, provided that (i) the cancellation request is entered by the FCM Clearing Member into the system of, and received by, Eurex Clearing AG and (ii) the other FCM Clearing Member or Non-FCM Clearing Member that was to be involved in such transfer or termination has given its prior consent in the system of Eurex Clearing AG to cancel the request.

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1.2.6 Specific Provisions with respect to the Novation of Swap Transactions resulting out of Post-Trade Events

- (1) Number 1.2 shall apply *mutatis mutandis* to the novation in connection with post-trade events pursuant to Part 2 Number 2.5 - 2.8 (in addition to the requirements set out in Part 2 Number 2.5 - 2.8, respectively), in each case (i) if a Swap Transaction shall be subject to such novation or shall result from such novation and (ii) unless explicitly stated otherwise.
- (2) If a post-trade event pursuant to Part 2 Number 2.7 would lead to a novation resulting in a Swap Transaction, and all novation criteria are fulfilled except for the requirement to provide sufficient Eligible Margin Assets, the submission for novation will be pending and will remain included in the daily novation process until the end of the relevant Business Day. At the end of each Business Day, all such pending submissions for novations which do not fulfil all novation criteria, including the requirement to provide sufficient Eligible Margin Assets, will be rejected. For the avoidance of doubt, this shall mean that the relevant Swap Transaction existing prior to such intended post-trade event will remain in place and no novation pursuant to the relevant post-trade event will take place.

1.3 Tax Gross-up Obligations of FCM Clearing Members

If an FCM Clearing Member is obliged by law to deduct or withhold a tax amount or other fiscal charge from a payment which it is to make, it shall pay to Eurex Clearing AG such additional amounts as are necessary to ensure that Eurex Clearing AG receives the full amount to which it would have been entitled at the time of such payment if no deduction or withholding were required. If an FCM Clearing Member is obliged to pay such additional amounts pursuant to Sentence 1, the FCM Clearing Member shall not be entitled to terminate a Swap Transaction due to such obligation.

1.4 Emergency Resolutions

- (1) The Executive Board of Eurex Clearing AG may adopt a resolution in response to Extraordinary Market Conditions ("**Emergency Resolution**") which shall supersede and supplant all resolutions or provisions of this Chapter II that are contrary to or inconsistent with the Emergency Resolution, except for this provision. In urgent matters such decision may also be taken by a senior officer generally appointed by the Executive Board of Eurex Clearing AG for such purposes, if the decision by such officer is afterwards approved by the Executive Board of Eurex Clearing AG.

"**Extraordinary Market Conditions**" are, as determined by Eurex Clearing AG,

- (a) events or circumstances which affect or may affect the orderly Clearing, the orderly settlement and liquidation of any cleared transactions or the existence or orderly functioning of the clearing process;
- (b) other market disruptions which render impossible or impracticable the orderly determination of closing prices or settlement prices; or

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- (c) events or circumstances which establish non-tolerable insecurity, volatility or risks with regard to cleared transactions or the Clearing which may negatively impact on the financial or commodities markets relevant for the Clearing, which, in each case, render it impractical for Eurex Clearing AG to continue to operate the Clearing in accordance with the FCM Clearing Conditions or the Clearing Conditions while sufficiently managing its risks.

Extraordinary Market Conditions may even occur if only a single FCM Clearing Member or Non-FCM Clearing Member (e.g. in case of a default) or a group of FCM Clearing Members or Non-FCM Clearing Members is/are affected, provided that any of the events or circumstances described in (a) to (c) exist. The default of an FCM Clearing Member or a Non-FCM Clearing Member does not per se constitute Extraordinary Market Conditions.

- (2) Except as otherwise determined in an Emergency Resolution or in connection with a corresponding action due to Extraordinary Market Conditions, the powers exercised by Eurex Clearing AG under this Number 1.4 shall be in addition to and not in derogation of the powers granted to Eurex Clearing AG elsewhere in the FCM Clearing Conditions.
- (3) Eurex Clearing AG will consult with the EMIR Risk Committee before any Emergency Resolution is adopted if such prior consultation is possible taking account of the circumstances of the relevant case and in accordance with the principle of good faith and if this would not constitute a breach of law or of requirements set out in an order of a court of competent jurisdiction or stipulated by a competent governmental, quasi-governmental, or regulatory body. Otherwise, the EMIR Risk Committee will be consulted after the Emergency Resolution was adopted. In this case, a decision of the Executive Board of Eurex Clearing AG or the designated Member(s) of the Executive Board of Eurex Clearing AG has to be obtained before an Emergency Resolution will be implemented and the decision may not be taken by a senior officer generally appointed by the Executive Board of Eurex Clearing AG.

1.5 Certain Definitions

In this Chapter II:

- (1) “**Bloomberg Screen**” means, when used in connection with any designated page, the display page so designated on the Bloomberg service, or any successor display page that has been officially designated by the sponsor of the original page or, if the sponsor has not officially designated a successor display page, the successor display page designated by the relevant information vendor or provider (if different from the sponsor).
- (2) “**Calculation Agent**” means Eurex Clearing AG.
- (3) “**EONIA**” is a reference rate equal to the overnight rate as calculated by the European Central Bank and appearing on the Reuters Screen EONIA Page in respect of the relevant day.

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- (4) **"FEDFUND"** is a reference rate equal to the rate set forth in H.15(519) in respect of the relevant day under the caption "EFFECT", as such rate is displayed on the Reuters Screen FEDFUNDS1 Page. If such rate does not appear on the Reuters Screen FEDFUNDS1 Page, in respect of the relevant day, the rate for that day will be the rate displayed on the Reuters Screen FEDFUNDS1 Page in respect of the first preceding New York Banking Day.
- (5) **"ISDA"** means the International Swaps and Derivatives Association, Inc.
- (6) **"London Banking Day", "Zurich Banking Day", "New York Banking Day", "Frankfurt Banking Day", "Paris Banking Day", "Madrid Banking Day", "Brussels Banking Day", "Milan Banking Day", "Tokyo Banking Day", "Copenhagen Banking Day", "Stockholm Banking Day", "Oslo Banking Day" and "Warsaw Banking Day"** means, in respect of the relevant city, any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in that city.
- (7) **"Reuters Screen"** means, when used in connection with any designated page and any Floating Rate, the display page so designated on the Reuters service, or any successor display page that has been officially designated by the sponsor of the original page or, if the sponsor has not officially designated a successor display page, the successor display page designated by the relevant information vendor or provider (if different from the sponsor).
- (8) **"SONIA"** is a reference rate equal to the overnight rate as calculated by the Wholesale Markets Brokers' Association and appearing on the Reuters Screen SONIA Page in respect of the relevant day.
- (9) **"TARGET Settlement Day"** means a day on which TARGET2 (the Trans-European Automated Real-time Gross settlement Express Transfer system) is open.

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Part 2 Clearing of Interest Rate Derivative Transactions

2.1 General Provisions

2.1.1 Applicable General Provisions

The general provisions of Part 1 apply to all Interest Rate Derivative Transactions to be cleared by Eurex Clearing AG, except where deviating or supplementary provisions for Interest Rate Derivative Transactions are set out in this Part 2.

2.1.2 Consultation of FCM Clearing Members

- (1) On the basis of the relevant specific novation criteria set out in Number 2.1.5.1 below, Eurex Clearing AG determines the Product Types of Interest Rate Derivative Transactions that may be cleared by an FCM Clearing Member for the FCM Clearing Member's FCM Clearing Member Own Transaction Account or for the FCM Client Transaction Account of an FCM Client of the FCM Clearing Member and publishes the relevant Product Types on its website (www.eurexclearing.com).

The determination will be based upon a review of at least the following factors:
 (i) trading volume; (ii) liquidity; (iii) availability of reliable prices; (iv) ability of Eurex Clearing AG and the relevant FCM Clearing Members to gain access to the relevant market for purposes of creating, liquidating, transferring, auctioning, and/or allocating positions; (v) Eurex Clearing AG's capability to measure risk for setting appropriate margin requirements; and (vi) any unusual risk characteristics of a product.

FCM Clearing Members may not clear any Interest Rate Derivative Transactions which are not determined to be eligible for Clearing pursuant to this Number 2.1.2 Paragraph (1).

- (2) Where a Trade Record containing an Interest Rate Derivative Transaction which falls within a Product Type recognized by Eurex Clearing AG pursuant to Paragraph (1) provides for any additional terms which are not contemplated in Numbers 2.2 to 2.4 below, such as e.g. optional or mandatory early termination provisions, such additional terms will not be included in the Swap Trade Novation Report and will not become part of the terms applicable to a Swap Transaction. Eurex Clearing AG will not store or record any data relating to such additional provisions.

2.1.3 License for the Clearing of Interest Rate Derivatives Transactions

The FCM Clearing License granted for the Clearing of Interest Rate Derivative Transactions (the "**Interest Rate Derivatives Clearing License**") entitles the relevant FCM Clearing Member to clear Interest Rate Derivative Transactions that are Own Transactions or that are FCM Client Transactions, in the latter case in accordance with either the LSOC without Excess Model or LSOC with Excess Model, as provided in Chapter I Number 6. "**Interest Rate Derivatives Clearing License**", when used in

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relation to a Non-FCM Clearing Member, means a clearing license granted to a Non-FCM Clearing Member of the type described as an Interest Rate Derivatives Clearing License in Chapter VIII Number 2.1.3 of the Clearing Conditions.

The relevant FCM Clearing Member may elect that its FCM Clearing License covering Interest Rate Derivative Transactions shall be restricted to the Clearing of Interest Rate Derivative Transactions in only some or one of the currencies referred to in Number 2.1.3.1.

2.1.3.1 Requirements for the Granting of an Interest Rate Derivatives Clearing License

The general requirements for obtaining an FCM Clearing License set out in Chapter I Number 2 shall apply subject to the provisions set out in this Chapter II. In addition, the applicant applying for an Interest Rate Derivatives Clearing License shall meet the following requirements:

- (1) the applicant is a participant in an ATS;
- (2) confirmation that a license agreement is concluded between the applicant and Swaps Monitor Publications, Inc., New York, for the usage of data to determine the relevant Business Day;
- (3) in addition to the cash accounts required pursuant to Chapter I Number 2.2.10, if the Interest Rate Derivatives Clearing License of the relevant FCM Clearing Member covers Interest Rate Derivative Transactions in USD, a bank cash account in USD;
- (4) if the Interest Rate Derivatives Clearing License of the relevant FCM Clearing Member covers Interest Rate Derivative Transactions in GBP, a bank cash account for GBP;
- (5) if the Interest Rate Derivatives Clearing License of the relevant FCM Clearing Member covers Interest Rate Derivative Transactions in JPY, a bank cash account for JPY;
- (6) if the Interest Rate Derivatives Clearing License of the relevant FCM Clearing Member covers Interest Rate Derivative Transactions in DKK, a bank cash account for DKK;
- (7) if the Interest Rate Derivatives Clearing License of the relevant FCM Clearing Member covers Interest Rate Derivative Transactions in SEK, a bank cash account for SEK;
- (8) if the Interest Rate Derivatives Clearing License of the relevant FCM Clearing Member covers Interest Rate Derivative Transactions in NOK, a bank cash account for NOK;
- (9) if the Interest Rate Derivatives Clearing License of the relevant FCM Clearing Member covers Interest Rate Derivative Transactions in PLN, a bank cash account for PLN;

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- (10) in the Interest Rate Derivatives Clearing License of the relevant FCM Clearing Member covers Interest Rate Derivative Transactions in CHF, a bank cash account for CHF;
- (11) if the Interest Rate Derivatives Clearing License of the relevant FCM Clearing Member covers Interest Rate Derivative Transactions in EUR, a bank cash account for EUR; and
- (12) evidence that each of the bank cash accounts pursuant to Paragraph (c) to (k) above is established with a bank recognized by Eurex Clearing AG.

2.1.4 Variation Settlement; Settled to Market

- (1) All Interest Rate Derivative Transactions for the FCM Clearing Member's FCM Clearing Member Own Transaction Account or the FCM Client Transaction Account for an FCM Client of the FCM Clearing Member are settled to market, in which the Variation Settlement owed or owing on an Interest Rate Derivative Transaction is determined pursuant to Number 2.2.1 Paragraph (5),
- (2) For the avoidance of doubt, in the case of the occurrence of an FCM Clearing Member Termination Time with respect to the FCM Clearing Member or a Failure to Pay Event or an Insolvency Event with respect to Eurex Clearing AG, the additional primary payment obligations set out in Number 2.2.1 Paragraph (5) shall be taken into account when determining the Liquidation Price of the relevant Interest Rate Derivative Transaction.

2.1.5 Novation Criteria and Process Regarding Interest Rate Derivative Transactions

With regard to the novation of Interest Rate Derivative Transactions, the specific novation criteria set out in the following provisions shall apply in addition to the novation criteria pursuant to Part 1 Number 1.2.3.

2.1.5.1 Specific Novation Criteria

The following specific novation criteria must be fulfilled for Interest Rate Derivative Transactions (based on the Trade Record transmitted to Eurex Clearing AG via the ATS):

- (1) Categories of Interest Rate Derivative Transactions

The Interest Rate Derivative Transactions must be (i) an interest rate swap (including "**basis**" swaps and zero coupon swaps) ("**IRS**"), (ii) an overnight index swap ("**OIS**"), (iii) a forward rate agreement ("**FRA**"), or (iv) a ZCIS and, in each case, a Product Type recognized by Eurex Clearing AG;

- (2) Currencies

The currency must be (i) EUR, USD, GBP, CHF, DKK, SEK, NOK, PLN or JPY for IRS and FRA, (ii) EUR, USD, GBP, CHF or JPY for OIS or (iii) EUR or GBP for ZCIS and the relevant currency must be covered by the FCM Clearing License of the

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relevant FCM Clearing Member(s) and, if applicable, by the Clearing License of the Non-FCM Clearing Member;

The payments of both parties must be made in the same currency and the floating amounts must be denominated in the same currency as the notional amount;

(3) Payment types

The payments by the parties must be of either of the following types:

- (a) Fixed rate or fixed amount (in each case including zero coupon payments) versus floating rate (including zero coupon payments);
- (b) (in case of IRS only) floating rate versus floating rate (in each case including zero coupon payments); or
- (c) (in case of ZCIS only) zero coupon annually compounding fixed rate versus the performance of the corresponding inflation index.

Payments of any amounts due under IRS, ZCIS or OIS (other than fees) must be in arrears (and not prior to or at the beginning of a calculation period).

Fees or other payments are defined at contract conclusion. The fees must be in trade currency.

- (a) For IRS, OIS and FRA, in case of a termination, fees are settled one day after the termination date for EUR, USD, GBP, CHF and PLN and two days after the termination date for DKK, SEK, NOK and JPY. In case of maturity, fees are settled on the maturity date.
- (b) For ZCIS, in case of a termination, fees are settled one day after the termination date. In case of maturity, fees are settled on the maturity date.

In case of forward starting transactions, additional payments are also allowed before the transaction start date.

(4) Maximum remaining term

The remaining term of the Interest Rate Derivative Transaction from the date of novation to the termination date must be

- (a) in case of IRS, no more than 50 years and 10 Business Days for Original Swap Transactions in EUR, USD and GBP and no more than 30 years and 10 Business Days for Original Swap Transactions in CHF, DKK, SEK, NOK and JPY and no more than 10 years and 10 Business Days for Original Swap Transactions in PLN,
- (b) in case of OIS, no more than 30 years and 10 Business Days for Original Swap Transactions in EUR, USD, GBP, CHF and JPY,

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- (c) in case of FRA, no more than 36 months and 10 Business Days for Original Swap Transactions in EUR, USD, GBP, CHF, SEK and JPY and no more than 24 months and 10 Business Days for Original Swap Transactions in DKK, NOK and PLN, and
- (d) in case of ZCIS, no more than 30 years and 10 Business Days for transactions in EUR (indexes HICPxT and FRCPI) and no more than 50 years and 10 Business Days for transactions in GBP (index UK-RPI).

(5) Minimum remaining term

In case of IRS, OIS and ZCIS, the minimum period between the date of novation and the termination date must be at least one Business Day for EUR, GBP, USD, PLN and CHF and two Business Days for DKK, SEK, NOK and JPY.

In case of FRA which are settled in advance or in arrears, the minimum period between the date of novation and the payment date must be at least one Business Day for EUR, GBP, USD, PLN and CHF and two Business Days for DKK, SEK, NOK and JPY.

(6) Minimum term

In case of ZCIS, the minimum period between the start date and the maturity date must be at least 28 calendar days.

(7) Shortened or extended calculation period (stub period)

In case of IRS and OIS, any non-standard shortened or extended calculation period ("**Interest Rate Stub Period**"), if any, must meet the following criteria:

- (a) a short or long first calculation period ("**Interest Rate Front Stub Period**") and a short or long last calculation period ("**Interest Rate Back Stub Period**") may be specified for IRS and OIS, provided that:
 - (aa) For floating rate versus floating rate basis swaps and for OIS, the combination of an Interest Rate Front Stub Period and an Interest Rate Back Stub Period on a leg is not eligible. If both legs have an Interest Rate Stub Period, these have to be of the same type, i.e. both Interest Rate Front Stub Periods or both Interest Rate Back Stub Periods;
 - (bb) For fixed rate versus floating rate IRS, up to two Interest Rate Stub Periods (Interest Rate Front Stub Periods and/or Interest Rate Back Stub Periods) per leg are eligible, whereby the following conditions have to be fulfilled: (i) If both legs have an Interest Rate Stub Period, these have to be of the same type, i.e. both Interest Rate Front Stub Periods or both Interest Rate Back Stub Periods. (ii) If a leg has both an Interest Rate Front Stub Period and an Interest Rate Back Stub Period, then the other leg must have also both an Interest Rate Front Stub Period and an Interest Rate Back Stub Period.

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- (cc) Interest Rate Stub Periods must not be specified for Interest Rate Derivative Transactions with (i) payments of floating amounts which are calculated on a compounding basis (except OIS) as set out in Paragraph 17 below, or (ii) zero coupon payments.
- (b) The minimum period length of short Interest Rate Stub Periods is one day. The maximum period length for long Interest Rate Stub Periods for both, fixed rate payments under IRS in any eligible currency, and OIS is not restricted. The maximum period length for long Interest Rate Stub Periods is one year and one month for floating rate payments under IRS in EUR or GBP. For floating rate payments under IRS in CHF, USD, DKK, NOK, PLN and JPY, the maximum length for long Interest Rate Stub Periods is seven months and for floating rate payments under IRS in SEK the maximum length for long Interest Rate Stub Periods is six months.
- (c) For IRS floating payments, the floating rates for Interest Rate Stub Periods must be specified in the Trade Record submitted via the ATS as follows:
 - (aa) in case of an Interest Rate Front Stub Period, the applicable first fixed floating rate for the Interest Rate Stub Period is specified as such; or
 - (bb) a floating rate index tenor is specified, which is used for the fixing in respect of the Interest Rate Stub Period. The following tenors (W = week(s), M = month(s), Y = year) are eligible: in case the currency is EUR: 1W, 2W, 1M, 2M, 3M, 6M, 9M, 1Y; in case the currency is GBP: 1W, 1M, 2M, 3M, 6M, 1Y; in case the currency is USD, CHF or JPY: 1W, 1M, 2M, 3M, 6M. Only neighboring tenors of the Interest Rate Stub Period length are allowed (e.g. 2M or 3M for Interest Rate Stub Period length 2M+1W). In case the currency is DKK, SEK, NOK or PLN, only subcase (aa) is accepted; or
 - (cc) linear interpolation is specified, i.e. the floating rate for the relevant Interest Rate Stub Period is to be interpolated linearly between two specified rate index tenors. The interpolation tenors must be the two neighbours of the Interest Rate Stub Period length (e.g. 2M and 3M for Interest Rate Stub Period length 2M+1W). The eligible tenors are the same as for method (bb). In case the currency is DKK, SEK, NOK or PLN, only subcase (aa) is accepted; or
 - (dd) a floating rate index tenor is specified, which is used for the fixing in respect of the Interest Rate Stub Period. The following tenors (W = week(s), M = month(s), Y = year) are eligible: in case the currency is EUR 3W, 4M, 5M, 7M, 8M, 10M, 11M; in case the currency is GBP: 2W, 4M, 5M, 7M, 8M, 9M, 10M, 11M; in case the currency is USD, CHF or JPY: 2W, 4M, 5M, 7M. In this case, a linear interpolation as laid out in subcase (cc) will be applicable.

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(8) Floating rate indices

The floating rate index (Floating Rate Option or base rate) must be one of the following:

- (a) EUR-EURIBOR-Reuters
- (b) GBP-LIBOR-BBA
- (c) USD-LIBOR-BBA
- (d) CHF-LIBOR-BBA
- (e) JPY-LIBOR- BBA
- (f) USD-Federal Funds-H.15-OIS
- (g) JPY-TONA-OIS-COMPOUND
- (h) GBP-SONIA-COMPOUND
- (i) EUR-EONIA-OIS-Compound
- (j) NOK-6m NIBOR
- (k) SEK-3m STIBOR
- (l) DKK-6m CIBOR
- (m) PLN-6m WIBOR
- (n) CHF-SARON-OIS-COMPOUND

where:

For Paragraphs (a) – (e) and (j) – (m), the payment is between the period end date and the second Business Day following the period end date. The fixing for Paragraphs (a) – (e) and (k) – (n) is between ten Business Days prior to the period start date and the period start date;

for Paragraphs (h), (i) and (n), the payment is between the period end date and the second Business Day following the period end date;

for Paragraphs (f) and (g), payment is on the first or second Business Day following the period end date;

- (o) Non-revised Eurozone Harmonised Indices of Consumer Prices excluding Tobacco (“**HICPxT**”) (ZCIS in trade currency EUR);
- (p) Non-revised French Inflation Consumer Price Index excluding Tobacco (“**FRCPIx**”) (ZCIS in trade currency EUR);
- (q) Non-revised UK Retail Price Index (“**UK RPI**”) (ZCIS in trade currency GBP).

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(9) Fixed rates

Fixed rates for IRS, OIS, ZCIS and FRA can have any value specified by up to 8 decimal points and may be less than zero, equal to zero or greater than zero;

(10) Fixed rate and floating rate spread schedules

IRS (but not ZCIS, OIS or FRA) may have a fixed rate and a floating rate spread schedule, i.e. a fixed rate or floating rate spread may vary across the calculation periods relative to their value in the relevant preceding calculation period provided that any such change to the fixed rate or the floating rate spread may only occur at the start of the relevant calculation period and must be pre-determined and specified in the Trade Record submitted via the ATS. Fixed rate or floating rate spread schedules are not eligible for zero coupon payments or payments made on a compounding basis;

(11) Calculation periods

The calculation period(s) for payment(s) of floating amounts under the relevant Interest Rate Derivative Transaction (other than OIS or an Interest Rate Derivative Transaction in CHF, USD or JPY) must be one month, three months, six months or twelve months and the calculation period(s) for payment(s) of floating amounts under an Interest Rate Derivative Transaction in CHF, USD or JPY must be one month, three months or six months (in all cases except for Interest Rate Stub Periods, zero coupon payments and payments on a compounding basis). For SEK three months, for DKK, NOK or PLN six months are supported. Where the relevant Interest Rate Derivative Transaction is an OIS, floating amounts must be payable monthly, quarterly, semi-annually, annually or at maturity (except for Interest Rate Stub Periods). For ZCIS, only zero coupon payments are supported.

If a payment date for a fixed or floating rate payment is adjusted in accordance with any applicable business day convention, the number of days in the relevant calculation period may either be adjusted to the new payment date or remain unadjusted, which is to be specified in the Trade Record submitted via the ATS.

Except for ZCIS and FRA, the start and end dates can be different for each swap leg.

(12) Notional amount

The minimum notional amount must be (i) 0.01 for EUR, USD, GBP, DKK, SEK, NOK, PLN or CHF or (ii) 1.00 for JPY.

Except for ZCIS and FRA the notional amounts can be different for each swap leg and may vary across the calculation periods relative to their value in the relevant preceding calculation period. The changes in notional can only take place at the start of the calculation periods and must be pre-determined and specified in the Trade Record submitted via the ATS. Changes in the notional amount across calculation periods may not be specified for ZCIS, OIS nor for IRS with swap legs under which

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amounts are payable on a compounding basis or in the form of a zero coupon payment:

The terms of the Interest Rate Derivative Transaction must not provide for an exchange of notional amounts.

(13) Day count conventions

The day count convention(s) applicable to the Interest Rate Derivative Transaction (excluding ZCIS) must be one of the following (based on the 2006 ISDA Definitions or the 2000 ISDA Definitions, as specified in the Trade Record transmitted via the ATS): 30/360, 30E/360, 30E/360 (ISDA), Act/360, Act/Act (ISDA), Act/365 (ISDA), Act/Act (ICMA), Act/Act (ISMA) or Act/365 (Fixed).

The day count convention applicable to ZCIS must be 1/1.

(14) Business Days

For purposes of defining the applicable Business Day, details of the relevant financial/business centre(s) or terms, which must be TARGET (EUTA), New York (USNY), London (GBLO), Frankfurt (DEFR), Paris (FRPA), Madrid (ESMA), Brussels (BEBR), Milan (ITMI), Tokyo (JPTO), Copenhagen (DKCO), Stockholm (SEST), Oslo (NOOS), Warsaw (PLWA) or Zurich (CHZU) must be provided;

(15) Business Day Convention

The business day convention must be one of the following: (i) Following, (ii) Modified Following, or (iii) Preceding;

(16) Special eligibility criteria for FRA

In case of FRA, no spread is specified, the FRA Amount is either payable on the effective date as a discounted amount or on the termination date, the discount rate and discount rate day count fraction (if applicable) are not defined separately from the floating rate and floating rate day count fraction and the calculation period is no longer than one year, Interest Rate Stub Periods are not permitted;

(17) Compounding

The floating leg (incl. spread) of an IRS can be subject to **Compounding** (also referred to as “**straight compounding**” if **Flat Compounding** is not specified as applicable) or **Flat Compounding**, each as defined in Number 2.2.4 below. Only standard monthly, quarterly, semi-annual and, in case of EUR and GBP only, annual floating rate indices can be referenced for payments made on a “**straight**” Compounding or Flat Compounding basis, i.e. no Interest Rate Stub Periods may be specified for such Interest Rate Derivative Transactions;

For the fixed leg, neither “**straight**” Compounding nor Flat Compounding may be selected in the ATS. However, a fixed rate can be specified under the zero coupon option which would result in one fixed payment at swap maturity for the fixed leg only

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applying the provided fixed rate subject to the applicable terms of calculation such as business day conventions and day count fractions. Alternatively, a lump sum can be entered manually that would be paid unadjusted on the last payment date of the relevant zero coupon swap.

For zero coupon swaps the first Reset Date of the floating leg(s) should not be prior to 01 January 2005.

(18) Caps, floors, collars

Interest Rate Derivative Transactions where the floating rate is subject to a cap, floor or a collar are not eligible.

(19) Start date

IRS, OIS and FRA may be spot starting, forward starting or starting in the past (backloading). ZCIS may only be spot starting and starting in the past.

(20) Break Clauses

Break clauses are not eligible for Interest Rate Derivative Transactions. If Original Swap Transactions containing break clauses are submitted to Eurex Clearing AG for clearing, such break clauses will not be recognized in course of the novation.

2.1.5.2 Documentation of Original Swap Transactions

- (1) In the Trade Record, one of the following master agreements may be specified as the contractual basis of an Original Swap Transaction:
 - (a) the 1992 or 2002 ISDA Master Agreement,
 - (b) the German Master Agreement for Financial Derivatives Transactions (*Rahmenvertrag für Finanztermingeschäfte*, the “**DRV**”), or
 - (c) the AFB/FBF Master Agreement.
- (2) Irrespective of the documentation of the Original Swap Transaction, the “**Terms for ISDA Interest Rate Derivative Transactions**” set out in Number 2.3 below shall apply to all Swap Transactions that are Interest Rate Derivative Transactions (which are based on Original Swap Transactions submitted via the ATS as having been entered into under the ISDA Master Agreement or the AFB/FBF Master Agreement “**ISDA Interest Rate Derivative Transactions**”). The “**Terms for DRV Interest Rate Derivative Transactions**” set out in Number 2.4 below shall apply to all Swap Transactions that are Interest Rate Derivative Transactions which are based on Original Swap Transactions submitted via the ATS as having been entered into under the DRV and which, accordingly, are designated as “**DRV-based**” in the applicable Swap Trade Novation Report (the “**DRV Interest Rate Derivative Transactions**”).

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- (3) By entering into the relevant FCM Clearing Agreement, the FCM Clearing Member declares vis-à-vis Eurex Clearing AG that it has received a copy of the 2006 ISDA Definitions, as published by ISDA, and any supplements issued thereto as of the date of such FCM Clearing Agreement. The FCM Clearing Member further agrees to the passing on to ISDA of their company name and their company address in the context of the delivery to it of the documents referred to in the foregoing paragraph.

2.1.5.3 Bulk Backloading of Original Swap Transactions

- (1) An Original Swap Transaction that has a Trade Date which falls more than ten Business Days prior to the date of submission to Eurex Clearing AG will be considered as a backloaded trade ("**Bulk Backloaded Original Swap Transaction**").
- (2) The novation and clearing process for Bulk Backloaded Original Swap Transactions which have been submitted to Eurex Clearing AG via an ATS will be carried out on each Business Day. The novation process will be performed pursuant to the following paragraphs.
- (3) Bulk Backloaded Original Swap Transactions that are to be included in the Clearing by way of novation may be submitted to Eurex Clearing AG at any point in time. Bulk Backloaded Original Swap Transactions which are submitted prior to 3:00 p.m. (Frankfurt am Main time) on a Business Day and which fulfil all applicable novation criteria will be included in the novation process on such Business Day.
- (4) The novation process for Bulk Backloaded Original Swap Transactions which are submitted after 3:00 p.m. (Frankfurt am Main time) on a Business Day will be carried out on the next Business Day.
- (5) At 3:00 p.m. and 5:00 p.m. (each Frankfurt am Main time) on each Business Day, Eurex Clearing AG will make available to the FCM Clearing Member a preliminary report indicating the Bulk Backloading Original Swap Transactions which have been received for Clearing and which fulfil the novation criteria pursuant to Number 2.1.5.1 and the Margin Requirement as well as any shortage in actually delivered Eligible Margin Assets.
- (6) A Bulk Backloaded Original Swap Transaction which, on the day of submission, fulfils all novation criteria shall be novated on that Business Day. The novation will become effective when the respective Swap Trade Novation Report will be made available intraday at around 5:30 p.m. (Frankfurt am Main time) and at the end of a Business Day at or around 11:00 p.m. (Frankfurt am Main time).
- (7) If, at the end of the day of submission, a Bulk Backloaded Original Swap Transaction fulfils all novation criteria except the requirement to provide sufficient Eligible Margin Assets, it will be pending. On the next Business Day at or around 9:00 a.m. and 5:00 p.m. (Frankfurt am Main time) further backloading cycles will take place and it will be checked whether a Bulk Backloaded Original Swap Transaction fulfils all novation criteria. If so, it shall be novated. The novation will become effective when the respective Swap Trade Novation Report will be made available intraday at

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around 9:30 a.m. or 5:30 p.m. (Frankfurt am Main time), respectively, and at the end of a Business Day after the end of day processing of the respective Business Day has been completed. If, at the end of that day, a Bulk Backloaded Original Swap Transaction fulfils all novation criteria except the requirement to provide sufficient Eligible Margin Assets, it will be pending and on each consecutive Business Day, this Number 2.1.5.3 Paragraph (7) shall apply *mutatis mutandis*.

- (8) An FCM Clearing Member may subsequently cancel the submission with respect to any Bulk Backloading Original Swap Transaction submitted to Eurex Clearing AG via an ATS and intended to be novated by the latest by 5:00 p.m. (Frankfurt am Main time) on a Business Day, provided that
- (a) the cancellation request is entered by the FCM Clearing Member into the system of, and received by, Eurex Clearing AG, and
 - (b) the other FCM Clearing Member or Non-FCM Clearing Member (as applicable) that is a party to the relevant Swap Transaction has given its prior consent in the system of Eurex Clearing AG to such request to cancel.

2.1.6 Daily Evaluation Price

Eurex Clearing AG determines the daily evaluation price on the basis of (i) the fixings published on the Reuters Screen page as defined for the relevant floating rate in Number 2.2.5 Paragraph (1) below and (ii) the raw market quotes underlying the discount and forecast curve provided by a recognized third party provider, 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 Paragraph (1)). Where no information on the relevant rates is available on the relevant screen page, Eurex Clearing AG will determine the daily evaluation price based on quotes obtained from major banks in accordance with Number 2.2.5 Paragraph (5) below.

2.1.7 Margin Requirements

Swap Transactions that are Interest Rate Derivatives are subject to margining as provided in Chapter I Number 3 and, as applicable, Chapter I Number 5 or Number 6.

2.1.8 Calculation Agent

The Calculation Agent shall calculate the fixed and floating amounts (including the determination of the applicable floating rate/base rate) as well as any close-out amounts or cash settlement amounts that (a) are payable upon termination or novation of Swap Transactions and (b) are to be determined by the Calculation Agent pursuant to this Part 2. To the extent calculations, determinations or other actions have to be made or taken under the 2006 ISDA Definitions, Section 4.14 of the 2006 ISDA Definitions shall apply provided that any notices to be given by Eurex Clearing AG in its capacity as Calculation Agent will be made available by Eurex Clearing AG in its system. For the avoidance of doubt, in its capacity as Calculation Agent, the liability of Eurex Clearing AG shall be restricted in accordance with the provisions set out in Chapter I Number 13.1.2.

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2.2 General product-related terms for Interest Rate Derivative Transactions

The following general product-related terms shall apply to the Interest Rate Derivative Transactions provided for in Number 2.3 and 2.4.

2.2.1 Payment Obligations

- (1) The relevant FCM Clearing Member, acting for its FCM Clearing Member Own Transaction Account or the FCM Client Transaction Account of an FCM Client, and Eurex Clearing AG shall pay either Fixed Amounts or Floating Amounts and, if applicable, any initial amount payable under the relevant Swap Transaction, as provided for in Number 2.3 and 2.4.
- (2) Payments of Fixed Amounts or Floating Amounts due on the next scheduled payment date after the date on which novation of the relevant Original Swap Transaction has taken place shall be effected in accordance with the FCM Clearing Conditions for the entire calculation period. This also applies if part of the calculation period has already elapsed at the day of novation.
- (3) Payments under the relevant Interest Rate Derivative Transaction will not be owed under the relevant Swap Transaction and are not subject to these FCM Clearing Conditions in case these payments (i) are in EUR, USD, GBP, CHF, DKK, NOK, SEK, PLN or JPY and were due on or before the day of novation or (ii) are in DKK, NOK, SEK or JPY and will become due on the next Business Day following the day of novation.
- (4) If after adjustment in accordance with the applicable business day conventions, payments of Fixed Amounts or Floating Amounts become due on a payment date which is not a TARGET Settlement Day, such payments shall become payable on the next TARGET Settlement Day. For the period from (and including) the scheduled payment date until (and excluding) the next following TARGET Settlement Day, interest will be payable by the relevant fixed rate payer or floating rate payer on the relevant Fixed Amount or Floating Amount payable at a rate equal to EONIA (in case of Euro payments), SONIA (in case of GBP payments), FED FUNDS (in case of USD payments), TOIS (in case of CHF payments), NOWA (in case of NOK payments), POLONIA (in case of PLN payments), the T/N -Rate (published by the Danish National Bank) (in case of DKK payments), STIBOR T/N (in case of SEK payments) or TONAR (in case of JPY payments).
- (5) The following additional primary payment obligations apply:
 - (a) The FCM Clearing Member or Eurex Clearing AG, as the case may be, shall pay a Variation Settlement Amount on each Business Day (i) from (and including) the date of novation pursuant to Part 1 Number 1.2.2 or the date of novation pursuant to Number 2.5.2, the date of novation pursuant to Number 2.6.2 or the date of novation pursuant to Number 2.7 in connection with a transfer of FCM Client Transactions under Chapter I Number 1.3.3 Paragraph (3), as relevant, (ii) to (and including) the earlier of the "Termination Date" of the Swap Transaction (as specified in the relevant Swap Trade

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Novation Report), the date of the cancellation pursuant to Number 2.6.2, the date of the release from the obligations under the Original Swap Transaction pursuant to Number 2.7 in connection with Chapter I Number 1.3.3 Paragraph (3) or the date of a termination pursuant to Numbers 2.5 or 2.8, as relevant (the relevant date under (ii) is the **“Last Variation Settlement Amount Payment Date”**).

“Variation Settlement Amount” means an amount which shall equal the profit or loss amount determined with respect to an outstanding Interest Rate Derivative Transaction on the relevant Business Day on the basis of the daily evaluation price (pursuant to Number 2.1.6) as follows: For Interest Rate Derivative Transactions concluded on the relevant Business Day, the relevant profit or loss amount shall be the difference between zero and the daily evaluation price for such Business Day. For each outstanding Interest Rate Derivative Transaction concluded prior to the relevant Business Day, the relevant profit or loss amount shall be the difference between the daily evaluation prices of the Interest Rate Derivative Transaction on the relevant Business Day and the previous Business Day. On the Last Variation Settlement Amount Payment Date, the relevant profit or loss amount shall be the difference between the daily evaluation price of the Interest Rate Derivative Transaction of the previous Business Day and zero. Additionally, the Variation Settlement Amount includes two correction terms for considering the time delay between its calculation and settlement. For this purpose, the coupon payments and transaction fees on the current Business Day are added and the coupon payments and transaction fees on the next Business Day (second next Business Day for DKK, NOK, SEK and JPY) of the respective currency are subtracted.

- (b) A Price Alignment Amount shall be payable by the FCM Clearing Member or Eurex Clearing AG, as the case may be, together with the Variation Settlement Amount.

“Price Alignment Amount” or **“PAA”** means the overnight interest paid or received on the cumulative Variation Settlement Amounts over the lifetime of the Interest Rate Derivatives Transaction. The cumulative Variation Settlement Amounts of the previous Business Day correspond to the value of the Interest Rate Derivatives Transaction on the previous Business Day.

If the overnight interest rates are positive and, from the FCM Clearing Member's perspective, the value of the Interest Rate Derivative Transaction is positive, Eurex Clearing AG will charge the Price Alignment Amount to the FCM Clearing Member. If the overnight interest rates are positive and, from the FCM Clearing Member's perspective, the value of the Interest Rate Derivative Transaction is negative, Eurex Clearing AG will credit the Price Alignment Amount to the FCM Clearing Member. In case of negative overnight interest rates, Eurex Clearing AG will credit the Price Alignment Amount to the FCM Clearing Member if, from the FCM Clearing Member's perspective, the value of the Interest Rate Derivative Transaction is positive and will charge the Price

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Alignment Amount to the FCM Clearing Member if, from the FCM Clearing Member's perspective, the value of the Interest Rate Derivative Transaction is negative.

PAA shall be calculated and payable for each currency on each Business Day with respect to each Interest Rate Derivative Transaction in accordance with the following formulas.

For EUR, GBP, PLN and CHF, PAA is defined as:

$$PAA(T) = - MtM_exCF(T-1) * ONR(T, T+1) * YF(T, T+1),$$

where:

"MtM_exCF(T-1) = MtM (T-1) – CF (T)" is the present value of the previous Business Day excluding today's cash flows from coupons or fees

"ONR (T, T+1)" is the overnight rate valid from today to the next Business Day and

"YF (T, T+1)" the year fraction from today to the next Business Day using the daycount convention of the corresponding overnight index.

For USD, the OIS rate valid from T to T+1 is published not before T+1. Therefore, a modified definition of PAA is required:

$$PAA (T) = - MtM_exCF(T-1) * ONR (T-1, T) * YF (T, T+1)$$

The equation above is also applied with respect to GBP FRAs with settlement in advance, where the Variation Settlement Amount and the PAA are instructed intraday before the SONIA overnight rate is available.

For T+2 currencies (JPY, DKK, SEK, and NOK) the Variation Settlement Amount is settled on T+2 (in contrast to EUR, USD, GBP, CHF and PLN where the Variation Settlement Amount is settled on T+1). Thus, PAA for T+2 currencies is defined as:

$$PAA (T) = - MtM_exCF(T-2) * ONR(T, T+1) * YF(T, T+1),$$

with

$$MtM_exCF(T-2) = MtM(T-2) - CF(T-1) - CF(T).$$

The relevant indices are

(aa) In case the currency is EUR, then EONIA;

(bb) In case the currency is USD, then FED FUNDS;

(cc) In case the currency is GBP, then SONIA;

(dd) In case the currency is CHF, then SARON;

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- (ee) In case the currency is JPY, then TONAR;
 - (ff) In case the currency is DKK, then T/N (published by Danish National Bank);
 - (gg) In case the currency is SEK, then STIBOR T/N;
 - (hh) In case the currency is NOK, then NOWA (Norwegian Overnight Weighted Average);
 - (ii) In case the currency is PLN, then POLONIA (Polish Overnight Index Average).
- (6) Eurex Clearing AG may discharge its payment obligations by way of payment netting in accordance with Chapter I Number 1.3.4.

2.2.2 References to Market Standard Interest Rate Derivatives Documentation

- (1) Notwithstanding any selection of the 2000 ISDA Definitions or 2006 ISDA Definitions in the data to be transmitted via the ATS and subject to Number 2.2.6 (Day Count *Conventions*) below, (a) the 2006 ISDA Definitions, as published by ISDA, shall apply to all Swap Transactions that are ISDA Interest Rate Derivative Transactions and (b) the 2000 ISDA Definitions or 2006 ISDA Definitions shall not apply to DRV Interest Rate Derivative Transactions except that (i) the definitions relating to compounding set forth in Section 6.3 of the 2006 ISDA Definitions, which are referenced in the last sub-paragraph of Number 2.2.4 Paragraph (1) below, and (ii) Section 8.3 of the 2006 ISDA Definitions relating to Linear Interpolation, which is referenced in Number 2.2.4 Paragraph (4) below shall also apply to DRV Interest Rate Derivative Transactions.
- (2) All terms defined in the 2006 ISDA Definitions which are used in this Chapter II shall have the meaning given to them in the 2006 ISDA Definitions unless otherwise defined herein. In the event of any inconsistency between the 2006 ISDA Definitions on the one hand and the FCM Clearing Conditions on the other hand, the FCM Clearing Conditions shall prevail.
- (3) For the purposes of this Part 2, references in the 2006 ISDA Definitions to a "Swap Transaction" shall be deemed to be references to a Swap Transaction (as defined in Chapter I Number 1.1.1) that is an Interest Rate Derivative Transaction. Any reference in the 2006 ISDA Definitions to a "Confirmation" shall be a reference to the FCM Clearing Conditions in conjunction with the relevant Swap Trade Novation Report.
- (4) The terms and provisions of the 2006 ISDA Definitions shall be interpreted in accordance with international market practice for Interest Rate Derivative Transactions and shall be given the same meaning as they would in English or New York law-governed Interest Rate derivative transactions entered into on the basis of documentation published by ISDA, provided, however, that in the case of any conflict or inconsistency between the two, the English law governed version shall prevail.

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2.2.3 Calculation of Fixed Amount

Eurex Clearing AG will calculate a fixed amount payable by a party on a Payment Date (the “**Fixed Amount**”) as either:

- (a) if in the Swap Trade Novation Report an amount is specified as the Fixed Amount payable by that party for that Payment Date or for the related Calculation Period, such amount; or
- (b) if an amount is not specified in the Swap Trade Novation Report as the Fixed Amount and if such amount is not otherwise determined as provided in the Swap Trade Event Report, an amount calculated on the basis of the following formula for that Payment Date or for the related Calculation Period:

Fixed Amount = Notional Amount x Fixed Rate x Fixed Rate Day Count Fraction.

or in case of ZCIS as:

Fixed Amount = Notional Amount x $((1 + \text{Fixed Rate})^{\text{Term}} - 1)$

- (c) If the Fixed Amount payable by a party on a Payment Date is negative, the Amount payable by that party on that Payment Date will be deemed to be zero and the other party is obliged to pay to that party the absolute value of the negative Amount as calculated, in addition to any amounts otherwise payable by the other party for the related Calculation Period.

2.2.4 Calculation of Floating Amount

- (1) Eurex Clearing AG will calculate the floating amount payable by a party on a Payment Date (the “**Floating Amount**”) as follows:

- (a) if neither Compounding nor Flat Compounding is applicable, an amount calculated for that Payment Date or the related Calculation Period on the basis of the following formula:

Floating Amount = Notional Amount x Floating Rate (+/- Spread) x Floating Rate Day Count Fraction.

- (b) if “**Compounding**” is specified as applicable and “**Flat Compounding**” is not specified as applicable, an amount equal to the sum of the Compounding Period Amounts for each of the Compounding Periods in the related Calculation Period;
- (c) if “**Flat Compounding**” is specified as applicable, an amount equal to the sum of the Basic Compounding Period Amounts for each of the Compounding Periods in the related Calculation Period plus the sum of the Additional Compounding Period Amounts for each such Compounding Period.

The terms “**Compounding Period**”, “**Compounding Date**”, “**Compounding Period Amount**”, “**Adjusted Calculation Amount**”, “**Basic Compounding Period Amount**”, “**Additional Compounding Period Amount**” and “**Flat Compounding**”

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Amount” shall have the meaning given to them in Section 6.3 of the 2006 ISDA Definitions (which section shall also apply to DRV Interest Rate Derivative Transactions).

- (2) If the Floating Amount payable by a party on a Payment Date is a negative number (either due to a quoted negative Floating Rate or by operation of a negative Spread that is added to the Floating Rate) and if **“Compounding”** or **“Flat Compounding”** is not specified for that Interest Rate Derivative Transaction, then the Floating Amount payable by that party on that Payment Date will be deemed to be zero and the other party will pay to that party the absolute value of the negative Floating Amount as calculated, in addition to any amounts otherwise payable by the other party for the related Calculation Period.
- (3) If either **“Compounding”** or **“Flat Compounding”** is specified in the Swap Trade Event Report to be applicable to that Interest Rate Derivative Transaction and the Compounding Period Amount, the Basic Compounding Period Amount or the Additional Compounding Period Amount is a negative number (either due to a quoted negative Floating Rate or by operation of a negative Spread that is added to the Floating Rate), then the Floating Amount for the Calculation Period in which that Compounding Period or those Compounding Periods occur will be either the sum of all Compounding Period Amounts or the sum of all the Basic Compounding Period Amounts and all the Additional Compounding Period Amounts in that Calculation Period (whether positive or negative).

If such sum is positive, then the Floating Rate Payer with respect to the Floating Amount so calculated (such party is referred to in the next sentence as the **“scheduled payer”**) will pay that Floating Amount to the other party (such party is referred to in the next sentence as the **“scheduled payee”**). If such sum is negative, the Floating Amount payable by the scheduled payer will be deemed to be zero, and the scheduled payee will, in turn, pay to the scheduled payer the absolute value of the negative Floating Amount as calculated.

- (4) The floating payment amount of ZCIS is calculated as:

Floating Amount = Notional Amount x (inflation index value at maturity / start inflation index value - 1).

The specified fixing lag and index interpolation method must be considered.

2.2.5 Rates for calculating the Floating Amount

- (1) The applicable Relevant Rate (in case of ISDA Interest Rate Derivative Transactions) or Base Rate (in case of DRV Interest Rate Derivative Transactions) applied by Eurex Clearing AG in calculating Floating Amounts will be set out in the Swap Trade Novation Report on the basis of the floating rate index specified in the Trade Record transmitted to Eurex Clearing AG via the ATS whereby:
 - (a) **“EUR-EURIBOR-Reuters”** means that the rate for a Reset Date will be the rate for Euro deposits for a period of the Designated Maturity which appears on the

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Reuters Screen EURIBOR01 Page as of 11:00 a.m., Brussels time. If a corrected rate is delivered till 3:00 p.m. Brussels time, then this rate will be used.

- (b) **“GBP-LIBOR-BBA”** means that the rate for a Reset Date will be the rate for deposits in GBP for a period of the Designated Maturity which appears on the Reuters Screen LIBOR01 Page as of 11:00 a.m., London time.
- (c) **“USD-LIBOR-BBA”** means that the rate for a Reset Date will be the rate for deposits in USD for a period of the Designated Maturity which appears on the Reuters Screen LIBOR01 Page as of 11:00 a.m., London time.
- (d) **“CHF-LIBOR-BBA”** means that the rate for a Reset Date will be the rate for deposits in Swiss Francs for a period of the Designated Maturity which appears on the Reuters Screen LIBOR01 Page as of 11:00 a.m., London time.
- (e) **“JPY-LIBOR-BBA”** means that the rate for a Reset Date will be the rate for deposits in Japanese Yen for a period of the Designated Maturity which appears on the Reuters Screen 3750 Page as of 11:00 a.m., London time.
- (f) **“DKK-CIBOR-DKNA13”** and **“DKK-CIBOR2-DKNA13”** means that the rate for a Reset Date will be the rate for deposits in Danish Krone for a period of the Designated Maturity which appears on the Reuters Screen DKNA13 Page as of 11:00 a.m., Copenhagen time.

For the avoidance of doubt, DKK-CIBOR and CIBOR2 differ only by the reset lag, the fixings themselves are identical for both indexes.

- (g) **“NOK-NIBOR-NIBR”** means that the rate for a Reset Date will be the rate for deposits in Norwegian Krone for a period of the Designated Maturity which appears on the Reuters Screen NIBR Page as of 12:00 noon, Oslo time.

If such rate does not appear on the Reuters Screen NIBR Page, the rate for that Reset Date will be determined as if the parties had specified “NOK-NIBOR Reference Banks” as the applicable Floating Rate Option.

“NOK-NIBOR-OIBOR” means that the rate for a Reset Date will be the rate for deposits in Norwegian Krone for a period of the Designated Maturity which appears on the Reuters Screen OIBOR= Page as of 12:00 noon, Oslo time. If such rate does not appear on the Reuters Screen OIBOR= Page, the rate for that Reset Date will be determined as if the parties had specified “NOK-NIBOR-Reference Banks” as the applicable Floating Rate Option.

Note that IRS transactions on “NOK-NIBOR-NIBR” are automatically converted to “NOK-NIBOR-OIBOR” when novated for clearing.

- (h) **“PLN-WIBOR-WIBO”** means that the rate for a Reset Date will be the offered rate for deposits in Polish Zloty for a period of the Designated Maturity which appears on the Reuters Screen WIBOR Page as of 11:00 a.m., Warsaw time.

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If such rate does not appear on the Reuters Screen WIBOR Page, the rate for that Reset Date will be determined as if the parties had specified “PLNWIBOR-Reference Banks” as the applicable Floating Rate Option.

- (i) **“SEK-STIBOR-SIDE”** means that the rate for a Reset Date will be the rate for deposits in Swedish Krona for a period of the Designated Maturity which appears on the Reuters Screen SIDE Page under the caption “FIXINGS” as of 11:00 a.m., Stockholm time.

If such rate does not appear on the Reuters Screen SIDE Page, the rate for that Reset Date will be determined as if the parties had specified “SEK-STIBOR-Reference Banks” as the applicable Floating Rate Option.

- (j) **“CHF-SARON-OIS-COMPOUND”, “USD-Federal Funds-H.15-OIS-COMPOUND”, “GBP-SONIA-COMPOUND”, “EUR-EONIA-OIS-Compound”, “JPY-TONA-OIS-COMPOUND”** will be calculated as set out in Number 2.2.7 below.
- (k) **“HICPxT”** means the non-revised Eurozone Harmonised Index of Consumer Prices excluding Tobacco or relevant Successor Index, measuring the rate of inflation in the European Monetary Union excluding tobacco, expressed as an index and published by the relevant Index Sponsor. The first publication or announcement of a level of such index for a Reference Month shall be final and conclusive and later revisions to the level for such Reference Month will not be used in any calculations.
- (l) **“FRCPix”** means the non-revised French Inflation Consumer Price Index excluding Tobacco or relevant Successor Index, measuring the rate of inflation in France excluding tobacco expressed as an index and published by the relevant Index Sponsor. The first publication or announcement of a level of such index for a Reference Month shall be final and conclusive and later revisions to the level for such Reference Month will not be used in any calculations.
- (m) **“UK RPI”** means the non-revised UK Retail Price Index or relevant Successor Index, measuring the all items rate of inflation in the United Kingdom expressed as an index and published by the relevant Index Sponsor. The first publication or announcement of a level of such index for a Reference Month shall be final and conclusive and later revisions to the level for such Reference Month will not be used in any calculations.
- (n) Fallback index level: In case one of the rates under items (a) to (i) above is not published by the relevant body at the respective usual time, Eurex Clearing AG sets the rate used for the calculation of floating amounts in its reasonable discretion.
- (o) Successor index: In case a floating rate index is discontinued to be published by the relevant body, Eurex Clearing AG sets a successor index in its reasonable discretion taking into account relevant guidance notes of ISDA.

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- (2) **“Reset Date”** means, for an Interest Rate Derivative Transaction or a party, each day specified as such in the Swap Trade Novation Report for the Interest Rate Derivative Transaction or that party, subject to adjustment in accordance with the applicable business day convention specified in the Swap Trade Novation Report, in each case on the basis of the data relating to reset dates as transmitted to Eurex Clearing AG via the ATS. If an adjustment in accordance with that business day convention would cause a Reset Date to fall on the Payment Date in respect of the Calculation Period to which that Reset Date relates, the Reset Date shall be the first Business Day preceding the date on which the Reset Date would have fallen without any adjustment.
- (3) **“Designated Maturity”** means, in respect of an Interest Rate Derivative Transaction or a party, the period of time specified as index tenor in the Swap Trade Novation Report on the basis of the index tenor data transmitted to Eurex Clearing AG via the ATS.
- (4) If **“Linear Interpolation”** is specified as applicable with respect to a Calculation Period or Compounding Period, the Relevant Rate for a Reset Date shall be determined in accordance with Section 8.3 of the 2006 ISDA Definitions which shall apply to both ISDA Interest Rate Derivative Transactions and DRV Interest Rate Derivative Transactions, whereby the Calculation Agent will make such determination in accordance with market practice based on the **Best Practice Statement Linear Interpolation** published by ISDA on 19 December 2009.

If a floating rate is to be determined with respect to an Interest Rate Stub Period and **“Linear Interpolation”** is not specified as applicable with respect to such determination, the floating rate for such Interest Rate Stub Period shall be determined pursuant to Number 2.1.5.1 Paragraph (7) (c) (aa), (bb) or (dd), as applicable.

- (5) Where the Relevant Rate (in case of ISDA Interest Rate Derivative Transactions) or Base Rate (in case of DRV Interest Rate Derivative Transactions) is not available on the relevant screen page, Eurex Clearing AG determines the applicable rate in its reasonable discretion on the basis of the arithmetic mean of the rates at which deposits (in the relevant contractual currency, with an equivalent maturity and in the same, or approximately the same, notional amount) are offered by at least four major banks to prime banks in the relevant interbank market at approximately the time at which the relevant rate should have been available on the applicable screen.

2.2.6 Day Count Conventions

The following day count fraction conventions may be specified in the Swap Trade Novation Report based on the Trade Record transmitted via the ATS for determining the applicable day count fraction:

- (1) 30/360, which shall have the meaning given to **“30/360”** in the 2006 ISDA Definitions and, for DRV Interest Derivative Transactions, in Number 2.4 Paragraph (6) (e) below.

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- (2) 30E*/360, which shall have the meaning given to “**30E/360**” in the 2006 ISDA Definitions and, for DRV Interest Derivative Transactions, in Number 2.4 Paragraph (6) (e) below.
- (3) 30E/360, which shall have the meaning given to “**30E/360 (ISDA)**” in the 2006 ISDA Definitions and, for DRV Interest Derivative Transactions, in Number 2.4 Paragraph (6) (e) below and which will be specified in the Swap Trade Novation Report if, in the Trade Record transmitted via the ATS, “**30E/360**” and “**2000 ISDA**” or “**30E/360.ISDA**” and “**2006 ISDA**” are selected.
- (4) Act/360, which shall have the meaning given to “**Act/360**” in the 2006 ISDA Definitions and, for DRV Interest Derivative Transactions, in Number 2.4 Paragraph (6) (a) below.
- (5) Act/365, which shall have the meaning given to “**Act/365 (Fixed)**” in the 2006 ISDA Definitions and, for DRV Interest Derivative Transactions, in Number 2.4 Paragraph (6) (b) below.
- (6) Act/365I, which shall have the meaning given to “**Act/Act (ISDA)**” in the 2006 ISDA Definitions and, for DRV Interest Rate Derivative Transactions, in Number 2.4 Paragraph (6) (c) below and which, for the avoidance of doubt, will also be specified in the Swap Trade Novation Report if in the Trade Record transmitted via the ATS “**Act/365.ISDA**” and “**2000 ISDA**” are selected.
- (7) ActB/ActB, which shall have the meaning given to “**Act/Act (ICMA)**” in the 2006 ISDA Definitions and, for DRV Interest Rate Derivative Transactions, in Number 2.4 Paragraph (6) (d) below and which, for the avoidance of doubt, will also be specified in the Swap Trade Novation Report if in the Trade Record transmitted via the ATS “**Act/Act.ISMA**” and “**2000 ISDA**” are selected.
- (8) 1/1, which is the standard day count convention for ZCIS and which shall have the meaning given to “1/1” in the 2006 ISDA Definitions.

2.2.7 OIS Rate Calculation

The applicable Floating Rate for overnight interest rate swaps (OIS) pursuant to Number 2.3.4 or 2.4.2 below will be calculated in accordance with the following paragraphs of Section 7.1 of the 2006 ISDA Definitions:

“**EUR-EONIA-OIS-COMPOUND**” means that the rate for a Reset Date, calculated in accordance with the formula set forth below in this subparagraph, will be the rate of return of a daily compound interest investment (it being understood that the reference rate for the calculation of interest is the arithmetic mean of the daily rates of the day-to-day Euro-zone interbank euro money market).

“**EURO-EONIA-OIS-COMPOUND**” will be calculated as follows, and the resulting percentage will be rounded, if necessary, in accordance with the method set forth in Section 8.1(a) of the 2006 ISDA Definitions or, in the case of DRV Interest Rate

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Derivative Transactions, Number 2.4 Paragraph (3) below, but to the nearest one ten-thousandth of a percentage point (0.0001 per cent):

$$\left[\prod_{i=1}^{d_0} \left(1 + \frac{EONIA_i \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

where:

“**d₀**”, for any Calculation Period, is the number of TARGET Settlement Days in the relevant Calculation Period;

“**i**” is a series of whole numbers from one to **d₀**, each representing the relevant TARGET Settlement Days in chronological order from, and including, the first TARGET Settlement Day in the relevant Calculation Period;

“**EONIA_i**”; for any day “**i**” in the relevant Calculation Period, is a reference rate equal to the overnight rate as calculated by the European Central Bank and appearing on the Reuters Screen EONIA Page in respect of that day;

“**n_i**”, is the number of calendar days in the relevant Calculation Period on which the rate is EONIA_i; and

“**d**” is the number of calendar days in the relevant Calculation Period.

“**GBP-SONIA-COMPOUND**” means that the rate for a Reset Date calculated in accordance with the formula set forth below in this subparagraph, will be the rate of return of a daily compound interest investment (it being understood that the reference rate for the calculation of interest is the Sterling daily overnight reference rate).

“**GBP-SONIA-COMPOUND**” will be calculated as follows, and the resulting percentage will be rounded, is necessary, in accordance with the method set forth in Section 8.1(a) of the 2006 ISDA Definitions or, in the case of DRV Interest Rate Derivative Transactions, Number 2.4 Paragraph (3) below, but to the nearest one ten-thousandth of a percentage point (0.0001 per cent):

$$\left[\prod_{i=1}^{d_0} \left(1 + \frac{SONIA_i \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

“**d₀**”, for any Calculation Period, is the number of London Banking Days in the relevant Calculation Period;

“**i**” is a series of whole numbers from one to **d₀**, each representing the relevant London Banking Days in chronological order from, and including, the first London Banking Day in the relevant Calculation Period;

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“**SONIA_i**”; for any day “**i**” in the relevant Calculation Period, is a reference rate equal to the daily Sterling Overnight Index Average (SONIA) rate as provided by the administrator of SONIA to, and published by, authorized distributors of the rate as of 09:00 a.m., London time, on the London Banking Day immediately following that day”**i**”.

“**n_i**”, is the number of calendar days in the relevant Calculation Period on which the rate is SONIA_i; and

“**d**” is the number of calendar days in the relevant Calculation Period.

Interest Rate Derivative Transactions on “**GBP-WMBA-SONIA-COMPOUND**” are automatically converted to “**GBP-SONIA-COMPOUND**” when novated for clearing.

“**CHF-SARON-OIS-COMPOUND**” means that the rate for a Reset Date, calculated in accordance with the formula set forth below in this subparagraph, will be the rate of return of a daily compound interest investment (it being understood that the reference rate for the calculation of interest is the Swiss Franc Repo daily overnight reference rate).

“**CHF-SARON-OIS-COMPOUND**” will be calculated as follows, and the resulting percentage will be rounded, if necessary, in accordance with the method set forth in Section 8.1 (a) of the Supplement number 51 to the 2006 ISDA Definitions or, in the case of DRV Interest Rate Derivative Transactions, Number 2.4 Paragraph (3) below, but to the nearest on ten-thousandth of a percentage point (0.0001 per cent):

$$\left[\prod_{i=1}^{d_0} \left(1 + \frac{SARON_i \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

where:

“**d₀**”, for any Calculation Period, is the number of Zurich Banking Days in the relevant Calculation Period;

“**i**” is a series of whole numbers from one to d₀, each representing the relevant Zurich Banking Days in chronological order from, and including, the first Zurich Banking Day in the relevant Calculation Period;

“**TOIS_i**”; for any day “**i**” in the relevant Calculation Period, is a reference rate equal to the rate for overnight repo transactions in Swiss Francs which appears on the Thomson Reuters Screen SARON.S under the heading ‘CLSFIX’ at or after 6:00 p.m., Zurich time, in respect of that day or, if such rate does not appear on the Thomson Reuters Screen SARON.S by 8 p.m. on such day, the rate for that day will be determined by Eurex Clearing AG.

“**n_i**”, is the number of calendar days in the relevant Calculation Period on which the rate is SARON_i; and

“**d**” is the number of calendar days in the relevant Calculation Period.

“**USD-Federal Funds-H.15-OIS-COMPOUND**” means that the rate for the Reset Date, calculated in accordance with the formula set forth below in this subparagraph, will be the

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rate of return of a daily compound interest investment (it being understood that the reference rate for the calculation of interest is the daily effective federal funds rate determined by the Federal Reserve as the weighted average of the rates on brokered trades).

“USD-Federal Funds-H.15-OIS-COMPOUND” will be calculated as follows, and the resulting percentage will be rounded, if necessary, in accordance with the method set forth in Section 8.1(a) of the 2006 ISDA Definitions or, in the case of DRV Interest Rate Derivative Transactions, Number 2.4 Paragraph (3) below:

$$\left[\prod_{i=1}^{d_0} \left(1 + \frac{FEDFUND_i \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

where:

“d₀” for any Calculation Period is the number of New York Banking Days in the relevant Calculation Period;

“i” is a series of whole numbers from one to d₀, each representing the relevant New York Banking Days in chronological order from, and including, the first New York Banking Day in the relevant Calculation Period;

“FEDFUND_i”; for any day “i” in the relevant Calculation Period, is a reference rate equal to the rate set forth in H.15(519) in respect of that day under the caption **“EFFECT”**, as such rate is displayed on the Reuters Screen FEDFUNDS1 Page. If such rate does not appear on the Reuters Screen FEDFUNDS1 Page, in respect of any day “i”, the rate for that day will be the rate displayed on the Reuters Screen FEDFUNDS1 Page in respect of the first preceding New York Banking Day;

“n_i” is the number of calendar days in the relevant Calculation Period on which the rate is FEDFUND_i; and

“d” is the number of calendar days in the relevant Calculation Period.

“JPY-TONA-OIS-COMPOUND” means that the rate for a Reset Date, calculated in accordance with the formula set forth below, will be the rate of return of a daily compound interest investment, (it being understood that the reference rate for the calculation of interest is the arithmetic mean of the daily rates of the day-to-day interbank JPY market in Tokyo).

“JPY-TONA-OIS-COMPOUND” will be calculated as follows and the resulting percentage will be rounded, if necessary, in accordance with the method set forth in Section 8.1(a) of the 2006 ISDA Definitions, or in case of DRV Interest Rate Transaction, Number 2.4 Paragraph (3) below:

$$\left[\prod_{i=1}^{d_0} \left(1 + \frac{TONA_i \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

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“**d₀**” for any calculation period is the number of Tokyo Banking Days in the relevant Calculation Period; and

“**i**” is a series of whole numbers from one to **d₀**, each representing the relevant Tokyo Banking Days in chronological order from, and including, the first Tokyo Banking Day in the relevant Calculation Period;

“**TONA_i**”, for any day “**i**” in the relevant Calculation Period, is a reference rate equal to the Tokyo OverNight Average rate (TONA) as published by the Bank of Japan on the Reuters Screen TONAT Page as of approximately 10:00 a.m., Tokyo time, on the Tokyo Banking Day next following that day “**i**”. If such rate does not appear on Reuters Screen TONAT in respect of any day “**i**”, the rate for that day will be the rate displayed on the Reuters Screen TONAT Page in respect of the first preceding Tokyo Banking Day;

“**n_i**” is the number of calendar days in the relevant Calculation Period on which the rate is **TONA_i**; and

“**d**” is the number of calendar days in the relevant Calculation Period.

2.3 Terms for ISDA Interest Rate Derivative Transactions

The product-related terms set out below and the expressions defined in the 2006 ISDA Definitions are specified in the relevant Swap Trade Novation Report on the basis of the Trade Record transmitted via the ATS.

2.3.1 General terms for ISDA Interest Rate Swaps or Forward Rate Agreements

In the case of ISDA Interest Rate Derivative Transactions that are interest rate swaps (each an “**ISDA Interest Rate Swap**”) or forward rate agreements (each an “**ISDA Forward Rate Agreement**”), the 2006 ISDA Definitions and, on their basis, the following general terms shall apply:

- (1) Notional Amount as specified in the Swap Trade Novation Report under “**calculation period amount**” (in the case of a Swap Transaction involving one currency only), which, in case of variable Notional Amounts, can be set out in a notional schedule
- (2) Trade Date
- (3) Effective Date
- (4) Termination Date (subject to adjustment in accordance with any applicable business day convention)
- (5) Business Days
- (6) business day convention
- (7) Only in case of interest rate swaps: Initial payments/fees
 - Payer of the initial payments/fees, if any

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- Amount of the initial payments/fees (specify zero, if none)
- Payment date for the initial payment.

2.3.2 Terms for ISDA Fixed Rate-Floating Rate Swaps

In addition to the general terms for ISDA Interest Rate Swaps, the following product-specific terms, which are specified in, or may be derived from, the relevant Swap Trade Novation Report shall apply to ISDA Interest Rate Swaps that are fixed rate-floating rate swaps:

(1) Fixed Amounts:

- (a) Fixed Rate Payer
- (b) Fixed Rate Payer Payment Dates (subject to adjustment in accordance with any applicable business day convention)
- (c) either:
 - (aa) Fixed Amount (which may be a lump sum payable under a zero coupon swap, if applicable), or
 - (bb) Fixed Rate (which may be a zero coupon, if applicable) and Fixed Rate Day Count Fraction, or
 - (cc) a Fixed Rate Payer schedule in which the Fixed Rates applicable to the relevant Calculation Periods are specified.

(2) Floating Amounts:

- (a) Floating Rate Payer
- (b) Floating Rate Payer Payment Dates (subject to adjustment in accordance with any applicable business day convention)
- (c) Floating Rate for initial Calculation Period, if applicable
- (d) Floating Rate Option
- (e) Designated Maturity
- (f) Spread (if the Spread is variable it can be set out in a Spread schedule)
- (g) Floating Rate Day Count Fraction
- (h) Reset Dates
- (i) Compounding ("**straight**") or Flat Compounding, if applicable
- (j) if Compounding ("**straight**") or Flat Compounding is applicable: Compounding Dates.

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2.3.3 Terms for ISDA Floating Rate-Floating Rate Swaps

In addition to the general provisions for ISDA Interest Rate Swaps, the following product-specific terms, which are specified in, or may be derived from, the relevant Swap Trade Novation Report, shall apply to ISDA Interest Rate Swaps that are floating rate-floating rate swaps ("**basis**" swaps):

(1) Floating Rate Payer 1:

- (a) Floating Rate Payer Payment Dates (subject to adjustment in accordance with any applicable business day convention)
- (b) Floating Rate for initial Calculation Period, if applicable
- (c) Floating Rate Option
- (d) Designated Maturity
- (e) Spread (if the Spread is variable it can be set out in a Spread schedule)
- (f) Floating Rate Day Count Fraction
- (g) Reset Dates
- (h) Compounding ("**straight**") or Flat Compounding, if applicable
- (i) if Compounding ("**straight**") or Flat Compounding is applicable: Compounding Dates.

(2) Floating Rate Payer 2:

- (a) Floating Rate Payer Payment Dates (subject to adjustment in accordance with any applicable business day convention)
- (b) Floating Rate for initial Calculation Period, if applicable
- (c) Floating Rate Option
- (d) Designated Maturity
- (e) Spread (if the Spread is variable it can be set out in a Spread schedule)
- (f) Floating Rate Day Count Fraction
- (g) Reset Dates
- (h) Compounding ("**straight**") or Flat Compounding, if applicable
- (i) if Compounding ("**straight**") or Flat Compounding is applicable: Compounding Dates.

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2.3.4 Terms for ISDA Overnight Interest Rate Swap Transactions

In addition to the general terms for ISDA Interest Rate Swaps, the following product-specific terms, which are specified in, or may be derived from, the relevant Swap Trade Novation Report, shall apply to ISDA Interest Rate Swaps that are overnight interest rate-swap transactions:

- (1) Fixed Amounts:
 - (a) Fixed Rate Payer
 - (b) Fixed Rate Payer Payment Dates or Period End Dates, if Delayed Payment or Early Payment applies (subject to adjustment in accordance with any applicable business day convention)
 - (c) Fixed Rate and Fixed Rate Day Count Fraction
- (2) Floating Amounts:
 - (a) Floating Rate Payer
 - (b) Floating Rate Payer Payment Dates or Period End Dates, if Delayed Payment or Early Payment applies (subject to adjustment in accordance with any applicable business day convention)
 - (c) Floating Rate for initial Calculation Period, if applicable
 - (d) Floating Rate Option
 - (e) Reset Dates being the last day of each Calculation Period (subject to adjustment in accordance with any applicable business day convention)
 - (f) Compounding ("**straight**") or Flat Compounding shall not be applicable.

2.3.5 Terms for ISDA Forward Rate Agreements

In addition to the general provisions for ISDA Forward Rate Agreements, the following product-specific terms shall apply to ISDA Forward Rate Agreements:

- (1) Fixed Rate Payer
- (2) Fixed Rate
- (3) Floating Rate Payer
- (4) Payment Date being the Effective Date or the Termination Date as specified in the Swap Trade Novation Report (subject to adjustment in accordance with any applicable business day convention)
- (5) Floating Rate Option
- (6) Designated Maturity

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- (7) Spread: none
- (8) Floating Rate Day Count Fraction
- (9) Reset Date (subject to adjustment in accordance with any applicable business day convention)
- (10) FRA Discounting: Applicable if the FRA Amount is payable on the Effective Date and not applicable if the FRA Amount is payable on the Termination Date
- (11) Identical financial centres for fixings and payments.

2.3.6 Terms for ISDA Zero Coupon Inflation Swaps

In addition to the general terms for ISDA Interest Rate Swaps, the following product-specific terms, which are specified in, or may be derived from, the relevant Swap Trade Novation Report shall apply to ISDA Zero Coupon Inflation Swaps:

- (1) Fixed Amounts:
 - (a) Fixed Rate Payer
 - (b) Fixed Rate Payer Payment Date (subject to adjustment in accordance with any applicable business day convention)
 - (c) Fixed Rate (zero coupon) and Fixed Rate Day Count Fraction, or
- (2) Floating Amounts:
 - (a) Floating Rate Payer
 - (b) Floating Rate Payer Payment Date (subject to adjustment in accordance with any applicable business day convention)
 - (c) Initial Inflation Index Level, if applicable
 - (d) Inflation Index Name
 - (e) Floating Rate Day Count Fraction
 - (f) Inflation Index Fixing Lag
 - (g) Inflation Index Interpolation Method

2.4 Terms for DRV Interest Rate Derivative Transactions

The product-related terms for DRV Interest Rate Derivative Transactions set out below are specified in the relevant Swap Trade Novation Report on the basis of the Trade Record transmitted via the ATS.

The following definitions and general provisions shall apply to DRV Interest Rate Derivative Transactions:

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- (1) If a Due Date is not a Business Day, each payment shall be made and any other obligation shall be performed under the relevant Interest Rate Derivative Transaction as follows (the “**Business Day Convention**”), as specified in the Swap Trade Novation Report:
 - (a) on the immediately preceding Business Day (“**Preceding**”); or
 - (b) on the immediately following Business Day (“**Following**”); or
 - (c) on the immediately following Business Day unless that day falls in the next calendar month, in which case the relevant payment or other performance is to be made on the immediately preceding Business Day (“**Modified Following**”).
- (2) “**Business Day**” means any day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the place(s) specified in the Swap Trade Novation Report or, if EUTA is specified in the Swap Trade Novation Report, a TARGET Settlement Day.
- (3) Any Base Rate (as defined below) will be rounded (*kaufmännisch gerundet*), if necessary, to the nearest 1/100000 of a percentage point.
- (4) The “**Fixed Rate**” (*Festsatz*) shall be the rate, expressed as a decimal, that is specified as fixed rate in the Swap Trade Novation Report.
- (5) The “**Floating Rate**” (*Variabler Satz*) shall be a rate expressed as a decimal equal to:
 - (a) the floating rate specified as such in the Swap Trade Novation Report (the “**Base Rate**”) or,
 - (b) in case of DRV Interest Rate Derivative Transactions in the form of forward rate agreements, the rate determined as follows:
 - (aa) for payments by the Seller, the Base Rate minus the Forward Rate (*Terminsatz*); and
 - (bb) for payments by the Buyer, the Forward Rate minus the Base Rate.
- (6) “**Day Count Fraction**” (*Zinstagesquotient*) means any of the following:
 - (a) If “**Act/360**” is specified in the Swap Trade Novation Report, the actual number of days in the Calculation Period in respect of which payment is being made divided by 360.
 - (b) If “**Act/365 (Fixed)**” is specified in the Swap Trade Novation Report, the actual number of days in the Calculation Period in respect of which payment is being made divided by 365.
 - (c) If “**Act/Act (ISDA)**” applies pursuant to Number 2.2.6, the actual number of days in the Calculation Period in respect of which payment is being made

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divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365).

- (d) If “**Act/Act (ICMA)**” applies pursuant to Number 2.2.6, a fraction equal to “**number of days accrued/number of days in year**”, as such terms are used in Rule 251 of the statutes, by-laws, rules and recommendations of the International Capital Markets Association (the “**ICMA Rule Book**”), calculated in accordance with Rule 251 of the ICMA Rule Book as applied to non US Dollars denominated straight and convertible bonds issued after December 31, 1998, as though the interest coupon on a bond were being calculated for a coupon period corresponding to the Calculation Period in respect of which payment is being made.
- (e) If “**30/360**” or “**30E/360**” or “**30E/360 (ISDA)**” applies pursuant to Number 2.2.6, the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

Day Count Fraction = $\{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)\}$ divided by 360

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is:

(aa) in case of 30/360 and 30E/360, the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; or

(bb) in case of 30E/360 (ISDA), the first calendar day, expressed as a number, of the Calculation Period, unless (A) that day is the last day of February or (B) such number would be 31, in which case D₁ will be 30; and

“**D₂**” is:

(aa) in case of 30/360, the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such

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number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;
or

(bb) in case of 30E/360, the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D_2 will be 30; or

(cc) in case of 30E/360 (ISDA), the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (A) that day is the last day of February but not the Termination Date (*Enddatum*) or (B) such number would be 31, in which case D_2 will be 30.

- (7) “**Calculation Period**” (*Berechnungszeitraum*) means the period from, and including, the Effective Date (*Anfangsdatum*) or a Payment Date (*Zahlungstermin*) to, but excluding, the next following Payment Date or the Termination Date (*Enddatum*). “**Payment Date**” means a day on which a payment actually is to be made after, if necessary, an adjustment was made pursuant to Paragraph (1) above. “**Due Date**” means the scheduled payment date without such an adjustment.
- (8) The terms and related definitions of DRV Interest Rate Derivative Transactions shall be interpreted in accordance with international market practice for Interest Rate Derivative Transactions and shall be given the same meaning as they would in German law-governed Interest Rate derivative transactions entered into on the basis of documentation published by Association of German Banks (*Bundesverband deutscher Banken e.V., Berlin*).

2.4.1 General terms for DRV Interest Rate Swaps

In the case of DRV Interest Rate Derivative Transactions that are interest rate swaps according to the relevant Swap Trade Novation Report (each a “**DRV Interest Rate Swap**”), the fixed rate payer (*Zahler der Festbeträge*) (if any) shall pay the Fixed Amounts (*Festbeträge*) on the fixed rate payer payment date (*Fälligkeitstag für Festbeträge*) and the relevant floating rate payer (*Zahler der variablen Beträge*) shall pay the Floating Amounts on the floating rate payer payment date (*Fälligkeitstag für variable Beträge*), each such amount being payable in the contractual currency.

In this context, the following general terms to be derived from the Swap Trade Novation Report shall apply:

- (1) Notional amount (*Bezugsbetrag*) as specified in the Swap Trade Novation Report under “**calculation period amount**” (the “**Notional Amount**”), which, in case of variable notional amounts, can be set out in a notional schedule.
- (2) Contractual currency (*Vertragswährung*), which shall be the currency of the Notional Amount.
- (3) Trade Date (*Abschlussdatum*)
- (4) Effective Date (*Anfangsdatum*)

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(5) Termination Date (*Enddatum*)

(6) If applicable: the Business Day Convention with respect to the Termination Date and any other due date.

2.4.2 Terms for Fixed Rate-Floating Rate DRV Interest Rate Swaps

In addition to the general terms for DRV Interest Rate Swaps, the following product-specific terms, which are specified in, or may be derived from, the relevant Swap Trade Novation Report, shall apply to fixed rate-floating rate DRV Interest Rate Swaps (including OIS):

(1) Fixed rate payer (*Zahler der Festbeträge*)

(2) either

(a) Fixed Rate (*Festsatz*), which may be a zero coupon (if applicable) and Fixed Rate Day Count Fraction (*Quotient für Festbeträge*); or

(b) in case of IRS other than OIS, fixed amount (which may be a lump sum payable under a zero coupon swap, if applicable); or

(c) in case of fixed rates that may change across the Calculation Periods, a fixed rate payer schedule in which the fixed rates applicable to the relevant Calculation Periods are specified.

(3) Fixed rate payer payment dates (*Fälligkeitstage für Festbeträge*)

(4) Business Day for fixed rate payments

(5) Floating rate payer (*Zahler der variablen Beträge*)

(6) Base Rate (*Basis-Satz*)

(7) Spread (if the Spread is variable it can be set out in a Spread schedule)

(8) Floating rate payer payment dates (*Fälligkeitstage für variable Zahlungen*)

(9) Floating Rate Day Count Fraction (*Zinstagesquotient für variable Beträge*)

(10) Business Day for floating rate payments

(11) Compounding ("**straight**") or Flat Compounding, if applicable

(12) if Compounding ("**straight**") or Flat Compounding is applicable: Compounding Dates.

2.4.3 Terms for Floating Rate-Floating Rate DRV Interest Rate Swaps

In addition to the general terms for DRV Interest Rate Swaps, the following product-specific terms, which are specified in, or may be derived from, the relevant Swap Trade Novation Report, shall apply to floating rate-floating rate swaps ("**basis**" swaps):

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(1) Floating rate payer 1 (*Zahler der variablen Beträge 1*):

- (a) Base Rate (*Basis-Satz*)
- (b) Spread (if the Spread is variable it can be set out in a Spread schedule)
- (c) Floating rate payer Payment Dates (*Fälligkeitstage für variable Zahlungen*)
- (d) Floating Rate Day Count Fraction (*Zinstagesquotient für variable Beträge*)
- (e) Business Day for floating rate payments
- (f) Compounding ("**straight**") or Flat Compounding, if applicable
- (g) if Compounding ("**straight**") or Flat Compounding is applicable:
Compounding Dates.

(2) Floating rate payer 2 (*Zahler der variablen Beträge 2*):

- (a) Base Rate (*Basis-Satz*)
- (b) Spread (if the Spread is variable it can be set out in a Spread schedule)
- (c) Floating rate payer Payment Dates (*Fälligkeitstage für variable Zahlungen*)
- (d) Floating Rate Day Count Fraction (*Zinstagesquotient für variable Beträge*)
- (e) Business Day for floating rate payments
- (f) Compounding ("**straight**") or Flat Compounding, if applicable
- (g) if Compounding ("**straight**") or Flat Compounding is applicable:
Compounding Dates.

2.4.4 Terms for DRV Forward Rate-Agreements

The following product-specific terms, which are specified in, or may be derived from, the relevant Swap Trade Novation Report shall apply to forward rate agreements that are DRV Interest Rate Derivative Transactions:

- (1) Notional amount (*Bezugsbetrag*) as specified in the Swap Trade Novation Report under "**calculation period amount**" (the "**Notional Amount**")
- (2) Contractual currency (*Vertragswährung*), which shall be the currency of the Notional Amount.
- (3) Trade Date (*Abschlussdatum*)
- (4) Effective Date (*Anfangsdatum*)
- (5) Termination Date (*Enddatum*)

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(6) If applicable: the Business Day Convention with respect to the Termination Date and any other due date.

(7) Payment obligations: On the Due Date for the FRA Amount (*Fälligkeitstag für den FRA-Ausgleichsbetrag*), the payer of the FRA Amount shall pay the FRA Amount (*FRA-Ausgleichsbetrag*) to the other party.

(8) Provisions relating to the payment of the Floating Amount (the “**FRA Amount**”):

Payer of the FRA Amount: the party specified as floating rate payer (“**Seller**”) if the Base Rate is greater than the Forward Rate;

or

the party specified as fixed rate payer (“**Buyer**”) if the Base Rate is less than the Forward Rate.

Forward Rate (*Terminsatz*): the rate, expressed as a decimal, that is specified as fixed rate in the Swap Trade Novation Report (the “**Forward Rate**”).

Base Rate (*Basis-Satz*)

Spread: none

Due Date for the FRA Amount: the Effective Date (on which the FRA Amount shall be paid in one payment) or the Termination Date, as applicable.

Calculation of the FRA Amount: The FRA Amount shall be calculated as a Floating Amount in accordance with Number 2.2.4 Paragraph (1) provided that: (i) the Floating Rate shall be determined pursuant to Number 2.4 Paragraph (5) (b);

and

(ii) in case the Due Date of the FRA Amount is the Effective Date the Floating Amount shall be discounted by dividing it by an amount determined in accordance with the following formula (in case of a Calculation Period not longer than one year):

$$1 + (RM \times D/B)$$

Where:

“**RM**” means the Base Rate for the relevant Calculation Period;

“**D/B**” means the Floating Rate Day Count Fraction.

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Floating Rate Day Count Fraction (*Zinstagesquotient für variable Beträge*)

Business Day.

2.5 Interest Rate Derivatives Multilateral Compression

- (1) Eurex Clearing AG may from time to time agree with one or more FCM Clearing Members and Non-FCM Clearing Members on the termination of Swap Transactions that are Interest Rate Derivative Transactions and their subsequent replacement with other Swap Transactions whose combined notional value is less than that of the terminated Swap Transactions (an **"Interest Rate Derivatives Multilateral Compression"**). Interest Rate Derivatives Multilateral Compression may only include Swap Transactions that are Own Transactions.
- (2) Interest Rate Derivatives Multilateral Compression takes place by way of novation on the terms of a proposal of TriOptima AB (Accepted Unwind Proposal) and as of the time when TriOptima AB receives the respective clearing confirmation from Eurex Clearing AG (Eurex Clearing Confirmation) (the **"Interest Rate Derivatives Compression Time"**).

2.5.1 Interest Rate Derivatives Compression Run

- (1) The process leading to an Interest Rate Derivatives Multilateral Compression (an **"Interest Rate Derivatives Compression Run"**) is operated by a third party compression services provider appointed by Eurex Clearing AG (an **"Interest Rate Derivatives CSP"**) and carried out on the basis of documentation as agreed between Eurex Clearing AG, the relevant Interest Rate Derivatives CSP and the FCM Clearing Members and Non-FCM Clearing Members participating in the Interest Rate Derivatives Compression Run (the **"Interest Rate Derivatives Compression Documentation"**).
- (2) Participation by an FCM Clearing Member in an Interest Rate Derivatives Compression Run presupposes that the FCM Clearing Member:
 - (a) is a party to the Interest Rate Derivatives Compression Documentation up to and including the Interest Rate Derivatives Compression Time;
 - (b) is eligible to participate in the Interest Rate Derivatives Compression Run according to the requirements determined by Eurex Clearing AG and those set out in the Interest Rate Derivatives Compression Documentation; and
 - (c) has nominated those Swap Transactions which it wishes to make available for Interest Rate Derivatives Multilateral Compression in accordance with the Interest Rate Derivatives Compression Documentation.
- (3) In relation to each Interest Rate Derivatives Compression Run, Eurex Clearing AG will instruct the Interest Rate Derivatives CSP according to the Interest Rate Derivatives Compression Documentation to:

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- (a) notify FCM Clearing Members meeting the criteria under Paragraph (2) of the timing and procedure for the Interest Rate Derivatives Compression Run;
 - (b) produce a statement as to the proposed set of terminating Swap Transactions and the proposed set of resulting Swap Transactions to which each participating FCM Clearing Member is or will become party to (the **"Interest Rate Derivatives Compression Proposal"**); and
 - (c) communicate such Interest Rate Derivatives Compression Proposal to each participating FCM Clearing Member for acceptance in the manner contemplated in the Interest Rate Derivatives Compression Documentation.
- (4) Eurex Clearing AG reserves the right to determine in its sole discretion whether Swap Transactions proposed for inclusion in an Interest Rate Derivatives Compression Run may be so included.
 - (5) Eurex Clearing AG may disclose details of any Swap Transaction to be included in an Interest Rate Derivatives Compression Run and related information in respect of participating FCM Clearing Members to the Interest Rate Derivatives CSP in order to facilitate the Interest Rate Derivatives Compression Run.
 - (6) In order to facilitate the Interest Rate Derivatives Compression Run, Eurex Clearing AG may lock Swap Transactions which are included in an Interest Rate Derivatives Compression Run for such processing as described in Numbers 2.6 to 2.8 (Trade Netting and Accumulation, Transfer of Swap Transactions and Account Transfer and Termination).
 - (7) The Interest Rate Derivatives CSP will provide information on termination fees related to an Interest Rate Derivatives Compression Run to Eurex Clearing AG on trade level per FCM Clearing Member. Number 2.1.5.1 Paragraph (3) applies *mutatis mutandis* to such termination fees.

2.5.2 Acceptance of Interest Rate Derivatives Compression Proposal

- (1) Interest Rate Derivatives Multilateral Compression shall take place in accordance with the terms of an Interest Rate Derivatives Compression Proposal which has been accepted by all participating FCM Clearing Members and Non-FCM Clearing Members in the manner and by the time specified in the Interest Rate Derivatives Compression Documentation. The Interest Rate Derivatives CSP's confirmation to Eurex Clearing AG that an FCM Clearing Member has accepted the Interest Rate Derivatives Compression Proposal shall constitute a binding offer by such FCM Clearing Member to Eurex Clearing AG for the novation of Swap Transactions as set out in the Interest Rate Derivatives Compression Proposal.
- (2) Subsequent to an FCM Clearing Member's acceptance of an Interest Rate Derivatives Compression Proposal but prior to the Interest Rate Derivatives Compression Time, Eurex Clearing AG may require the FCM Clearing Member to provide additional Eligible Margin Assets in relation to the Swap Transactions that will result from the Interest Rate Derivatives Multilateral Compression. For such

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purpose, Part 1 Number 1.2.3 Paragraph (1) Clause 6 applies *mutatis mutandis*, provided that instead of Original Swap Transactions and Swap Transactions the proposed set of terminating Swap Transactions and the proposed set of resulting Swap Transactions pursuant to Number 2.5 shall be relevant. Eurex Clearing AG will require such Eligible Margin Assets in addition to the Margin Requirement required pursuant to Chapter I Number 3.2, 5.2, 6.4.3 or 6.5.4, as applicable, and this Chapter II Part 1 Number 1.2.3 Paragraph (1) (f).

- (3) The acceptance of an Interest Rate Derivatives Compression Proposal by the participating FCM Clearing Members shall not bind or require Eurex Clearing AG to carry out the Interest Rate Derivatives Multilateral Compression. At any time prior to the Interest Rate Derivatives Compression Time, Eurex Clearing AG may in its sole discretion decide to reject the Interest Rate Derivatives Compression Proposal and/or to end the Interest Rate Derivatives Compression Run. In particular, Eurex Clearing AG may reject an Interest Rate Derivatives Compression Proposal if:
 - (a) an FCM Clearing Member or Non-FCM Clearing Member which has accepted an Interest Rate Derivatives Compression Proposal is not eligible to participate in the Interest Rate Derivatives Compression Run;
 - (b) any Swap Transaction included in the Interest Rate Derivatives Compression Proposal as a terminating or resulting Transaction is not eligible for Multilateral Interest Rate Derivatives Compression or for inclusion in Clearing;
 - (c) any FCM Clearing Member or Non-FCM Clearing Member due to participate in the Interest Rate Derivatives Compression Run rejects the Interest Rate Derivatives Compression Proposal or does not provide the required Eligible Margin Assets; or
 - (d) the cash flow flat check performed by Eurex Clearing AG yields that the ingoing and outgoing payments in respect of the Swap Transactions resulting from the Interest Rate Derivatives Compression Run would not offset within the applicable tolerance parameters.

2.6 Trade Netting and Accumulation

- (1) Eurex Clearing AG may agree with an FCM Clearing Member, acting for its FCM Clearing Member Own Transaction Account or the FCM Client Transaction Account of an FCM Client of the FCM Clearing Member upon the mutual cancellation ("**netting**") and the accumulation of Swap Transactions that are Interest Rate Derivative Transactions, provided that the relevant Swap Transactions are within the same FCM Clearing Member Own Transaction Account or the same FCM Client Transaction Account. In this case, the netting and accumulation shall be carried out on the basis of the following provisions agreed upon by Eurex Clearing AG and the FCM Clearing Member, including when acting as agent on behalf of the relevant FCM Client. Such agreement may be terminated by the FCM Clearing Member, including when acting as agent on behalf of the relevant FCM Client, with the effect on the Business Day following the receipt of the termination notice by Eurex Clearing AG.

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- (2) Eurex Clearing AG is not obliged to verify whether the netting or accumulation instructions given by the FCM Clearing Member in respect of an FCM Client Transaction Account for an FCM Client of the FCM Clearing Member is valid or consistent with the FCM Clearing Member's contractual arrangements with such FCM Client.

2.6.1 Inclusion of Swap Transactions in the Netting and Accumulation Process

- (1) All Swap Transactions that are Interest Rate Derivative Transactions are eligible for netting provided that:
- (a) the relevant Interest Rate Trade Criteria are identical; and
 - (b) Swap Transactions booked on an FCM Clearing Member's FCM Clearing Member Own Transaction Account may not be netted with Swap Transactions booked on an FCM Client Transaction Account and vice versa; and
 - (c) Swap Transactions booked on an FCM Client Transaction Account may not be netted with Swap Transactions booked on another FCM Client Transaction Account.

"Interest Rate Trade Criteria" means the commercial terms of the relevant Swap Transactions, in particular:

- (a) with respect to IRS, ZCIS and OIS:

- (aa) the following basic criteria:

Product type, currency, floating rate or inflation index and rate index tenor, termination date, all future payment dates, current applicable floating rate that has been fixed, fixed rate (except for rate blending), day count convention (for each of the relevant fixed and/or floating rate payment obligations of each party), reset date, business day convention; and

- (bb) the following additional criteria, as applicable:

- (A) with respect to Interest Rate Stub Periods that have not expired:

stub period start date, stub period length, type of Interest Rate Stub Period, stub index tenors, manually provided first fixed floating rate;

- (B) for floating rate swaps that have a schedule structure (including floating rate swaps with a variable notional amount, as applicable):

schedule structure (bullet/schedule), relative change of notional for each payment period (if applicable), future notional/floating rate/spread schedule start date for each forward period, future spread value for each forward period, future coupon rate for each forward period;

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(C) for IRS to which Compounding (“**straight**”) or Flat Compounding applies:

Compounding method, compounding spread, compounding frequency;

(b) with respect to FRA:

Product type, currency, rate index, rate index tenor, maturity date, payment date, current applicable floating rate, fixed rate (except for rate blending), day count convention, discount method, reset date, business day convention.

- (2) With respect to the eligibility of Swap Transactions that are Interest Rate Derivative Transactions for accumulation, Paragraph (1) shall apply *mutatis mutandis*.
- (3) Swap Transaction will be netted and/or accumulated, if the Swap Transactions have been designated for netting and/or accumulation, as the case may be, by the FCM Clearing Member, including when acting as agent on behalf of the relevant FCM Client, in the system of Eurex Clearing AG (“**Interest Rate Optional Netting**”). Such designation shall be submitted no later than by 10:00 p.m. (Frankfurt am Main time) on the relevant Business Day.
- (4) Instead of Interest Rate Optional Netting, an FCM Clearing Member may select
 - (i) that all Own Transactions are netted or accumulated, as the case may be, at the end of each Business Day and
 - (ii) that all FCM Client Transactions in an FCM Client Transaction Account are netted or accumulated, as the case may be, at the end of each Business Day.

2.6.2 Netting and Accumulation Procedure

- (1) The Swap Transactions selected for netting shall be netted with each other to the maximum extent possible on each netting level for the relevant FCM Clearing Member Own Transaction Account or FCM Client Transaction Account. Upon closing of the netting, all Swap Transactions that were netted are cancelled.

The remaining Swap Transactions for which there is no counterposition with which they can be netted may be accumulated and novated to one or more Swap Transaction(s) of the same Product Type with the aggregate notional amount of the accumulated Swap Transactions. The Swap Transactions existing before the accumulation that were accumulated shall be cancelled.

- (2) The Swap Transactions to be accumulated shall be novated to one or more Swap Transaction(s) of the same Product Type with the aggregate notional amount of the accumulated Swap Transactions. The Swap Transactions existing before the accumulation that were accumulated shall be cancelled.
- (3) If the Swap Transactions subject to netting or accumulation are all ISDA Interest Rate Derivative Transactions only, the remaining Swap Transactions for which there is no counterposition with which they can be netted will be novated to ISDA Interest Rate Derivative Transactions.

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If the Swap Transactions subject to netting or accumulation are all DRV Interest Rate Derivative Transactions only, the remaining Swap Transactions for which there is no counterposition with which they can be netted will be novated to DRV Interest Rate Derivative Transactions.

If the Swap Transactions subject to netting or accumulation are both ISDA Interest Rate Derivative Transactions and DRV Interest Rate Derivative Transactions, the remaining Swap Transactions for which there is no counterposition with which they can be netted will be novated to ISDA Interest Rate Derivative Transactions, provided that if in the case of Netting Level 1 and 2 and netting of one ISDA Interest Rate Derivative Transaction with one DRV Interest Rate Derivative Transaction the DRV Interest Rate Derivative Transaction has a higher notional amount such remaining Swap Transactions will be novated to a DRV Interest Rate Derivative Transaction.

“Netting Levels” are rule sets to be selected by the FCM Clearing Member for each FCM Clearing Member Own Transaction Account or FCM Client Transaction Sub-Account, respectively, defining to which degree Trade Criteria must match, where a higher level improves the netting efficiency by requiring a lower degree of matching Trade Criteria.

- (4) The netting or, if applicable, the accumulation of the Swap Transactions will become effective when the Swap Trade Daily Summary Report, in which such event is included, is made available to the FCM Clearing Members, including when acting as agent on behalf of the relevant FCM Client.

2.7 Transfer of Swap Transactions, Account Transfer and Trade Amendment

- (1) A Swap Transaction may be (i) transferred in accordance with Paragraphs (2) to (4) and Numbers 2.7.1 and 2.7.2 below or (ii) amended in accordance with Number 2.7.4.
- (2) The transfer of a Swap Transaction will be performed against payment of a cash settlement amount calculated by Eurex Clearing AG on the basis of the daily evaluation price (as set out in Number 2.1.6). Furthermore, the relevant FCM Clearing Member(s) or Non-FCM Clearing Member may specify in the system of Eurex Clearing AG an additional amount payable by the transferring FCM Clearing Member or Non-FCM Clearing Member in connection with the transfer. All amounts payable under this Paragraph (2) will be settled via Eurex Clearing AG.
- (3) Any novation through which a transfer pursuant to Number 2.7.1 is to be made shall take effect when a respective Swap Trade Daily Summary Report is made available to the relevant FCM Clearing Member(s) or Non-FCM Clearing Member electronically via Eurex Clearing AG's system.
- (4) For the avoidance of doubt, Eurex Clearing AG is not obliged to verify whether the transfer or account transfer instructions were given by the relevant FCM Client to the FCM Clearing Member making the transfer request on the FCM Client's behalf.

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2.7.1 Transfer of a Swap Transaction to another FCM Clearing Member or Non-FCM Clearing Member (Trade Transfer)

- (1) Upon request of an FCM Clearing Member or Non-FCM Clearing Member, including when acting as agent on behalf of the relevant FCM Client of an FCM Clearing Member, entered into the system of Eurex Clearing AG, a Swap Transaction may be transferred from an FCM Clearing Member or Non-FCM Clearing Member to another FCM Clearing Member or Non-FCM Clearing Member holding the required Interest Rate Derivatives Clearing License.
- (2) Any transfer or partial transfer of an FCM Client Transaction may be effected pursuant to Chapter I Number 1.3.3. Paragraph (3) and is subject to Chapter II Part 2 Number 2.7.3.

2.7.2 Account Management or Account Transfers

- (1) An FCM Clearing Member, including when acting as agent on behalf of a relevant FCM Client, may book Swap Transactions to or from any of its transaction accounts in accordance with this Number 2.7.2. Any such transfer relating to FCM Client Transactions may be effected pursuant to Chapter I Number 1.3.3 Paragraph (3) and is subject to Number 2.7.3.
- (2) Such bookings may also be made with respect to part of a Swap Transaction except for an Interest Rate Derivative Transaction with a notional, fixed rate or floating rate spread schedule in which case only the entire Swap Transaction may be booked in accordance with Paragraph 1.
- (3) Upon request of an FCM Clearing Member, including when acting as agent on behalf of the relevant FCM Client, Eurex Clearing AG may book
 - (a) an Own Transaction from any FCM Clearing Member Own Transaction Account to an FCM Client Transaction Account,
 - (b) an FCM Client Transaction from an FCM Client Transaction Account to its FCM Clearing Member Own Transaction Account, or
 - (c) an FCM Client Transaction from an FCM Client Transaction Account to another FCM Client Transaction Account of another FCM Client of the FCM Clearing Member.

2.7.3 Specific Provisions for Transfer of an FCM Client Transaction

Eurex Clearing AG will transfer an FCM Client Transaction under Chapter I Number 1.3.3 Paragraph (3) at the request of an FCM Clearing Member made on behalf of the FCM Clearing Member's FCM Client, subject to the following:

- (1) By submitting the request, the transferring FCM Clearing Member is deemed to represent to Eurex Clearing AG that it is acting at the request of the FCM Client for the relevant FCM Client Transaction Account out of which the FCM Client Transaction will be transferred.

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- (2) By submitting the request, the transferring FCM Clearing Member is deemed to represent to Eurex Clearing AG that the FCM Client on whose behalf it is acting is not in default to the FCM Clearing Member, and that it will hold appropriate margin in its internal account for the FCM Client to cover any positions remaining in such account following the transfer.
- (3) The Clearing Member that will receive the FCM Client Transactions that is the subject of the transfer has consented to the transfer.
- (4) By consenting to the transfer, the receiving Clearing Member is deemed to represent to Eurex Clearing AG that it will hold appropriate margin in its relevant internal account to cover the positions being transferred to it.
- (5) If an FCM Client Transaction is subject to a partial transfer, Eurex Clearing AG will first split the transaction into two FCM Client Transactions, one in the amount that is subject to the partial transfer and the other in the amount of the portion that is not being transferred.

Subject to the foregoing conditions, the FCM Client Transaction being transferred will be transferred by way of assumption of contract, without close out and rebooking of the transaction.

2.7.4 Trade Amendment

An FCM Clearing Member, including when acting as agent on behalf of the relevant FCM Client, may, by means of an entry in Eurex Clearing AG's system, split Swap Transactions and assign new customer references to the new Swap Transactions resulting from the trade split provided that such new Swap Transactions are booked in the same FCM Clearing Member Own Transaction Account or FCM Client Transaction Account as the Swap Transaction that existed before the trade split was made. As a result, new Swap Transactions will be established with an aggregate nominal amount being equal to the nominal amount of the Swap Transaction that was split.

2.8 Early Termination

- (1) An FCM Clearing Member, including when acting as agent on behalf of the relevant FCM Client, may, with the consent of Eurex Clearing AG, early terminate a Swap Transaction that is an Interest Rate Derivative Transaction in accordance with this Number 2.8.
- (2) Any early termination pursuant to this Number 2.8 shall take effect when a respective Swap Trade Daily Summary Report is made available to the relevant FCM Clearing Members or Non-FCM Clearing Member via Eurex Clearing AG's system.
- (3) Without prejudice to the early termination provisions set out in this Number 2.8 and any termination rights an FCM Clearing Member may have pursuant to Chapter I, FCM Clearing Members have no right to exercise any early termination option under any Swap Transaction and no mandatory early termination shall apply to a Swap

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Transaction. This paragraph shall not restrict the parties to agree on a bilateral basis that one party shall have a right to demand from the other party its consent to a termination of Swap Transactions.

- (4) With respect to the early termination of FCM Client Transactions, Eurex Clearing AG is not obliged to verify whether the termination instructions were given by the relevant FCM Client to the FCM Clearing Member.

2.8.1 Conversion of FCM Client Transactions into Own Transactions

- (1) In accordance with Chapter I Number 10, an FCM Clearing Member may convert an FCM Client Transaction into an Own Transaction of the FCM Clearing Member. Such conversion may also be effected with respect to part of an FCM Client Transaction except for an Interest Rate Derivative Transaction with a notional, fixed rate or floating rate spread schedule in which case only the entire FCM Client Transaction may be converted.
- (2) A Swap Transaction converted into an Own Transaction pursuant to Paragraph (1) will be credited to the FCM Clearing Member Own Transaction Account.

2.8.2 Termination of Own Transactions and FCM Client Transactions

A Swap Transaction constituting an Own Transaction or FCM Client Transaction of the FCM Clearing Member may only be terminated if the following requirements are met:

- (1) if the Swap Transaction is terminated together with a Swap Transaction between Eurex Clearing AG and another FCM Clearing Member or Non-FCM Clearing Member that was concluded as an Own Transaction, FCM Client Transaction or client-related transaction and which has corresponding terms,
- (2) against the payment of a cash settlement amount calculated by Eurex Clearing AG on the basis of the daily evaluation price (as set out in Number 2.1.6), and
- (3) provided that:
 - (a) Eurex Clearing AG and the FCM Clearing Member and the other FCM Clearing Member or Non-FCM Clearing Member have given their consent to such termination;
 - (b) the FCM Clearing Member and the other FCM Clearing Member or Non-FCM Clearing Member were a party to the Original Swap Transaction; and
 - (c) none of the two Swap Transactions created upon novation of the Original Swap Transaction was subject to (i) any netting or accumulation pursuant to Number 2.6 or (ii) a transfer or trade amendment pursuant to Number 2.7.

If the FCM Clearing Member and the other FCM Clearing Member or Non-FCM Clearing Member have given their consent to the termination request in accordance with Number 2.8.2 Paragraph (3) (a), they may cancel such a request as long as the risk check performed by Eurex Clearing AG has not yet been successfully completed.

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A termination pursuant to this Number 2.8.2 may also be effected with respect to part of a Swap Transaction except for an Interest Rate Derivative Transaction with a notional, fixed rate or floating rate spread schedule in which case only the entire Swap Transaction may be terminated.

All amounts payable under this Number 2.8.2 will be settled via Eurex Clearing AG.

2.9 Use of Data provided by Eurex Clearing AG

An FCM Clearing Member may not use any data provided to it by Eurex Clearing AG in connection with the determination of the daily evaluation price or the determination of the relevant Business Day without the prior consent of Eurex Clearing AG, save for the purposes of fulfilling its own obligations vis-à-vis its FCM Clients relating to corresponding interest rate derivative transactions or in order to comply with an obligation vis-à-vis a competent regulatory authority.

FCM Regulations of Eurex Clearing AG – Appendix 1 – is being newly introduced.

Appendix 1 to the FCM Regulations of Eurex Clearing AG:

FCM Clearing Agreement

with an FCM Clearing Member for the Clearing of FCM Client
Transactions under the FCM Regulations of Eurex Clearing AG

As of 17.09.2018

This Clearing Agreement (the “**Agreement**”) is dated the last date specified on the signature page hereof and entered into

BETWEEN:

- (1) _____
(legal name)
- ☐ acting through / ☐ having its (☐ registered) office at
- _____
- _____
- _____
- _____
- as FCM Clearing Member (the “**FCM Clearing Member**”);
- (2) Eurex Clearing Aktiengesellschaft, a stock company (*Aktiengesellschaft*) incorporated under the laws of Germany, registered in the commercial register of the local court (*Amtsgericht*) in Frankfurt am Main under HRB 44828 and having its registered seat in Frankfurt am Main, with its business address at Mergenthalerallee 61, 65760 Eschborn, Germany (“**Eurex Clearing AG**”).

The FCM Clearing Member and Eurex Clearing AG are hereinafter also referred to as the “**Parties**” and each of them as a “**Party**”. Unless the context requires otherwise, terms used in this Agreement shall have the meaning given to them in the *FCM Regulations of Eurex Clearing AG* (the “**FCM Regulations**”) (including by way of reference made therein).

1. The Parties enter into this Agreement for the Clearing of:

- (1) Own Transactions, and
- (2) FCM Client Transactions.

The FCM Clearing Member shall be granted an FCM Clearing License for the Clearing of Interest Rate Derivative Transactions pursuant to Chapter II Part 2 of the FCM Regulations.

Instructions of the FCM Clearing Member that can be made according to the FCM Regulations shall be made in the form requested by Eurex Clearing AG.

2. This Agreement incorporates by reference the FCM Clearing Conditions.

3. Eurex Clearing AG charges fees to the FCM Clearing Member (acting for the account of its FCM Clients) for the provision of Clearing services in accordance with the FCM Regulations and the Price List for Eurex Clearing AG, in each case as amended from time to time.

4. The FCM Clearing Member makes to Eurex Clearing AG amongst others the representations and warranties set out in under Chapter I Number 1.7.1, 1.7.2, and 1.7.3 of the FCM Regulations (*Representations and Undertakings with Respect to the FCM Clearing Agreement*).

Eurex Clearing AG makes the representations and warranties set out in Chapter I Number 1.7.4 of the FCM Regulations.

5. Unless otherwise agreed between the FCM-Clearing Member and Eurex Clearing AG, the FCM Clearing Member undertakes to enter into a pledge agreement with Eurex Clearing AG in the form of Appendix 2 to the FCM Regulations in order to grant pledges required pursuant to Chapter I Number 3.2.3 of the FCM Regulations in order to provide Initial Margin or Supplementary Margin in the form of securities to Eurex Clearing AG.

6. Eurex Clearing AG and the FCM Clearing Member hereby enter into the following trust arrangements in relation to Initial Margin or Supplementary Margin for FCM Client Transactions in the form of cash:

- (1) Eurex Clearing AG will open and maintain the following accounts in which Initial Margin and Supplementary Margin in the form of cash in respect of an FCM Client Margin Account have to be booked (each such account a **"Trust Account"**):
 - the Eurex Clearing AG FCM Client RTGS Account, and
 - any account of Eurex Clearing AG with a Settlement Bank in any currency accepted by Eurex Clearing AG for the delivery of Initial Margin or Supplementary Margin for FCM Client Transactions in form of cash, maintained in the name of Eurex Clearing AG.

Each Trust Account shall be opened and maintained as an open trust account (*offenes Treuhandkonto*) solely for purposes of holding Initial Margin or Supplementary Margin for FCM Client Transactions in the form of cash delivered by all FCM Clearing Members of Eurex Clearing AG in respect of any FCM Client Margin Account(s) and solely for the benefit of the FCM Clearing Members of Eurex Clearing AG.

- (2) Eurex Clearing AG holds and will hold all amounts credited to any Trust Account on trust (*treuhänderisch*) for the FCM Clearing Member and the other FCM Clearing Members.
- (3) Eurex Clearing AG shall disclose each bank with which a Trust Account is maintained (each an "**Account Bank**") that all amounts credited to such Trust Account are held on trust (*treuhänderisch*) by Eurex Clearing AG. Eurex Clearing AG will inform the FCM Clearing Member of the account numbers of each Trust Account to which any Initial Margin or Supplementary Margin for its FCM Client Transactions in the form of cash is credited.
- (4) Eurex Clearing AG shall use reasonable endeavours to procure that the relevant Account Bank with which the Trust Account is maintained waives any right of set-off against any amounts credited to the Trust Account and any security interest, lien or charge it may have against any credit on the Trust Account, except as provided in any acknowledgement letter that Eurex Clearing AG will obtain from the Account Bank in accordance with CFTC Regulation 22.5.
- (5) Eurex Clearing AG will, in its books and records, record any Initial Margin or Supplementary Margin for FCM Client Transactions in the form of cash credited to the Trust Account in the relevant FCM Client Margin Account of each FCM Clearing Member and must not commingle any of its proprietary monies with any monies credited to any Trust Account from time to time. If Eurex Clearing AG becomes aware of any such commingling, it shall immediately rectify the relevant credits to the relevant Trust Account.
- (6) All payments of Initial Margin or Supplementary Margin for FCM Client Transactions in the form of cash with respect to any FCM Client Margin Account of the FCM Clearing Member shall be made by the FCM Clearing Member directly to the relevant Trust Account, provided that if Eurex Clearing AG receives any payment by the FCM Clearing Member of Initial Margin or Supplementary Margin for FCM Client Transactions in the form of cash denominated in EUR in relation to an FCM Client Margin Account in a Trust Account with a Settlement Bank, Eurex Clearing AG will, without undue delay, transfer a corresponding amount into the Eurex Clearing AG FCM Client RTGS Account.
- (7) The FCM Clearing Member hereby authorises and instructs Eurex Clearing AG to withdraw amounts (recorded and segregated in Eurex Clearing AG's books and records as Initial Margin or Supplementary Margin for FCM Client Transactions in the form of cash delivered by the FCM Clearing Member in respect of an FCM Client Margin Account) from any Trust Account only in order to

- (a) redeliver Excess Margin in accordance with the terms of the FCM Regulations,
- (b) discharge any FCM Client Secured Claims relating to the relevant FCM Client(s) that are due but unsatisfied,
- (c) transfer any such amounts to another Trust Account, or
- (d) otherwise release or repay amounts upon a termination of FCM Clearing Licenses, subject to and in accordance with the FCM Regulations.

7. This Agreement shall be entered into for an indefinite period of time and shall remain in effect until it is terminated by one of the Parties in accordance with the FCM Regulations.

This Agreement supersedes any previous written or oral agreement between the Parties in relation to the matters dealt with herein.

8. This Agreement shall be amended pursuant to Number 16.2 of the FCM Regulations, in the case of amendments to the form of this Agreement set out in Appendix 1 to the FCM Regulations. In addition, this Agreement may be amended at any time by written agreement between the Parties by executing an amended and restated version of this Agreement. The Annex to this Agreement may be amended by the submission of an amended Annex signed by the Clearing Member to Eurex Clearing AG and acceptance thereof by Eurex Clearing AG through respective entries in its production system.

9. Unless otherwise provided for in the FCM Regulations, the FCM Clearing Member shall not assign any of its respective rights or claims under this Agreement except with the prior written consent of Eurex Clearing AG.

10. This Agreement does not and is not intended to confer any rights to third parties.

11. This Agreement (except for Clause 6 and except for the inclusion of any parts of the FCM Clearing Conditions that are stated to be governed by German law) is governed by the substantive laws of the United States of America and of the State of New York. Clause 6 as well as the inclusion of any part of the FCM Clearing Conditions that is stated to be governed by German law are governed by the substantive laws, excluding German private international law, of the Federal Republic of Germany.

Any non-contractual rights and obligations arising out of or in connection with this Agreement shall also be governed by the laws of the State of New York.

12. The courts in Frankfurt am Main, Germany shall have exclusive jurisdiction (*ausschließlicher Gerichtsstand*) over any action or other legal proceedings arising out of or in connection with this Agreement.

13. The place of performance shall be Frankfurt am Main, Germany.

14. The FCM Clearing Member acknowledges and agrees that, if Eurex Clearing AG becomes subject to any mandatory provisions of any statute or regulation on the recovery and/or resolution of regulated entities, such as central counterparties, any measures taken by a competent authority with respect to Eurex Clearing AG under such statute or

regulation with respect to rights or obligations arising under the FCM Clearing Conditions (such as, without limitation, any partial or full termination of contracts, any haircutting of margin or variation margin, any cash calls or any write-down or conversion of liabilities) shall also be binding upon the FCM Clearing Member.

15. If any provision contained in this Agreement is or becomes invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not be affected. Such invalid, illegal or unenforceable provision shall be replaced by means of supplementary interpretation by a valid, legal and enforceable provision, which most closely approximates the parties' commercial intention. This shall also apply *mutatis mutandis* to any gaps in this Agreement.

AUTHORISED SIGNATURES
to the FCM Clearing Agreement

(as FCM Clearing Member)

(Place / Date)

Name:

Name:

Function:

Function:

Eurex Clearing Aktiengesellschaft

(Eurex Clearing AG)

(Place / Date)

Name:

Name:

Function:

Function:

FCM Regulations of Eurex Clearing AG – Appendix 2 – is being newly introduced.

Appendix 2 to the FCM Regulations of Eurex Clearing AG:

Pledge Agreement

relating to pledges of Eligible Margin Assets in the form of Securities

As of 17.09.2018

This agreement (the “**Agreement**”) is dated the last date set out on the signature page hereof and entered into

BETWEEN:

- (1) _____
(legal name)
- ☐ acting through / ☐ having its (☐ registered) office at
- _____
- _____
- _____
- _____
- as FCM Clearing Member (the “**FCM Clearing Member**”); and
- (2) Eurex Clearing Aktiengesellschaft, a stock company (*Aktiengesellschaft*) incorporated under the laws of the Federal Republic of Germany, registered in the commercial register of the local court (Amtsgericht) in Frankfurt am Main under HRB 44828 and having its registered office at Mergenthalerallee 61, 65760 Eschborn, Federal Republic of Germany (“**Eurex Clearing AG**”).

The FCM Clearing Member and Eurex Clearing AG are hereinafter also referred to as the “**Parties**” and each of them as a “**Party**”. Unless the context requires otherwise, terms used in this Agreement shall have the meaning given to them in the *FCM Regulations for Eurex Clearing AG* (the “**FCM Regulations**”) (including by way of reference made therein).

WHEREAS:

- (A) The Parties have entered or will enter into a Clearing Agreement in the form as appended to the FCM Regulations as Appendix 1 (as the same may have been or will be amended from time to time, the "Clearing Agreement").
- (B) The FCM Clearing Member intends to grant pledges for the benefit of Eurex Clearing AG for purposes of providing Initial Margin in accordance with the FCM Regulations.

NOW THEREFORE, the Parties agree as follows:

1 FCM Regulations

This Agreement incorporates by reference the FCM Regulations as amended from time to time. The FCM Regulations are available for download on the website of Eurex Clearing AG under www.eurexclearing.com.

2 Granting of Pledges

2.1 German Securities Accounts

The following securities account(s) or sub-account(s) of the FCM Clearing Member have been established with Clearstream Banking AG, Frankfurt am Main ("**CBF**") under German law:

Cascade and/or CBF Int 6-series Securities Margin Account/Sub-Account number(s):

--

each account specified (if any) an "**Own Pledged Securities Account**" for the purposes of granting of Initial Margin or Supplementary Margin for Own Transactions in accordance with the FCM Regulations; and

Cascade and/or CBF Int 6-series Securities Margin Account/Sub-Account number(s):

--

each account specified (if any) a "**FCM Client Pledged Securities Account**" for the purposes of granting Initial Margin or Supplementary Margin for FCM Client Transactions in accordance with the FCM Regulations.

2.2 Pledges of Securities in German Securities Accounts

For the avoidance of doubt, any pledges granted over securities in this Clause 2.2 include securities in the form of book-entries (*Gutschriften in Wertpapierrechnung*).

2.2.1 Granting of pledges with respect to Own Pledged Securities Accounts

If one or more Own Pledged Securities Accounts have been established pursuant to Clause 2.1, in order to provide Initial Margin or Supplementary Margin for Own Transactions in accordance with Chapter I Number 3 of the FCM Regulations, the FCM Clearing Member hereby pledges to Eurex Clearing AG all securities which are at present or are in the future deposited in any such Own Pledged Securities Account(s).

2.2.2 Granting of pledges with respect to FCM Client Pledged Securities Accounts

If one or more FCM Client Pledged Securities Accounts have been established pursuant to Clause 2.1, in order to provide Initial Margin or Supplementary Margin for FCM Client Transactions in accordance with Chapter I Number 3 of the FCM Regulations, the FCM Clearing Member hereby pledges to Eurex Clearing AG all securities which are at present or are in the future deposited in any such FCM Client Pledged Securities Account(s).

2.2.3 Appropriation right with respect to securities pledged pursuant to Clause 2.2.1

The FCM Clearing Member and Eurex Clearing AG agree that each pledge granted by the FCM Clearing Member to Eurex Clearing AG in accordance with Clause 2.2.1 shall include a right of Eurex Clearing AG to appropriate (and to make use of) one or more of the securities which, at the time of the exercise of such appropriation right, are credited to the relevant Own Pledged Securities Account (the "Relevant Pledged Securities"). Accordingly, the FCM Clearing Member hereby irrevocably offers to transfer the Relevant Pledged Securities to Eurex Clearing AG and Eurex Clearing AG accepts this offer by exercise of its appropriation right which shall be made by written notice to the FCM Clearing Member.

Eurex Clearing AG undertakes to only exercise any such appropriation right pursuant to the following requirements: upon the occurrence of a Termination Event or an Insolvency Termination Event and a Termination Date with respect to such FCM Clearing Member but prior to the determination of the Difference Claim vis-à-vis such FCM Clearing Member.

The FCM Clearing Member hereby confirms that it has taken notice of the information statement set out in Appendix 3 to the FCM Regulations and grants, as evidenced by its signature to this Agreement, its express consent with the use of the Relevant Pledged Securities by Eurex Clearing AG (in accordance with Article 15 (1) b) of Regulation (EU) 2015/2365) pursuant to this Clause 2.2.1.

2.2.4 Common provisions for each of the pledges granted pursuant to Clauses 2.2.1 and 2.2.2

For the purpose of each of the pledges granted pursuant to Clauses 2.2.1 and 2.2.2, the FCM Clearing Member hereby:

- (1) assigns its claim for surrender (Herausgabeanspruch) of the relevant securities (that are the subject of the relevant pledge) against CBF to Eurex Clearing AG;
- (2) undertakes, if the FCM Clearing Member does not have a claim for surrender of the relevant securities against CBF, to instruct (substantially in the form set out in

Schedule 1 hereto), without undue delay, CBF to (a) establish a bailment (Begründung eines Besitzmittlungsverhältnisses) with Eurex Clearing AG in respect of the securities that are or will be credited to such account, (b) change its bailment intention (Besitzmittlungswillen) accordingly and (c) appropriately record such change of its bailment intention; and

- (3) undertakes to promptly notify CBF of the conclusion of this Agreement (substantially in the form set out in Schedule 1 hereto).

Upon the relevant pledge becoming enforceable (Pfandreife), Eurex Clearing AG may sell the pledged securities without prior notice in a private sale or may appropriate such securities in whole or in part. The appropriation right expires upon it being exercised by Eurex Clearing AG or upon the sale of the pledged securities.

2.3 Security Purpose (Sicherungszweck) of the Pledges

2.3.1 The pledges of the Securities pursuant to Clauses 2.2.1 shall secure the Proprietary Secured Claims pursuant to Chapter I Number 3.3 Paragraph (1) of the FCM Regulations.

2.3.2 The pledges of the Securities pursuant to Clauses 2.2.2 shall secure the FCM Client Secured Claims pursuant to Chapter I Number 3.3 Paragraph (2) of the FCM Regulations.

2.4 References

The Parties further agree that references in the FCM Regulations to Initial Margin or Supplementary Margin for Own Transactions and Initial Margin or Supplementary Margin for FCM Client Transactions, respectively, that relate to Eligible Margin Assets in the form of Securities for purposes of the FCM Regulations shall include references to Securities that are subject to those pledges granted pursuant to or in accordance with Clauses 2.2.1 and 2.2.2 above that refer to Initial Margin or Supplementary Margin for Own Transactions and Initial Margin or Supplementary Margin for FCM Client Transactions to be granted in accordance with Chapter I Number 3 of the FCM Regulations.

2.5 Registration

To the extent required by applicable law for the valid creation and/or enforceability of a security interest, the FCM Clearing Member will arrange for the due filing and registration of any security interest granted pursuant to or in accordance with Clauses 2.2.1 and 2.2.2 with any relevant competent authority or any relevant competent register, and will evidence the due filing and registration of such security interest to Eurex Clearing AG.

3 Limitation on Realisation of the Pledged Securities

If the FCM Clearing Member has established one or more FCM Client Pledged Securities Account(s) pursuant to Clause 2.1 and, in the systems of Eurex Clearing AG, any pledged securities deposited in any such account are allocated to a particular FCM Client Netting Set, Eurex Clearing AG shall, upon any of the pledges pursuant to Clauses 2.2.1

and 2.2.2 becoming enforceable (Pfandreife), only enforce the pledge with respect to such pledged securities, and only apply any proceeds from the enforcement of the pledge over such pledged securities, to satisfy those FCM Client Secured Claims that relate to such particular FCM Client Netting Set.

4 Representations

The FCM Clearing Member represents and warrants by way of an independent guarantee and irrespective of fault (selbständiges, verschuldensunabhängiges Garantieverprechen) to Eurex Clearing AG that

- (1) at the time when the relevant securities are credited to the relevant securities account or sub-account to which any of the pledges set out or referred to in Clauses 2.2 relate, it is the owner of the securities or otherwise entitled or authorised to pledge the securities to Eurex Clearing AG and that such securities are not subject to any prior or equal claims of third parties, except for any rights and claims arising pursuant to the standard business terms of any CSD or as a matter of law. The FCM Clearing Member shall not, for the duration of any such pledge, permit any such claims to arise without the prior consent of Eurex Clearing AG;
- (2) at the time it enters into this Agreement:
 - (a) it has the power to enter into, deliver and perform this Agreement and any other documentation relating to this Agreement to which it is a party and has taken all necessary action to authorise such execution, delivery and performance;
 - (b) its entry into, delivery and performance of this Agreement and any other documentation relating to this Agreement to which it is a party do not conflict with any law or regulation applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any agreement or instrument by which it is bound or which affects any of its assets;
 - (c) it has all governmental and other consents that are required to have been obtained by it with respect to its entry into and performance of this Agreement and are in full force and effect and all conditions of any such consents have been complied with;
 - (d) no order has been made or applied for or resolution passed for the suspension of payments or dissolution, termination of existence, liquidation, winding-up, bankruptcy, insolvency, judicial management or curatorship, in each case, with respect to it;
 - (e) no moratorium in respect of all or any debts or a composition or an arrangement with creditors or any similar proceeding or arrangement by which its assets are submitted to the control of its creditors is ordered, declared or applied for, in each case, with respect to it;

- (f) no liquidator, trustee, administrator, receiver or similar officer has been appointed in respect of it or in respect of all or a substantial part of its assets;
- (g) it is able to pay its debts as and when they fall due, will not become unable to pay its debts as a consequence of entering into this Agreement; and
- (h) no event has occurred or circumstance arisen with respect to it which, had the Parties already entered into this Agreement, might (whether or not with the giving of notice and/or the passage of time and/or the fulfilment of any other requirement) constitute a Termination Event or Insolvency Termination Event with respect to the FCM Clearing Member.

5 Amendments; Execution of this Agreement

- 5.1 This Agreement shall be amended pursuant to Chapter I Number 16.2 of the FCM Regulations, applied mutatis mutandis.

In addition, the Agreement may be amended at any time by written agreement between Eurex Clearing AG and the FCM Clearing Member.

- 5.2 If the Parties execute this Agreement and have already signed any previous version of this Agreement (each an "Original Agreement"), the Parties agree that, by signing this Agreement, new pledges shall be granted over all securities which are at present or are in the future deposited in the relevant securities accounts specified in Clause 2.1 irrespective of whether pledges over such securities have already been granted in any Original Agreement or any other agreement.
- 5.3 The validity of the pledges granted pursuant to or in accordance with Clause 2.2 shall be independent from the validity and enforceability of any pledges already granted over all securities which are at present or are in the future deposited in any securities accounts specified in Clause 2.1 pursuant to, or in accordance with, an Original Agreement or any other agreement.
- 5.4 The signing of this Agreement shall not constitute a release of the pledges already granted over all securities which are at present or are in the future deposited in any securities accounts specified in Clause 2.1 pursuant to, or in accordance with, an Original Agreement or any other agreement.

6 Governing Law; Jurisdiction, Place of Performance; Severability Clause

6.1 Governing Law

- 6.1.1 This Agreement (except for Clause 2.4) is governed by the substantive laws, excluding German private international law, of the Federal Republic of Germany. Clause 2.4 is governed by the substantive laws of the United States of America and of the State of New York.
- 6.1.2 Any non-contractual rights and obligations arising out of or in connection with this Agreement (except for Clause 2.4) shall also be governed by substantive laws, excluding

German private international law, of the Federal Republic of Germany. Any non-contractual rights and obligations arising out of or in connection with Clause 2.4 shall be governed by the substantive laws of the United States of America and of the State of New York.

6.2 Jurisdiction

The courts in Frankfurt am Main, Federal Republic of Germany shall have exclusive jurisdiction (ausschließlicher Gerichtsstand) over any action or other legal proceedings arising out of or in connection with this Agreement.

6.3 Place of Performance

The place of performance shall be Frankfurt am Main, Federal Republic of Germany.

6.4 Severability Clause

If any provision contained in this Agreement is or becomes invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not be affected. Such invalid, illegal or unenforceable provision shall be replaced by means of supplementary interpretation by a valid, legal and enforceable provision, which most closely approximates the Parties' commercial intention. This shall also apply mutatis mutandis to any gaps in this Agreement.

AUTHORISED SIGNATURES

to the Agreement relating to pledges of Eligible Margin Assets in the form of Securities

as FCM Clearing Member

Place / Date

Name

Name

Function

Function

Eurex Clearing Aktiengesellschaft

Eurex Clearing AG

Place / Date

Name

Name

Function

Function

Schedule 1
Form of Notice of Pledge to Clearstream Banking AG

By registered mail

To:

Clearstream Banking AG
60485 Frankfurt am Main
(**"CBF"**)

From:

*Pledgor

*Address line 1

*Street no.

*Address line 2

*Postal code

*Town/city

*Country

*First name and surname of the contact person

*Phone

*Fax

*E-mail

(Date)

Notice of pledge of securities in securities account(s)

Dear Sirs,

We hereby notify you that _____ (the “**Pledgor**”) has pledged in favour of Eurex Clearing AG (the “**Pledgee**”), in accordance with a pledge agreement dated _____ between the Pledgor and the Pledgee (the “**Pledge Agreement**”) any securities that are at present or are in the future deposited in any of the following German securities account(s) held with you in the name of the Pledgor:

Account holder name	Account/Sub-Account number

Therefore, the Pledgor hereby instructs CBF to (a) establish a bailment (*Begründung eines Besitzzmittlungsverhältnisses*) with Eurex Clearing AG in respect of all securities that are or will at any time be credited to any such account(s), (b) change its bailment intention (*Besitzzmittlungswillen*) accordingly and (c) appropriately record such change of its bailment intention.

To the extent not previously waived, CBF waives any prior ranking pledge we may have granted subject to No. XXVII of CBF's GTCs or any other retention right with respect to the above-mentioned securities account(s).

Please confirm receipt and acknowledgement of this letter by countersigning and sending a copy of this letter to us and Eurex Clearing AG, Member/Vendor Services & Admission/Clearing (DSG), (Mergenthalerallee 61, 65760 Eschborn, Federal Republic of Germany).

Kind regards,

Name and capacity

Acting for the Pledgor

* * * * *

We hereby confirm receipt, acknowledge the terms of the letter set out above and agree to waive any prior ranking pledge we may have subject to No. XXVII of CBF's GTCs or any other retention right with respect to the above mentioned securities account(s).

Date of Receipt

Clearstream Banking AG

Name

Name

Function

Function

FCM Regulations of Eurex Clearing AG – Appendix 3 – is being newly introduced.

Appendix 3 to the FCM Regulations of Eurex Clearing AG:

Information Statement

in accordance with Article 15 of the Securities Financing Transactions Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012

1 Introduction

This information statement ("**Information Statement**") is applicable to those FCM Clearing Members who have entered, by signing an FCM Clearing Agreement with Eurex Clearing AG (in the form appended to the FCM Regulations of Eurex Clearing AG as Appendix 1), into (i) one or more title transfer collateral arrangements containing a right of use or (ii) one or more security collateral arrangements which provide for a right of use in accordance with Article 5 of Directive 2002/47/EC of the European Parliament and of the Council of 6 June 2002 on financial collateral arrangements (as amended from time to time).

In this Information Statement:

- "right of use" means any right of use with regard to financial instruments which Eurex Clearing AG (i) has received as collateral or (ii) has granted;
- "Securities Financing Transactions Regulation" ("**SFTR**") means Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 (as amended from time to time);
- "Transaction" means a transaction entered into, executed or agreed between the parties involved under which they are to provide or receive financial instruments by way of a title transfer collateral arrangement or a security collateral arrangement.

This Information Statement has been prepared to comply with Article 15 of the SFTR by informing about the general risks and consequences that may be involved in consenting to a right of use of collateral provided under a title transfer collateral arrangement or a security collateral arrangement. The information required to be provided pursuant to Article 15 of the SFTR relates only to re-use risks and consequences, and so this Information Statement does not address any other risks or consequences that may arise as a result of particular circumstances or as a result of the terms of particular transactions.

An entity which is holder of an FCM Clearing License grants express consent to a right of re-use of financial assets provided as collateral towards Eurex Clearing AG under one or more title transfer collateral arrangements or one or more security collateral arrangements and acknowledges the general risks and consequences attached to the re-use of collateral.

Eurex Clearing AG hereby also expresses consent to the re-use of financial instruments provided under a title transfer collateral arrangement or a security collateral arrangement and declares to acknowledge the general risks and consequences attached to the re-use of collateral.

This Information Statement is not intended to be, and should not be relied upon as, legal, financial, tax, accounting or other advice. Unless otherwise expressly agreed in writing, Eurex Clearing AG is not providing any such legal, financial, tax, accounting or other advice.

2 Risks and consequences of a re-use

The following re-use risks and consequences may arise:

- (1) Proprietary rights in those financial instruments will be replaced by an unsecured contractual claim for delivery of equivalent financial instruments, subject to the terms of the title transfer collateral arrangement or the security collateral arrangement;
- (2) Those financial instruments will, to the extent applicable, not be held in accordance with client asset rules, and, if they had benefited from any client asset protection rights, those protection rights will not apply;
- (3) In the event of an insolvency or default the claim against the collateral taker for delivery of equivalent financial instruments (or any other claim resulting from the re-use) will not be secured and will be subject to the terms of the title transfer collateral arrangement or the security collateral arrangement and the applicable law and, accordingly, the collateral provider may not receive such equivalent financial instruments or recover the full value of the financial instruments;
- (4) In the event that a resolution authority exercises its powers under any relevant resolution regime, any rights the original collateral provider may have to take actions, such as to terminate the agreement, may be subject to a stay by the relevant resolution authority;
- (5) The collateral provider may be limited or restricted in exercising voting, consent or similar rights attached to the financial instruments;
- (6) In the event that the collateral taker is subject to a redelivery obligation, but not able to readily obtain equivalent financial instruments to redeliver at the time required: the collateral provider may be unable to fulfil settlement obligations under a hedging or other transaction it has entered into in relation to those financial instruments; a counterparty, exchange or other person may exercise a right to buy-in the relevant financial instruments;
- (7) The collateral taker has no obligation to inform the collateral provider of any corporate events or actions in relation to those financial instruments;
- (8) The collateral provider may not receive any dividends, coupons or other payments, interests or rights (including securities or property accruing or offered at any time) payable in relation to those financial instruments;

- (9) The provision of securities collateral, the exercise of a right of use in respect of any financial collateral provided and the delivery of equivalent financial instruments may give rise to tax consequences that differ from the tax consequences that would have otherwise applied in relation to the holding of those financial instrument by the original collateral provider;
- (10) Where the collateral provider receives a manufactured payment or a coupon compensation payment, the tax treatment may differ from the tax treatment in respect of the original dividend, coupon or other payment in relation to those financial instruments.

FCM Default Rules of Eurex Clearing AG – are being newly introduced.

FCM Default Rules of Eurex Clearing AG

As of 17.09.2018

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1 Scope

These rules on the default fund and certain aspects of the default management process of Eurex Clearing AG with respect to FCM Clearing Members (the “**FCM Default Rules**”) form part of the FCM Clearing Conditions of Eurex Clearing AG that provide for a framework for the clearing of Swap Transactions. These FCM Default Rules apply in addition to the default rules included in the FCM Regulations. Such default rules in the FCM Regulations include, *inter alia*, provisions on the termination of Swap Transactions, close-out netting and the enforcement of collateral (other than contributions to the Default Fund).

2 Definitions

Unless the context requires otherwise, the following terms and expressions in the FCM Default Rules shall have the following meanings:

“**Additional Margin**” has the meaning assigned to it in Chapter I Part 1 Number 3.1.7 of the Clearing Conditions.

“**Affected BCM**” has the meaning assigned to it in Chapter I Part 1 Number 6.2.1 Paragraph (1) of the Clearing Conditions.

“**Affected BCM Contribution**” has the meaning assigned to it in Chapter I Number 6.2.1 Paragraph (1) of the Clearing Conditions.

“**Affected BCM Further Contributions**” has the meaning assigned to it in Chapter I Part 1 Number 6.3.1 (i) of the Clearing Conditions.

“**Affected Clearing Member**” has the meaning assigned to it in Chapter I Part 1 Number 6.2 of the Clearing Conditions.

“**Affected CM Contribution**” has the meaning assigned to it in Chapter I Part 1 Number 6.2.1 Paragraph (1) of the Clearing Conditions.

“**Affected FCM Clearing Member**” means an FCM Clearing Member with respect to which a Termination Time has occurred.

“**Basic Clearing Member**” has the meaning assigned to it in Chapter I Part 1 Number 1.1.4 of the Clearing Conditions.

“**Basic Clearing Member Termination**” has the meaning assigned to it in Chapter I Part 6 Number 10.5 of the Clearing Conditions.

“**Basic Clearing Member Termination Date**” has the meaning assigned to it in Chapter I Part 1 Part 6 Number 10.5 of the Clearing Conditions.

“**Basic Clearing Member Termination Time**” has the meaning assigned to it in Chapter I Part 1 Part 6 Number 10.5 of the Clearing Conditions.

“**BCM Affected Clearing Member**” has the meaning assigned to it in Chapter I Part 1 Number 6.2 of the Clearing Conditions.

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“**BCM Contribution**” has the meaning assigned to it in Chapter I Part 1 Number 6.1.1 Paragraph (1) of the Clearing Conditions.

“**BCM Contribution Requirement**” has the meaning assigned to it in Chapter I Part 1 Number 6.1.1 Paragraph (2) of the Clearing Conditions.

“**Business Day**” has the meaning assigned to it in Chapter I Number 1.2.1 of the FCM Regulations.

“**Clearing Agent**” has the meaning assigned to it in Chapter I Part 6 Number 1.1 of the Clearing Conditions.

“**Clearing Conditions**” means the clearing conditions of Eurex Clearing AG (*Clearing-Bedingungen der Eurex Clearing AG*) in their binding German language version, as amended from time to time, which are incorporated by reference herein, provided that references in these FCM Default Rules to terms defined in the Clearing Conditions shall be references to the English language terms used in the non-binding English translation of the Clearing Conditions (with the meaning of the corresponding German language terms). The Clearing Conditions may be viewed and printed out via internet on the website www.eurexclearing.de and obtained from Eurex Clearing AG upon request.

“**Clearing Conditions Business Day**” means a Business Day as defined in the Clearing Conditions.

“**Clearing Conditions Default Fund Secured Claims**” means the Default Fund Secured Claims as defined in Chapter I Part 1 Number 6.2 of the Clearing Conditions.

“**Clearing Conditions Excess Contribution**” means the Excess Contribution as defined in Chapter I Part 1 Number 6.1.1 Paragraph (4) of the Clearing Conditions.

“**Clearing Conditions Insolvency Termination Event**” means an Insolvency Termination Event as defined Chapter I Part 1 Number 7.2.2 of the Clearing Conditions with respect to a Clearing Member or a Basic Clearing Member Insolvency Termination Event as defined Chapter I Part 6 Number 10.4 of the Clearing Conditions with respect to a Basic Clearing Member.

“**Clearing Conditions Realization Event**” has the meaning ascribed to such term in Chapter I Part 1 Number 6.2 of the Clearing Conditions.

“**Clearing Conditions Termination Event**” means a Termination Event as defined in Chapter I Part 1 Number 7.2.1 of the Clearing Conditions with respect to a Clearing Member or a Basic Clearing Member Termination Event as defined Chapter I Part 6 Number 10.3.1 of the Clearing Conditions with respect to a Basic Clearing Member.

“**Clearing Member**” has the meaning assigned to it in Chapter I Part 1 Number 1.1.3 of the Clearing Conditions. For avoidance of doubt, for purposes of the FCM Default Rules the term does not include an FCM Clearing Member.

“**Clearing Member Termination**” means a termination of Clearing Member Transactions in accordance with the Clearing Conditions.

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“Clearing Member Termination Date” means the date of the termination of the relevant Clearing Member Transactions of the relevant Clearing Member in accordance with the Clearing Conditions.

“Clearing Member Termination Time” means the time of the termination of the relevant Clearing Member Transactions of the relevant Clearing Member in accordance with the Clearing Conditions.

“Clearing Member Transaction” means all proprietary and client-related transactions concluded between a Clearing Member or a Basic Clearing Member and Eurex Clearing AG in accordance with the Clearing Conditions.

“CM Affected Clearing Member” means a Clearing Member with respect to which a Clearing Member Termination Date has occurred.

“CM Contribution” has the meaning assigned to it in Chapter I Part 1 Number 6.1.1 Paragraph (1) of the Clearing Conditions.

“CM Contribution Requirement” means a Contribution Requirement as defined in Chapter I Part 1 Number 6.1.1 Paragraph (2) of the Clearing Conditions.

“CM Further Contributions” has the meaning assigned to it in Chapter I Part 1 Number 6.3.1 of the Clearing Conditions.

“CM Mandatory Participant” means a Mandatory Participant pursuant to Chapter I Part 1 Number 7.5.3 Paragraph (3) (ii) of the Clearing Conditions.

“CM Non-Bidding Participant” has the meaning assigned to it in Chapter I Part 1 Number 7.5.3 Paragraph (3) (v) of the Clearing Conditions.

“Contribution” means each CM Contribution, each BCM Contribution (each as defined in the Clearing Conditions) and each FCM Contribution (as defined in Number 3.1.1 Paragraph (1)).

“Default Fund” means the default fund of Eurex Clearing AG as set out in Chapter I Part 1 Number 6 of the Clearing Conditions. The Default Fund does not have legal personality and the legal relationships arising in respect thereof shall not constitute any form of internal partnership (*Innengesellschaft*).

“Eligible Margin Assets” has the meaning assigned to it in Chapter I Number 3.1.2 Paragraph (1) of the FCM Regulations.

“EMIR Risk Committee” has the meaning assigned to it in Chapter I Number 1.5 of the FCM Regulations.

“FCM Clearing Agreement” has the meaning assigned to it in Chapter I Number 1.1.6 of the FCM Regulations.

“FCM Clearing Conditions” means the rules of Eurex Clearing AG for the clearing of Swap Transactions by FCM Clearing Members and comprise the:

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- FCM Regulations;
- FCM Default Rules;
- Default Management Committee Rules;
- Default Management Auction Rules;
- the Price List of Eurex Clearing AG; and
- the General Terms and Conditions to the Agreement on Technical Connection to the Clearing EDP of Eurex Clearing AG.

“FCM Clearing Conditions Insolvency Termination Event” means an Insolvency Termination Event with respect to an FCM Clearing Member as defined Chapter I Part 1 Number 9.2.2 of the FCM Regulations.

“FCM Clearing Conditions Termination Event” means a Termination Event as defined in Chapter I Part 1 Number 9.2.1 Paragraph (1) of the FCM Regulations with respect to an FCM Clearing Member.

“FCM Clearing Currency” means Euro (**“EUR”**).

“FCM Clearing License” means a clearing license granted to an FCM Clearing Member by Eurex Clearing AG pursuant to Chapter I Number 2.1 of the FCM Regulations.

“FCM Clearing Member” means an entity that has been granted an FCM Clearing License by Eurex Clearing AG pursuant to Chapter I Number 2.1 of the FCM Regulations.

“FCM Clearing Member Own Cash Account” has the meaning assigned to it in Chapter I Number 2.2.10 Paragraph (2) of the FCM Regulations.

“FCM Clearing Member Proprietary Margin Requirement” has the meaning assigned to it in Chapter I Number 3.1.1 Paragraph (1) of the FCM Regulations.

“FCM Clearing Member Transaction” means a Swap Transaction between Eurex Clearing AG and the relevant FCM Clearing Member pursuant to the FCM Regulations and includes Own Transactions and FCM Client Transactions of such FCM Clearing Member (as those terms are defined in Chapter I Number 1.3.2 of the FCM Regulations).

“FCM Client” has the meaning assigned to it in Chapter I Number 1.1.9 of the FCM Regulations.

“FCM Client Margin Requirement” has the meaning assigned to it in Chapter I Number 3.1.1 Paragraph (1) of the FCM Regulations.

“FCM Non-Bidding Participant” means each FCM Mandatory Participant that does not submit a Mandatory Bid for any relevant Auction Unit in accordance with the DM Auction Rules during such DM Auction.

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“FCM Regulations” means the rules of Eurex Clearing AG governed by the substantive laws of the United States and the State of New York for the Clearing of Swap Transactions.

“Further Contribution” means each CM Further Contribution, each BCM Further Contribution (each as defined in the Clearing Conditions) and each FCM Further Contribution (as defined in Number 3.3.1).

“Further Dedicated Amount” has the meaning assigned to it in Chapter I Part 1 Number 6.3.2 of the Clearing Conditions.

“Initial Margin” has the meaning assigned to it in Chapter I Part 1 Number 3.1.8 of the Clearing Conditions and Chapter I Number 1.2.1 of the FCM Regulations, respectively.

“Interest Rate Derivative Transaction” has the meaning assigned to it in Chapter I Number 1.1.5 of the FCM Regulations.

“Margin Requirement” has the meaning assigned to it in Chapter I Number 3.1.1 Paragraph (1) of the FCM Regulations.

“Netting Set” has the meaning assigned to it in Chapter I Number 9.1 of the FCM Regulations.

“Non-Affected BCM Contribution” has the meaning assigned to it in Chapter I Part 1 Number 6.2.1 Paragraph (7) of the Clearing Conditions.

“Non-Affected BCM Further Contribution” has the meaning assigned to it in Chapter I Part 1 Number 6.3.1(ii) of the Clearing Conditions.

“Non-Affected Clearing Member” means a Clearing Member that is not an Affected Clearing Member.

“Non-Affected CM Contributions” has the meaning assigned to it in Chapter I Part 1 Number 6.2.1 Paragraph (7) of the Clearing Conditions.

“Non-Affected FCM Clearing Member” means an FCM Clearing Member that is not an Affected FCM Clearing Member.

“OTC Interest Rate Derivative Transaction” has the meaning assigned to it in Chapter VIII Part 2 Number 2.1.1 of the Clearing Conditions.

“Relevant Liquidation Group” means each Liquidation Group (as defined in Number 4.1.1) that is composed of Terminated Clearing Member Transactions and/or Terminated FCM Clearing Member Transactions.

“Swap Transaction” has the meaning assigned to it in Chapter I Number 1.1.1 of the FCM Regulations.

“Termination Time” has the meaning assigned to it in Chapter I Number 1.2.1 of the FCM Regulations.

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“**Variation Settlement**” has the meaning assigned to it in Chapter I Number 1.2.1 of the FCM Regulations.

In addition to the defined terms listed in this Number 2, terms used in these FCM Default Rules are defined at the place of its first usage. Where terms are defined by reference to both the Clearing Conditions and the FCM Regulations, the definitions in the Clearing Conditions apply in respect of Clearing Members and the definitions in the FCM Regulations apply in respect of FCM Clearing Members.

3 Contributions to the Default Fund by an FCM Clearing Member

3.1 Contributions to the Default Fund

3.1.1 Contributions and Calculation of the Contributions to the Default Fund

- (1) Notwithstanding any Margin Requirement applicable to the FCM Clearing Member in accordance with the FCM Regulations, each FCM Clearing Member shall make contributions to the Default Fund as further set out in this Number 3 (each such contribution to the Default Fund a “**FCM Contribution**”).
- (2) Eurex Clearing AG shall from time to time determine the amount of the FCM Contribution to be made and maintained by an FCM Clearing Member in accordance with the relevant applicable calculation method published by Eurex Clearing AG pursuant to Chapter I Number 15 of the FCM Regulations (the “**FCM Contribution Calculation Method**”); any such published FCM Contribution Calculation Method shall form part of these FCM Default Rules.

The basis for the calculation of the contribution requirement of an FCM Clearing Member are all FCM Clearing Member Transactions of such FCM Clearing Member (the “**FCM Contribution Requirement**”).

Eurex Clearing AG may re-evaluate and adjust each FCM Contribution Requirement in accordance with the relevant FCM Contribution Calculation Method at any time and will do so on a regular basis.

- (3) The obligation of an FCM Clearing Member to make an FCM Contribution becomes first due and payable as of the date of the granting of its FCM Clearing License. Thereafter, an FCM Clearing Member shall be obliged to make an FCM Contribution whenever Eurex Clearing AG has made an adjustment to the FCM Contribution Requirement of the relevant FCM Clearing Member.
- (4) The FCM Clearing Member may with respect to the relevant FCM Contribution provide cash amounts or securities to Eurex Clearing AG in accordance with Number 3.1.2 in excess of the relevant FCM Contribution Requirement (such excess, the “**FCM Excess Contribution**”).

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3.1.2 Provision of FCM Contributions to the Default Fund

- (1) The FCM Clearing Member shall provide the FCM Contributions to the Default Fund in cash amounts and/or in securities accepted by Eurex Clearing AG by way of a transfer of all rights, title and interest in respect of such cash amounts and/or securities to Eurex Clearing AG using, with respect to securities, security accounts with Clearstream Banking AG.
- (2) In relation to FCM Contributions provided in the form of cash the following shall apply:
 - (a) Eurex Clearing AG may agree from time to time to pay interest on such cash amounts;
 - (b) Eurex Clearing AG may demand from an FCM Clearing Member the reimbursement of expenses arising from any investment of any such cash amount by Eurex Clearing AG;
 - (c) the FCM Clearing Member shall reimburse Eurex Clearing AG for expenses arising in respect of such cash amounts held by Eurex Clearing AG, including, but not limited to, charges on any account balances (including in connection with any applicable bank levies, taxes or similar regulatory instruments), negative interest rates, penalty fees, commissions and other payments with a similar effect which are determined by the relevant central bank or relevant commercial bank or governmental agencies in respect of the respective cash amounts.
- (3) In relation to FCM Contributions provided in the form of securities the following shall apply:
 - (a) If Eurex Clearing AG receives, in relation to FCM Contributions in the form of securities, a payment of interest, dividends or other distributions in the form of securities ("**Securities Income**"), or any payment of interest, dividends or other distribution in cash ("**Cash Income**"), Eurex Clearing AG shall transfer to the FCM Clearing Member securities equivalent to and in the same value as the relevant Securities Income and pay to the FCM Clearing Member a cash amount equivalent to and in the same currency as the relevant Cash Income, respectively.
 - (b) Where any voting rights or election rights arise in relation to corporate actions (e.g., the exercise of subscription rights) in relation to any securities provided as FCM Contribution, Eurex Clearing AG shall have no obligation towards the FCM Clearing Member in respect of the exercise of such voting rights or the exercise of such election rights (and the FCM Clearing Member shall not be entitled to provide any instructions to Eurex Clearing AG for the exercise of any such voting or election rights); the FCM Clearing Member shall not be entitled to any compensation in respect of the exercise or non-exercise by Eurex Clearing AG of any such voting or election rights.

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- (4) If an FCM Clearing Member does not provide the relevant FCM Contribution within five Business Days in full, Eurex Clearing AG shall be entitled to collect the (outstanding parts of the) relevant FCM Contributions to the Default Fund from the relevant FCM Clearing Member Own Cash Account in accordance with the daily cash clearing procedure pursuant to Chapter I Number 1.4.1 of the FCM Regulations.
- (5) With respect to securities provided by the FCM Clearing Member to Eurex Clearing AG as FCM Contributions using securities accounts with Clearstream Banking AG, Eurex Clearing AG reserves the right to make use of such securities in its discretion in order to support its operations as central counterparty for purposes of liquidity management in relation to its clearing activities by obtaining refinancing from the Eurosystem or entering into repo transactions with commercial counterparties.

The information statement set out in Appendix 3 to the FCM Regulations in accordance with Article 15 of the Regulation on transparency of securities financing transactions and of reuse (Regulation (EU) 2015/2365) is applicable to Eurex Clearing AG and the FCM Clearing Member, if the FCM Clearing Member provides securities to Eurex Clearing AG as FCM Contributions using securities accounts with Clearstream Banking AG.

3.1.3 Eurex Clearing AG's dedicated own resources to the Default Fund

Eurex Clearing AG will dedicate own resources to the Default Fund (the "**Dedicated Amount**") to be used if a Termination Time with respect to one or more FCM Clearing Members, a Clearing Member Termination Date with respect to one or more Clearing Members or a Basic Clearing Member Termination Date with respect to one or more Basic Clearing Members occurs. The Dedicated Amount will be published on the website of Eurex Clearing AG (www.eurexclearing.com).

3.2 Realization of the Default Fund

Eurex Clearing AG shall have a claim for payment of the Default Fund Secured Claims against (i) the Affected FCM Clearing Member and (ii) any other FCM Clearing Member, provided that the claims under (ii) shall only become due following a Realization Event and shall only be payable out of the FCM Contributions and, subject to this Number 3.2 and Number 3.3, the FCM Further Contributions. The right of Eurex Clearing AG to use any Contributions made by Clearing Members and Basic Clearing Members shall remain unaffected. The order of priority set forth in Number 3.2.1 applies.

"**Default Fund Secured Claims**" comprise:

- (1) all claims of Eurex Clearing AG for payments of all amounts which are necessary to cover the losses and financial consequences of the occurrence of a default with respect to an FCM Clearing Member under the FCM Clearing Conditions, including, but not limited to, any outstanding claims resulting from a close-out netting (the "**FCM Clearing Conditions Default Fund Secured Claims**"); and

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(2) the Clearing Conditions Default Fund Secured Claims.

“Realization Event” means:

- (1) a **“FCM Clearing Conditions Realization Event”** which occurs upon a Termination Time; and/or
- (2) a Clearing Conditions Realization Event.

3.2.1 In the case of a Realization Event, the Contributions and Further Contributions will be realised in accordance with the following order of priority with respect to each Relevant Liquidation Group (whereby each Paragraph (1) to (12) of such order of priority shall be applied to all Relevant Liquidation Groups simultaneously before, in each case, the respective next Paragraph is applied and whereby all Terminated FCM Clearing Member Transactions and all Terminated Clearing Member Transactions (as defined in Number 4) which do not form part of any Liquidation Group shall collectively be treated as one **“Relevant Liquidation Group”** for the purposes of this Number 3):

- (1) first, the applicable Liquidation Group Ratio of (i) the FCM Contribution and (if available) any FCM Excess Contribution of the Affected FCM Clearing Member (such FCM Contribution and, if any, FCM Excess Contribution, the **“Affected FCM Contribution”**) or (ii) the Affected CM Contribution or (iii) the Affected BCM Contribution (and in the case of (ii) and (iii) (if available) any Clearing Conditions Excess Contribution), as applicable;
- (2) second, the applicable Liquidation Group Ratio of any remainder of (i) the Affected FCM Contribution, (ii) the Affected CM Contribution or (iii) the Affected BCM Contribution, as applicable;
- (3) third, only in the case of a BCM Affected Clearing Member, the applicable Liquidation Group Ratio of the Affected BCM Further Contributions relating to the Affected BCM;
- (4) fourth, only in the case of a BCM Affected Clearing Member, the applicable Liquidation Group Ratio of any remainder of the Affected BCM Further Contributions relating to the Affected BCM;
- (5) fifth, the applicable Liquidation Group Ratio of the Dedicated Amount;
- (6) sixth, the applicable Liquidation Group Ratio of any remainder of the Dedicated Amount;
- (7) seventh, the applicable Liquidation Group Ratio of (i) the FCM Contributions, excluding any Affected FCM Contribution, (**“Non-Affected FCM Contributions”**) of all FCM Clearing Members that are FCM Non-Bidding Participants with respect to at least one DM Auction in the relevant Liquidation Group, (ii) the Non-Affected CM Contributions and the Non-Affected BCM Contributions of all Clearing Members and Clearing Agents that are CM Non-Bidding Participants with respect to at least one DM Auction in the relevant Liquidation Group as well as (iii) the Non-Affected BCM Contributions of the CM Affected Clearing Member;

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- (8) eighth, the applicable Liquidation Group Ratio of any remainder of (i) the Non-Affected FCM Contributions of all FCM Clearing Members that are FCM Non-Bidding Participants with respect to at least one DM Auction in the relevant Liquidation Group, (ii) the Non-Affected CM Contributions and the Non-Affected BCM Contributions of all Clearing Members and Clearing Agents that are CM Non-Bidding Participants with respect to at least one DM Auction in the relevant Liquidation Group, as well as (iii) the Non-Affected BCM Contributions of the CM Affected Clearing Member;
- (9) ninth, the applicable Liquidation Group Ratio of (i) the Non-Affected FCM Contributions of all FCM Clearing Members that are not FCM Non-Bidding Participants with respect to the relevant Liquidation Group and (ii) the Non-Affected CM Contributions and the Non-Affected BCM Contributions of all Clearing Members and Clearing Agents that are not CM Non-Bidding Participants with respect to the relevant Liquidation Group, excluding any Non-Affected BCM Contributions of the CM Affected Clearing Member;
- (10) tenth, the applicable Liquidation Group Ratio of (i) any remainder of the Non-Affected FCM Contributions of all FCM Clearing Members that are not FCM Non-Bidding Participants with respect to the relevant Liquidation Group and (ii) the Non-Affected CM Contributions and the Non-Affected BCM Contributions of all Clearing Members and Clearing Agents that are not CM Non-Bidding Participants with respect to the relevant Liquidation Group, excluding any Non-Affected BCM Contributions of the CM Affected Clearing Member;
- (11) eleventh, the applicable Liquidation Group Ratio of (i) the FCM Further Contributions of all FCM Clearing Members that are FCM Non-Bidding Participants with respect to at least one DM Auction in the relevant Liquidation Group and (ii) the CM Further Contributions and Non-Affected BCM Further Contributions of all Clearing Members and Clearing Agents that are CM Non-Bidding Participants with respect to at least one DM Auction in the relevant Liquidation Group; and
- (12) twelfth, the applicable Liquidation Group Ratio of (i) the FCM Further Contributions of all FCM Clearing Members that are not FCM Non-Bidding Participants with respect to the relevant Liquidation Group, (ii) the CM Further Contributions and the Non-Affected BCM Further Contributions of all Clearing Members that are CM Non-Bidding Participants with respect to the relevant Liquidation Group and (iii) the Further Dedicated Amount;

Eurex Clearing AG shall realize the applicable Liquidation Group Ratio of (i) the FCM Further Contributions of all FCM Clearing Members that are not FCM Non-Bidding Participants, (ii) the CM Further Contributions and the Non-Affected BCM Further Contributions of all Clearing Members that are not CM Non-Bidding Participants and (iii) the Further Dedicated Amount on a pro rata basis;

the sum of all Further Dedicated Amounts with respect to all Liquidation Groups shall not exceed the amount of EUR 300,000,000.

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With respect to each Relevant Liquidation Group, the term “**Liquidation Group Ratio**” means the fraction of the amount which may be realized, in each case, under Paragraph (1) – (12) which is to be determined as follows:

- (a) with respect to Paragraph (1), (i) in the case of an Affected FCM Contribution, the ratio of (A) the part of the FCM Contribution Requirement of the Affected FCM Clearing Member applicable to such Relevant Liquidation Group and (B) the aggregate FCM Contribution Requirement of the Affected FCM Clearing Member, (ii) in the case of an Affected CM Contribution, the ratio of (A) the part of the CM Contribution Requirement of the CM Affected Clearing Member applicable to such Relevant Liquidation Group and (B) the aggregate CM Contribution Requirement of the CM Affected Clearing Member and (iii) in the case of an Affected BCM Contribution, the ratio of (A) the part of the BCM Contribution Requirement relating to the Affected BCM applicable to such Relevant Liquidation Group and (B) the aggregate BCM Contribution Requirement relating to the Affected BCM,
- (b) with respect to Paragraph (2), (i) in the case of an Affected FCM Contribution, the ratio of (A) the part of the FCM Contribution Requirement of the Affected FCM Clearing Member applicable to such Relevant Liquidation Group and (B) the aggregate FCM Contribution Requirement of the Affected FCM Clearing Member, (ii) in the case of an Affected CM Contribution, the ratio of (A) the part of the CM Contribution Requirement of the CM Affected Clearing Member applicable to such Relevant Liquidation Group and (B) the aggregate CM Contribution Requirement of the CM Affected Clearing Member and (iii) in the case of an Affected BCM Contribution, the ratio of (A) the part of the BCM Contribution Requirement relating to the Affected BCM applicable to such Relevant Liquidation Group and (B) the aggregate BCM Contribution Requirement relating to the Affected BCM (in each case of (i), (ii) and (iii), not taking into account Relevant Liquidation Groups in respect of which the relevant claims have already been discharged pursuant to Paragraph (1));
- (c) with respect to Paragraph (3), the ratio of (A) the part of the requirement to provide Affected BCM Further Contributions applicable to such Relevant Liquidation Group and (B) the requirement to provide Affected BCM Further Contributions;
- (d) with respect to Paragraph (4), the ratio of (A) the part of the requirement to provide Affected BCM Further Contributions applicable to such Relevant Liquidation Group and (B) the requirement to provide Affected BCM Further Contributions (not taking into account Relevant Liquidation Groups in respect of which the relevant claims have already been discharged pursuant to the respective preceding Paragraphs);
- (e) with respect to Paragraph (5), the ratio of (A) the part of the sum of the Initial Margin requirement (under the Clearing Conditions and the FCM Regulations) and the Additional Margin requirement (under the Clearing Conditions)

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determined for such Relevant Liquidation Group and (B) the sum of the Initial Margin requirement (under the Clearing Conditions and the FCM Regulations) and the Additional Margin requirement (under the Clearing Conditions) determined for all Relevant Liquidation Groups;

- (f) with respect to Paragraph (6), the ratio of (A) the part of the sum of the Initial Margin requirement (under the Clearing Conditions and the FCM Regulations) and the Additional Margin requirement (under the Clearing Conditions) determined for such Relevant Liquidation Group and (B) the sum of the Initial Margin requirement (under the Clearing Conditions and the FCM Regulations) and the Additional Margin requirement (under the Clearing Conditions) determined for all Relevant Liquidation Groups (not taking into account Relevant Liquidation Groups in respect of which the relevant claims have already been discharged pursuant to the respective preceding Paragraphs);
- (g) with respect to Paragraphs (7) and (9), (i) in the case of a Non-Affected FCM Contribution, the ratio of (A) the part of the FCM Contribution Requirement of the relevant FCM Clearing Member applicable to such Relevant Liquidation Group and (B) the aggregate FCM Contribution Requirement of the relevant FCM Clearing Member, (ii) in the case of a Non-Affected CM Contribution, the ratio of (A) the part of the CM Contribution Requirement of the relevant Clearing Member applicable to such Relevant Liquidation Group and (B) the aggregate CM Contribution Requirement of the relevant Clearing Member and (iii) in the case of a Non-Affected BCM Contribution, the ratio of (A) the part of the BCM Contribution Requirement relating to the relevant Basic Clearing Member applicable to such Relevant Liquidation Group and (B) the aggregate BCM Contribution Requirement relating the relevant Basic Clearing Member;
- (h) with respect to Paragraphs (8) and (10), (i) in the case of a Non-Affected FCM Contribution, the ratio of (A) the part of the FCM Contribution Requirement of the relevant FCM Clearing Member applicable to such Relevant Liquidation Group and (B) the aggregate FCM Contribution Requirement of the relevant FCM Clearing Member, (ii) in the case of a Non-Affected CM Contribution, the ratio of (A) the part of the CM Contribution Requirement of the relevant Clearing Member applicable to such Relevant Liquidation Group and (B) the aggregate CM Contribution Requirement of the relevant Clearing Member and (iii) in the case of a Non-Affected BCM Contribution, the ratio of (A) the part of the BCM Contribution Requirement relating to the relevant Basic Clearing Member applicable to such Relevant Liquidation Group and (B) the aggregate BCM Contribution Requirement relating to the relevant Basic Clearing Member (in each case of (i), (ii) and (iii) above, not taking into account Relevant Liquidation Groups in respect of which the relevant claims have already been discharged pursuant to the respective preceding Paragraphs); and
- (i) with respect to Paragraphs (11) and (12), (i) in the case of an FCM Further Contribution, the ratio of (A) the part of the requirement to provide FCM Further Contributions of the relevant FCM Clearing Member applicable to such Relevant Liquidation Group and (B) the aggregate requirement to provide FCM Further

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Contributions of the relevant FCM Clearing Member, (ii) in the case of a CM Further Contribution, the ratio of (A) the part of the requirement to provide CM Further Contributions of the relevant Clearing Member applicable to such Relevant Liquidation Group and (B) the aggregate requirement to provide CM Further Contributions of the relevant Clearing Member, (iii) in the case of a Non-Affected BCM Further Contribution, the ratio of (A) the part of the requirement to provide Non-Affected BCM Further Contributions relating to the relevant Basic Clearing Member applicable to such Relevant Liquidation Group and (B) the requirement to provide Non-Affected BCM Further Contributions relating to the relevant Basic Clearing Member and (iv) in the case of the Further Dedicated Amount (referred to in Paragraph (12)), the product of (a) the applicable Liquidation Group Ratio determined with respect to the Dedicated Amount pursuant to Paragraph (V) above and (b) the ratio of (A) the sum of all Further Contributions, which have actually been delivered to Eurex Clearing AG with respect to the Relevant Liquidation Group and (B) the sum of all Further Contributions that Eurex Clearing AG is entitled to require with respect to the Relevant Liquidation Group up to the Liability Cap.

Where, in the case of Paragraphs (7) to (12), with respect to a Relevant Liquidation Group, the Non-Affected FCM Contributions (or FCM Further Contributions), the Non-Affected CM Contributions (or CM Further Contributions) or the Non-Affected BCM Contributions (or Non-Affected BCM Further Contributions) of several FCM Clearing Members or Clearing Members are still available and the amount needed to discharge the claims in respect of the Relevant Liquidation Group is lower than such available Non-Affected FCM Contributions (and FCM Further Contributions), Non-Affected CM Contributions (and CM Further Contributions) and Non-Affected BCM Contributions (and Non-Affected BCM Further Contributions), with respect to each such FCM Clearing Member or Clearing Member (with respect to Paragraphs (7) and (8) and Paragraph (11) limited to FCM Non-Bidding Participants and CM Non-Bidding-Participants) only the Non-Affected Ratio shall be realized under the relevant Paragraph.

The “**Non-Affected Ratio**” with respect to a Non-Affected FCM Contribution (or FCM Further Contribution) or Non-Affected CM Contribution (or CM Further Contribution) or Non-Affected BCM Contribution (or Non-Affected BCM Further Contribution) shall be the ratio of (A) the available Non-Affected FCM Contribution (or FCM Further Contribution) or Non-Affected CM Contribution (or CM Further Contribution) or Non-Affected BCM Contribution (or Non-Affected BCM Further Contribution) relating to the relevant FCM Clearing Member, Clearing Member or Basic Clearing Member, as applicable, with respect to the Relevant Liquidation Group and (B) all available Non-Affected FCM Contributions (or FCM Further Contributions) or Non-Affected CM Contributions (or CM Further Contributions) or Non-Affected BCM Contributions (or Non-Affected BCM Further Contributions) of all FCM Clearing Members and Clearing Members (with respect to Paragraphs (7) and (8) and Paragraph (11) limited to FCM Non-Bidding Participants and CM Non-Bidding-Participants) with respect to the Relevant Liquidation Group.

- 3.2.2 If, subsequent to a realization of the Default Fund, an Affected FCM Clearing Member, Affected Clearing Member or Affected BCM makes a payment to Eurex Clearing AG to fulfil the Default Fund Secured Claims, or if the Default Fund Secured Claims are

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otherwise discharged after Eurex Clearing AG has realized the Dedicated Amount or Non-Affected FCM Contributions (or FCM Further Contributions) or Non-Affected CM Contributions (or CM Further Contributions) or Non-Affected BCM Contributions (or Non-Affected BCM Further Contributions) to the Default Fund, Eurex Clearing AG shall use the funds received in order to (i) repay the realized FCM Further Contributions, CM Further Contributions and Non-Affected BCM Further Contributions to the relevant FCM Clearing Member(s), Clearing Member(s) and Clearing Agent(s), respectively, (ii) repay the realized Non-Affected FCM Contributions, Non-Affected CM Contributions and Non-Affected BCM Contributions to the Default Fund to the relevant FCM Clearing Member(s), Clearing Member(s) and Clearing Agent(s), respectively, (iii) reinstate the realized Dedicated Amount and (iv) repay the realized Affected BCM Contributions (and Affected BCM Further Contributions) to the BCM Affected Clearing Member. The payments by Eurex Clearing AG shall be made in reverse order of Number 3.2.1 and shall in the aggregate be limited to the amounts received by Eurex Clearing AG.

3.3 Further Contributions to the Default Fund (Assessments); Replenishment of Contributions to the Default Fund

3.3.1 If, following a Realization Event, Eurex Clearing AG determines that the Contributions may not be sufficient to cover the respective claims secured by the Default Fund in accordance with Number 3.2.1 above, it shall at its discretion be entitled to require within a Capped Period, by making one or several demands:

- (1) from the BCM Affected Clearing Member, Affected BCM Further Contributions;
- (2) from the Non-Affected Clearing Members and the BCM Affected Clearing Member, CM Further Contributions or Non-Affected BCM Further Contributions, and
- (3) from the Non-Affected FCM Clearing Member, further FCM Contributions (the **"FCM Further Contributions"**).

When determining the relevant FCM Further Contributions with respect to the relevant FCM Clearing Member, Eurex Clearing AG shall reduce the relevant FCM Further Contributions by the relevant FCM Excess Contribution actually delivered to Eurex Clearing AG by such FCM Clearing Member (if any). The Affected FCM Clearing Member shall, subject to the Liability Cap, be obliged to make such FCM Further Contributions to the Default Fund in each case as soon as possible but no later than one Business Day following receipt of Eurex Clearing AG's demand. If an FCM Clearing Member does not provide the relevant FCM Further Contribution within one Business Day in full, Eurex Clearing AG shall be entitled to collect the (outstanding parts of the) relevant FCM Further Contributions to the Default Fund from the relevant FCM Clearing Member in accordance with the daily cash clearing procedure pursuant to Chapter I Number 1.4.1 of the FCM Regulations.

The **"Liability Cap"** with respect to each of the FCM Further Contributions, the CM Further Contributions, the Affected BCM Further Contributions and the Non-Affected BCM Further Contributions shall be two times the related originally applicable Contribution Requirement to the Default Fund and shall apply for the relevant Capped Period.

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A “**Capped Period**” means, with respect to the Default Fund, a period of twenty (20) Business Days which shall commence at the Termination Time, on the Clearing Member Termination Date or the Basic Clearing Member Termination Date and which, if one or more further Termination Times, Clearing Member Termination Dates or Basic Clearing Member Termination Dates occur within such twenty (20) Business Day period shall, in the case of each such further Termination Time, Clearing Member Termination Date or Basic Clearing Member Termination Date, be extended by twenty (20) Business Days from (and including) the relevant further Termination Time, Clearing Member Termination Date or Basic Clearing Member Termination Date, subject to a maximum duration of three (3) months, provided that, if, following the occurrence of an Termination Time, a Clearing Member Termination Date or a Basic Clearing Member Termination Date, the Default Fund will not be realized, such period shall end upon finalization of the default management process with respect to such Termination Time, Clearing Member Termination Date or Basic Clearing Member Termination Date as notified by Eurex Clearing AG to the FCM Clearing Members.

A Non-Affected FCM Clearing Member shall not be obliged to pay FCM Further Contributions, if such Non-Affected FCM Clearing Member has terminated its FCM Clearing License and such terminations have become effective prior to the start of the respective Capped Period.

If an FCM Clearing Member whose FCM Clearing Agreement with Eurex Clearing AG has been terminated has not settled all FCM Clearing Member Transactions relating to it (or to any of its FCM Clients) within a Capped Period, such FCM Clearing Member remains liable for any subsequent Capped Period(s) for making FCM Further Contributions until it is no longer a party to (or agent in respect of) any FCM Clearing Member Transactions with Eurex Clearing AG.

Without undue delay after the end of each Capped Period, each Non-Affected FCM Clearing Member shall be obliged to replenish the Default Fund up to the relevant FCM Contribution Requirements. If Eurex Clearing AG has not liquidated all Terminated Clearing Member Transactions (as defined in Number 4) of the Affected Clearing Member or Terminated FCM Clearing Member Transactions of the Affected FCM Clearing Member during the default management process by the end of the of the Capped Period, the obligation of the Non-Affected FCM Clearing Member to replenish the Default Fund up to the relevant FCM Contribution Requirements shall become due upon the liquidation of the last Terminated Clearing Member Transaction of the Affected Clearing Member or last Terminated FCM Clearing Member Transaction of the Affected FCM Clearing Member, respectively. This shall not apply if a Non-Affected FCM Clearing Member has terminated its Clearing License and all its FCM Clearing Member Transactions have been cancelled, closed or fulfilled before the end of the Capped Period.

For the avoidance of doubt, nothing in this Number 3.3 shall exclude or limit Eurex Clearing AG’s rights and claims against the Affected FCM Clearing Member.

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- 3.3.2 If Eurex Clearing AG requires Further Contributions, Eurex Clearing AG will allocate further own funds to the Default Fund ("**Further Dedicated Amount**"). Eurex Clearing AG will determine the Further Dedicated Amount separately for each Liquidation Group. The Further Dedicated Amount is determined by reference to the *pro rata* amount of the sum of any Further Contributions actually delivered to Eurex Clearing AG. Eurex Clearing AG will allocate a Further Dedicated Amount to the Default Fund up to a maximum amount of EUR 300,000,000. Such maximum amount shall cover all future Realization Events irrespective of whether they occur within one or more Capped Periods.

3.4 Release of the FCM Contributions to the Default Fund

- 3.4.1 With respect to each FCM Excess Contribution, the FCM Clearing Member may at any time request from Eurex Clearing AG the release of cash amounts or securities with a maximum value corresponding to the relevant FCM Excess Contribution. Such request shall be made in writing and with an appropriate prior notice period.
- 3.4.2 If the FCM Clearing License of an FCM Clearing Member have been terminated, Eurex Clearing AG shall release the relevant FCM Contributions of the respective FCM Clearing Member to the Default Fund as follows:
- (1) if no Capped Period has commenced at the time of the termination, at the later of (x) the effective date of such termination and (y) 30 days after the day upon which all FCM Clearing Member Transactions in the accounts of the respective FCM Clearing Member have been settled; and
 - (2) if a Capped Period has commenced at the time of the termination, at the later of (i) the effective date of such termination, (ii) the end of the Capped Period, and (iii) 30 days after the day upon which all FCM Clearing Member Transactions in the accounts of the respective FCM Clearing Member have been settled.

3.5 Interpretation

(Further) FCM Contributions do not form part of the Eligible Margin Assets held by Eurex Clearing AG in respect of any FCM Clearing Proprietary Margin Requirement, FCM Client Margin Requirement or Variation Settlement, and a claim of an FCM Clearing Member against Eurex Clearing AG to return (Further) FCM Contributions does not form part of any Netting Set.

4 Default Management Process

Eurex Clearing AG maintains a default management process ("**DMP**") to reduce the risks following a default of an FCM Clearing Member as described in the FCM Regulations and these FCM Default Rules or following a default of a Clearing Member or a Basic Clearing Member as described in the Clearing Conditions.

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Eurex Clearing AG establishes default management committees (each a “**DMC**”) for the purpose of advising and assisting the executive board (*Vorstand*) of Eurex Clearing AG with respect to the consequences of a termination of an FCM Clearing Member, a Clearing Member or a Basic Clearing Member and all other matters specified in the FCM Clearing Conditions and in the Clearing Conditions.

Where, in this Number 4, reference is made to (i) “**Terminated Clearing Member Transactions**”, such reference shall refer to all terminated Clearing Member Transactions of the CM Affected Clearing Member or the BCM Affected Clearing Member entered into in accordance with the Clearing Conditions and (ii) “**Terminated FCM Clearing Member Transactions**”, such reference shall refer to all FCM Clearing Member Transactions that are treated as if they are terminated in accordance with Chapter I Number 9.2.3 of the FCM Regulations.

Each FCM Clearing Member shall appoint one of its employees as DMP coordinator and as DMP deputy, respectively, as a central contact for Eurex Clearing AG for all general matters relating to the default management process and register these vis-à-vis Eurex Clearing AG.

4.1 Default Management Committees

4.1.1 A DMC will be established in accordance with the DMC Rules with respect to one or more groups of FCM Clearing Member Transactions and/or Clearing Member Transactions and relating to one or more types of transactions that are offered by Eurex Clearing AG for clearing under the FCM Clearing Conditions or the Clearing Conditions or parts thereof, as determined and published in accordance with Number 5.1 (ii) by Eurex Clearing AG (each a “**Liquidation Group**”). Each DMC constitutes an internal advisory committee of Eurex Clearing AG (but not an independent legal person) and its members are subject to Eurex Clearing AG’s direction rights.

4.1.2 Eurex Clearing AG has the right to convene a meeting of one or more DMCs upon the occurrence 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 for Default Simulations or to obtain advice on any DMC Matters as deemed appropriate by Eurex Clearing AG. Eurex Clearing AG may convene a DMC with respect to the following matters (the “**DMC Matters**”):

- (1) the establishment of DM Hedging Transactions pursuant to Number 4.2, including the selection of the relevant counterparties and the relevant hedging terms and strategy, and the assistance in the execution of DM Hedging Transactions;
- (2) the holding of one or more DM Auctions pursuant to Number 4.2, including the timing, the procedures and the terms and conditions of a DM Auction;
- (3) the establishment of FCM Clearing Member Transactions or Clearing Member Transactions by way of independent trades pursuant to Number 4.3; and

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- (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.

- 4.1.3 Each DMC will advise and make proposals to Eurex Clearing AG with respect to the relevant DMC Matters. Eurex Clearing AG shall at all times maintain the ultimate decision on whether and under what terms and conditions the DMC proposals are implemented or not. Eurex Clearing AG will inform the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* – “**BaFin**”) if the executive board (*Vorstand*) of Eurex Clearing AG decides not to follow the advice of a DMC.
- 4.1.4 Each DMC is governed by the rules set forth in the Default Management Committees Rules (as defined in the FCM Regulations) governed by the laws of the Federal Republic of Germany, as published by Eurex Clearing AG on its website www.eurexclearing.com (such rules, in their binding German language version, as amended from time to time, the “**DMC Rules**”, provided that references in these FCM Default Rules to any content of the DMC Rules shall be references to the relevant English language terms or provisions set out in the non-binding English translation of the DMC Rules (with the meaning of the corresponding German language terms or provisions)). The DMC Rules may be obtained from Eurex Clearing AG upon request.
- 4.1.5 The members of a DMC (the “**DMC Members**”) and the deputies of such DMC Members (the “**DMC Deputies**”) are appointed in accordance with the DMC Rules. Unless otherwise provided for in the DMC Rules, DMC Members and DMC Deputies are employees of a Clearing Member or an FCM Clearing Member, respectively, but act under a mandate (*Auftrag*) of Eurex Clearing AG during the meetings of the relevant DMC.
- 4.1.6 Whenever a DMC Member or its DMC Deputy assists Eurex Clearing AG in the execution of DM Hedging Transactions or other legal declarations, such DMC Member or DMC Deputy must act as messenger (i.e. as “*Bote*” under German law or a similar capacity under the laws of another jurisdiction, as applicable) and shall not have the rights of, or be deemed to be, an attorney in fact (i.e. as a “*Stellvertreter*” or in any other capacity under the law of another jurisdiction that would enable it to act on a principal’s behalf and directly bind the principal) of Eurex Clearing AG.

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4.1.7 Each FCM Clearing Member is obliged to sign an agreement for the participation in a DMC (governed by the laws of the Federal Republic of Germany) in form and substance satisfactory to Eurex Clearing AG within one month of its selection as Participating DMC Member Institution (as defined in the DMC Rules) by Eurex Clearing AG in accordance with the DMC Rules.

4.1.8 Eurex Clearing AG will inform each FCM Clearing Member selected as Participating DMC Member Institution at least three months prior to the establishment of the relevant DMC. Participating DMC Member Institutions shall comply with the duties and responsibilities set out in this Number 4.1 and the DMC Rules.

4.2 **DM Hedging Transactions**

At any time after the Termination Time or the Basic Clearing Member Termination Time or the Clearing Member Termination Time, Eurex Clearing AG may in its discretion enter into transactions with respect to claims or obligations under the related FCM Clearing Member Transactions or Clearing Member Transactions in order to hedge the effects of the Terminated FCM Clearing Member Transactions or the Terminated Clearing Member Transactions (the “**DM Hedging Transactions**” and each a “**DM Hedging Transaction**”). DM Hedging Transactions may be of any type of transactions that are offered by Eurex Clearing AG for clearing under the FCM Clearing Conditions or the Clearing Conditions. The costs and expenses incurred in connection with the entering into DM Hedging Transactions are referred to as “**DM Hedging Transaction Costs**”. The foregoing does not restrict the right of Eurex Clearing AG to enter into hedging or replacement transactions in the normal course of its business.

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 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

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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 ((i) and (ii) collectively the **“DM Auction Transactions”** and each a **“DM Auction Transaction”**).

Prior to a DM Auction, Eurex Clearing AG shall only enter into independent trades pursuant to Paragraph (1) against the recommendation of the relevant DMC(s), if the entering into such trades does not result in a realization of Contributions of Non-Affected Clearing Members or Non-Affected FCM Clearing Members in accordance with Number 3.2.1 and if the terms and conditions of the resulting FCM Clearing Member Transactions or Clearing Member Transactions are fixed prior to entering into the respective trades. If Eurex Clearing AG does not enter into independent trades pursuant to Paragraph (1) with respect to particular Terminated FCM Clearing Member Transactions or Terminated Clearing Member Transactions, one or more DM Auctions shall be held with respect to such Terminated FCM Clearing Member Transactions or Terminated Clearing Member Transactions.

- 4.3.2 DM Auctions are governed by the rules set forth in the Default Management Auction Rules (as defined in the FCM Regulations) governed by German law, as published by Eurex Clearing AG on its website www.eurexclearing.com (such rules, in their binding German language version, as amended from time to time, the **“DM Auction Rules”**, provided that references in these FCM Default Rules to any content of the DM Auction Rules shall be references to the relevant English language terms or provisions set out in the non-binding English translation of the DM Auction Rules (with the meaning of the corresponding German language terms or provisions)). The DM Auction Rules may be obtained from Eurex Clearing AG upon request.
- 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:
- (1) DM Auctions will be conducted with respect to one Auction Unit per currency in which the relevant DM Auction Transactions are denominated. Each Auction Unit will generally consist of all DM Auction Transactions denominated in the same currency.
- “Auction Unit”** means one unit of DM Auction Transactions of the relevant applicable Liquidation Group, as specified by Eurex Clearing AG after consultation with the relevant DMC(s).

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- (2) A FCM Mandatory Participant shall either (a) be obliged to participate in DM Auctions in accordance with Paragraphs (3) to (6) and the DM Auction Rules or (b) appoint a Clearing Member to act as Selected Auction Participant in accordance with the DM Auction Rules to participate in the relevant DM Auction on such Selected Auction Participant's own behalf and ensure that such Selected Auction Participant submits the relevant number of Selected Auction Participant Sufficient Bids for the relevant Auction Units.

"FCM Mandatory Participant" means each FCM Clearing Member (i) holding an FCM Clearing License with respect to all DM Auction Transactions comprised in the relevant Auction Unit, (ii) having the necessary account structure to settle all DM Auction Transactions comprised in the relevant Auction Unit, (iii) with respect to which within 3 months prior to the relevant Termination Time, Clearing Member Termination or Basic Clearing Member Termination, at least one FCM Clearing Member Transaction has been booked on a respective account, which corresponds to the transaction types comprised in the Relevant Liquidation Group and (iv) with respect to which no FCM Clearing Conditions Termination Event or FCM Clearing Conditions Insolvency Termination Event has occurred and is continuing.

"Selected Auction Participant" means a Clearing Member that has been appointed to act as a Selected Auction Participant and has accepted such appointment, in each case in accordance with the DM Auction Rules.

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

- (3) Each FCM Mandatory Participant is obliged to submit one Bid (each a **"Mandatory Bid"**) for the respective Auction Unit with respect to all currencies for which such FCM Mandatory Participant holds an FCM Clearing License, subject to the DM Auction Rules.

"Bid" has the meaning assigned to such term in the DM Auction Rules.

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.

Eurex Clearing AG will classify the Mandatory Bids into one of the following categories:

- (a) The Mandatory Bid qualifies as **"Sufficient Bid"**, if the difference between such Mandatory Bid and the winning Bid with respect to the relevant Auction Unit (the **"Sufficient Bid Threshold"**) is equal to or smaller than the product of (i) 0.5 and (ii) the Initial Margin requirement for all DM Auction Transactions in the relevant Auction Unit (the **"Auction Unit Margin Amount"**).
- (b) The Mandatory Bid qualifies as an **"Insufficient Bid"**, if the difference between such Mandatory Bid and the winning Bid with respect to the relevant Auction Unit (the **"Insufficient Bid Threshold"**) is larger than the product of (i) 1.5 and (ii) the Auction Unit Margin Amount.

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- (c) The Mandatory Bid qualifies as a “**Medium Bid**”, if the difference between such Mandatory Bid and the winning Bid with respect to the relevant Auction Unit is (i) larger than the Sufficient Bid Threshold and (ii) equal to or smaller than the Insufficient Bid Threshold.
- (4) Each FCM Mandatory Participant (i) that does not submit a 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 submit a Selected Auction Participant 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:
- (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 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.
- (b) If the FCM Mandatory Participant submits a Medium Bid (or if its Selected Auction Participant submits a Selected Auction Participant Medium Bid) and 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 with respect to the relevant Liquidation Group of all FCM Mandatory Participants submitting 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 Participant 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

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the relevant FCM Mandatory Participant's (or CM Mandatory Participant's, as relevant) Contributions. 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.

"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.

- (5) If an FCM Mandatory Participant 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 with respect to the relevant Liquidation Group, to which the DM Auction relates, a **"FCM Non-Bidding Participant"**), 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. 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 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.

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4.4 Cash Settlement of a Liquidation Group

The prerequisites and consequences of the occurrence of a termination and settlement in cash of all (but not only some) FCM Clearing Member Transactions and all Clearing Member Transactions of a Relevant Liquidation Group are set out in Chapter I Number 9.6 of the FCM Regulations for FCM Clearing Member Transactions and in Chapter I Part 1 Number 7.5.4 of the Clearing Conditions for Clearing Member Transactions.

4.5 Default Simulations

Eurex Clearing AG will arrange for at least one and no more than three default simulations per year to ensure the best practicable level of preparation for any default of a FCM Clearing Member, Clearing Member or Basic Clearing Member (the “**Default Simulation**”) and the FCM Clearing Members shall support Eurex Clearing AG in carrying out any such Default Simulation.

Upon request of Eurex Clearing AG, each FCM Clearing Member shall in the course of such Default Simulations act as potential counterparty for a simulated DM Hedging Transaction and shall support any simulated DM Auction, as further described in Number 4.3, with respect to the Liquidation Groups that such FCM Clearing Member is active in.

5 Publications and Notices

- 5.1 All notices from Eurex Clearing AG regarding these FCM Default Rules will be published (i) via electronic circular to the FCM Clearing Member or (ii) on the Eurex Clearing AG website (www.eurexclearing.com) for at least three (3) Business Days. Such notices will become effective immediately upon publication, provided that changes and amendments to the FCM Default Rules will become effective in accordance with Number 6.2.
- 5.2 All notices to be given between Eurex Clearing AG and an FCM Clearing Member shall be given in such form and at such address as agreed and/or notified from time to time by the relevant party. Notices are given in the English language. Unless otherwise specified in these FCM Default Rules notices by FCM Clearing Members may be made by telefax or e-mail. Forms published by Eurex Clearing AG must be used.
- 5.3 Each FCM Clearing Member acknowledges that Eurex Clearing AG will send to FCM Clearing Members notices and reports in the systems of Eurex Clearing AG in an area which is only individually accessible to it (the “**Access Area**”). Eurex Clearing AG is not entitled to access or change the Access Area of an FCM Clearing Member without its consent. Reports and notifications stored in an Access Area will regularly be exchanged against new notices or reports within ten (10) Business Days of their storage in the Access Area.
- 5.4 Each FCM Clearing Member acknowledges that the notices and reports which are made accessible in the individual Access Area may also contain declarations with legal effect, in particular acceptances of FCM Clearing Member Transactions and other declarations of particular importance.

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6 Miscellaneous

6.1 Governing law; Place of jurisdiction

- 6.1.1 Unless provided otherwise, the rights and obligations arising out of, and in connection with, these FCM Default Rules shall be governed by the substantive laws (*Sachrecht*), excluding German private international law, of Germany.
- 6.1.2 Any non-contractual rights and obligations arising out of, and in connection with, these FCM Default Rules shall be governed by the substantive laws (*Sachrecht*), excluding German private international law, of Germany.
- 6.1.3 Exclusive place of jurisdiction for all disputes arising out of, or in connection with, these FCM Default Rules is Frankfurt am Main, Federal Republic of Germany.

6.2 Changes and Amendments to the FCM Default Rules, the DM Auction Rules and the DMC Rules

- 6.2.1 Eurex Clearing AG reserves the right to change or amend the FCM Default Rules, the DM Auction Rules or the DMC Rules at any time; any changes and amendments of these FCM Default Rules, the DM Auction Rules or the DMC Rules shall be published in accordance with Number 5.1 (i) and (ii).
- 6.2.2 Such publication will be made to all affected FCM Clearing Members at least fifteen (15) Business Days prior to the effective date fixed in the relevant notice ("**Notification Period**").
- 6.2.3 FCM Clearing Members affected by a proposed change or amendment may submit in writing to Eurex Clearing AG comments to any changes or amendments of the FCM Default Rules, the DM Auction Rules or the DMC Rules within the first 10 Business Days of the Notification Period. Eurex Clearing AG shall assess whether these comments prevent the published change or amendment from becoming effective taking into account the interests of Eurex Clearing AG and all FCM Clearing Members. If necessary, Eurex Clearing AG will consult the EMIR Risk Committee within the scope of competence of the EMIR Risk Committee or, where required, seek advice from other sources. There is no obligation of Eurex Clearing AG to implement a comment. To the extent Eurex Clearing AG decides to implement comments of affected FCM Clearing Members, the relevant changes and amendments will be published again in accordance with the Notification Period. During the additional Notification Period, there will be no further assessment of any comments of any affected FCM Clearing Member pursuant to this Number 6.2.3.
- 6.2.4 Each affected FCM Clearing Member accepts each change and amendment of the FCM Default Rules, the DM Auction Rules and the DMC Rules, unless it objects by written notice to Eurex Clearing AG within the relevant Notification Period. Eurex Clearing AG will inform the affected FCM Clearing Members of the effects of such approval in the relevant publication of the changes and amendments of these affected FCM Default Rules, the DM Auction Rules or the DMC Rules. The right to terminate the FCM Clearing Agreement shall remain unaffected.

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7 **Current Version of the FCM Default Rules**

The current valid version of the FCM Default Rules is available via the internet (www.eurexclearing.com).