

Chapter II of the Clearing Conditions of Eurex Clearing AG

# Transactions Concluded at Eurex Deutschland

(Eurex Exchange)

As of 01.11.2019

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AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED,

DELETIONS ARE CROSSED OUT.

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[...]

### 1.1.2 Prerequisites for Clearing Licenses

[...]

(5) Upon request of the applicant, Eurex Clearing AG may grant an exemption from the requirement to maintain securities accounts (including a corresponding cash account) pursuant to Chapter I Part 1 Number 2.1.2 (4) (a) (gg) for the purpose of clearing Eurex Transactions, if Eurex Clearing AG determines that it would be impossible or impracticable for the applicant to open and/or maintain such a securities account (including a corresponding cash account). If Eurex Clearing AG grants such an exemption the following conditions shall apply:

(a) The Clearing Member shall avoid maintaining open positions as and when these positions require a physical delivery of securities. This applies for own positions as well as client positions of the Clearing Member, including where the Clearing Member clears Eurex Transactions for any Disclosed Direct Clients and Indirect Client Market Participants. It is the responsibility of the Clearing Member to take appropriate measures to ensure that its clients, including any Disclosed Direct Clients and Indirect Client Market Participants, do not have open positions as and when these positions require a physical delivery of securities. The Clearing Member acknowledges that in case it holds a position in an Options Contract, such Options Contract may be exercisable by or against it, and such an exercise will require an immediate physical settlement.

(b) If the Clearing Member for whatever reason holds any own or client positions that require a physical settlement and the physical settlement is not possible due to the lack of a securities account (including a corresponding cash account), the Clearing Member shall be required to pay a penalty in accordance with Chapter I Part 1 Number 14. The consequences with respect to a failure to deliver set out in Part 2 and 3 of this Chapter II shall not apply with respect to the Clearing Member, instead the following shall apply. Eurex Clearing AG shall be entitled, but not obliged, to

(i) if the Clearing Member is required to deliver Securities to Eurex Clearing AG, trigger its procedures for the purchase of the relevant Securities to

acquire the Securities on or around the original due date for delivery. The Clearing Member shall compensate Eurex Clearing AG, if the price paid by Eurex Clearing AG exceeds the price Eurex Clearing AG would have owed the Clearing Member for the delivery of the Securities. If Eurex Clearing AG determines that it will not acquire the Securities, the Clearing Member shall compensate Eurex Clearing AG for any positive difference (if any) between the market price of the Securities prevailing at the time of the determination by Eurex Clearing AG and the price Eurex Clearing AG would have owed to the Clearing Member. In addition the Clearing Member shall reimburse Eurex Clearing AG for any costs and expenses incurred by Eurex Clearing AG in relation to the purchase as well as any amounts that would occur in accordance with Regulation (EU) No 236/2012 ("CSDR") and respective delegated acts, or

- (ii) if the Clearing Member is required to take delivery of Securities, determine that a cash settlement shall take place instead of a Physical Delivery. The cash settlement shall be based on the price of a sell transaction (if any) in the respective Securities entered into by Eurex Clearing AG on or around the original due date for delivery as well as relevant costs and expenses incurred by Eurex Clearing AG in connection with the failure by the Clearing Member to take delivery of Securities. If Eurex Clearing AG determines that it, for whatever reason, is unable to enter into a sell transaction in the respective Securities, Eurex Clearing AG may apply a market price of zero for the Securities.

The right of Eurex Clearing AG to claim further damages shall remain unaffected.

- (c) Eurex Clearing AG may at any time revoke the exemption granted pursuant to this Number 1.1.2 (5), including (without limitation) if the Clearing Member does not comply with conditions set out herein. Eurex Clearing AG shall notify the Clearing Member in advance observing an appropriate notice period, unless Eurex Clearing AG determines that a prior notice would not be appropriate in a particular case.

[...]

### **1.11 Early Cash Settlement**

Where one or more Clearing Members have been granted an exemption by Eurex Clearing AG from the requirement to maintain a securities account (including a corresponding cash account) required for the Physical Settlement of futures and/or options transactions, and Eurex Clearing AG is unable to acquire Securities in accordance with Number 1.1.2(5)(b)(i) needed to settle a futures or options transaction corresponding to the transaction with the exempted Clearing Member, then

the consequences with respect to a failure to deliver set out in Part 2 and 3 of this Chapter II shall not apply with respect to the Clearing Member entitled to receive delivery.

Instead Eurex Clearing AG will inform the Clearing Member entitled to receive delivery of the Securites and inform him that a cash settlement of the transaction based on the last available market price of the Securities specified in Number 1.1.2(5)(b)(i) shall occur.

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