



## Eurex Clearing Circular 035/18

# EurexOTC Clear: Extension of the Settled-to-Market model to OTC currency products, amendment of the Clearing Conditions

### Summary

On 18 May 2018, Eurex Clearing AG (Eurex Clearing) will extend the alternative treatment of Variation Margin payments with respect to OTC IRS transactions, which was introduced with Eurex Clearing circulars 102/17 and 120/17, to include OTC currency transactions.

For this purpose, Eurex Clearing will introduce a new contract model for OTC currency transactions (Settled-to-Market, STM), under which, from a legal point of view, Variation Margin payments will be treated as settlement.

The amendments will come into effect on **18 May 2018**.

This circular contains the updated sections of the Clearing Conditions of Eurex Clearing AG (Clearing Conditions), as decided by the Executive Board of Eurex Clearing AG.

Terms used and not otherwise defined in this circular shall have the meanings ascribed to them in the Clearing Conditions.

### Attachments:

- Updated sections of the Clearing Conditions

**Date:** 17 April 2018

**Recipients:**

All Clearing Members of Eurex Clearing AG and Vendors

**Authorized by:**

Thomas Laux

**Target group:**

All departments

**Related Eurex Clearing circulars:**

102/17, 120/17

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## **EurexOTC Clear: Extension of the Settled-to-Market model to OTC currency products, amendment of the Clearing Conditions**

On 18 May 2018, Eurex Clearing AG (Eurex Clearing) will extend the alternative treatment of Variation Margin payments with respect to OTC IRS transactions, which was introduced with Eurex Clearing circulars 102/17 and 120/17, to include OTC currency transactions.

For this purpose, Eurex Clearing will introduce a new contract model for OTC currency transactions (Settled-to-Market, STM), under which, from a legal point of view, Variation Margin payments will be treated as settlement.

STM contracts for OTC currency transactions will be structured in the same way as STM contracts for OTC IRS transactions. All of the outstanding exposure arising from such contracts will be fully and finally settled on a daily basis with the consequence that the market value of such contracts will be reset to zero every day. The economics of the transaction will not be affected by the switch to STM.

The conversion to the new STM model is optional for all Clearing Members who carry out OTC currency transactions.

From a technical point of view, the extension of the STM model for OTC currency transactions has already been made available with EurexOTC Clear Release 8.0.

To implement the changes, the following provisions of the Clearing Conditions will be amended as outlined in attachments 1 and 2:

- Chapter I Part 2 Subpart A Number 5 and Subpart B Number 6 (attachment 1), and
- Chapter VIII Parts 2, 3 and 4 (attachment 2).

The relevant amendments to the Clearing Conditions will become effective on 18 May 2018. As of this date, the full version of the amended Clearing Conditions will be available for download on the Eurex Clearing website [www.eurexclearing.com](http://www.eurexclearing.com) under the following link:

### **Resources > Rules and Regulations > Clearing Condition**

Pursuant to Chapter I Part 1 Number 17.2.2 and Number 17.2.6 of the Clearing Conditions, each change and amendment of the Clearing Conditions published by this circular to Clearing Members, Non-Clearing Members, Registered Customers, OTC IRS FCM Clients and Basic Clearing Members affected by such change or amendment (Affected Customers) at least fifteen (15) Business Days prior to the effective date indicated herein, is deemed accepted by each Affected Customer, unless it objects by written notice to Eurex Clearing AG within such notification period. The right of Eurex Clearing AG to terminate the Clearing Agreement pursuant to Chapter I Part 1 Number 7.2.1 Paragraph (4) of the Clearing Conditions shall remain unaffected.

Terms used and not otherwise defined in this circular shall have the meanings ascribed to them in the Clearing Conditions.

If you have any questions or require further information, please send an e-mail to: [otcrelease@eurexclearing.com](mailto:otcrelease@eurexclearing.com).

17 April 2018

Chapter I of the Clearing Conditions of Eurex Clearing AG

# General Provisions

As of 18.05.2018

Attachment 1 to Eurex Clearing circular 035/18	Eurex04e
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AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED

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## Part 1 General Clearing Provisions

[...]

### 1.2.4 Certain Definitions and Interpretation

In these Clearing Conditions:

- (1) “**Business Days**” means

[...]

- (3) The terms “**Margin**” or “**Variation Margin**”, “**Proprietary Margin**” or “**Proprietary Variation Margin**” and “**Omnibus Margin**” or “**Omnibus Variation Margin**” shall have the meaning given to such terms in the Elementary Clearing Model Provisions, the terms “**Segregated Margin**” or “**Segregated Variation Margin**” shall have the meaning given to such terms in the Individual Clearing Model Provisions, the term “**OTC IRS FCM Client Margin**” shall have the meaning given to such term in the U.S. Clearing Model Provisions and the terms “**Basic Clearing Member Margin**” or “**Basic Clearing Member Variation Margin**” shall have the meaning given to such terms in the Basic Clearing Member Provisions, provided that (i) “**Margin**” shall refer to “**Proprietary Margin**”, “**Omnibus Margin**”, “**Segregated Margin**”, “**OTC IRS FCM Client Margin**” or “**Basic Clearing Member Margin**” and (ii) “**Variation Margin**” shall refer to “**Proprietary Variation Margin**” and “**Omnibus Variation Margin**”, “**Segregated Variation Margin**”, or “**Basic Clearing Member Variation Margin**”, respectively, in the General Clearing Provisions and the Special Clearing Provisions where the context so provides or requires.
- (4) References to laws, rules, regulations and agreements shall mean such laws, rules, regulations and agreements (that are not part of the Clearing Conditions) as they are amended and updated from time to time.

[...]

## Part 2 Elementary Clearing Model Provisions

[...]

### Part 2 Subpart A: General Elementary Clearing Model Provisions

[...]

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## 5 Variation Margin

### 5.1 Variation Margin Requirement

Each of Eurex Clearing AG and the Clearing Member shall be required to transfer (additional) cover in respect of daily profits or losses for ECM Transactions (Variation Margin). Only Eligible Margin Assets in the form of cash shall be delivered as cover in respect of Variation Margin.

Eurex Clearing AG will calculate net variation margin requirements separately with respect to

- (a) the relevant Internal Proprietary Cash Account for all Own Transactions (other than STM Transactions (as defined in Chapter VIII Part 1 Number 1.2.1)) of a Clearing Member (to be provided in accordance with Subpart B Number 6) and
- (b) each relevant Internal Omnibus Cash Account reflecting the sum of the calculations with respect to all Client Transaction Accounts of such Clearing Member in accordance with Subpart C Number 7 that relate to such Internal Omnibus Cash Account,

and in each case in accordance with Chapter II Part 2 Number 2.1.2 Paragraph (1) and (2), Chapter II Part 3 Number 3.2.3 Paragraph (1), Number 3.3.3 Paragraph (1) or Chapter VIII Part 2 Number 2.1.7, Part 3 Number 3.1.7~~6~~ or Part 4 Number 4.1.7~~6~~, as applicable.

[...]

[...]

### 5.4 Redelivery of Variation Margin

Subject to the occurrence of a Termination Date or an Insolvency Event or Failure to Pay Event, any Redelivery Claim with respect to Variation Margin (i) shall become due on any Business Day, if and to the extent that, on such Business Day, a profit amount has been determined in respect of the Proprietary Standard Agreement or with respect to the Client Transaction Accounts relating to the relevant Internal Omnibus Cash Account (as applicable) for the benefit of such Variation Margin Provider in accordance with Chapter II Part 2 Number 2.1.2 Paragraph (1) and (2), Chapter II Part 3 Number 3.2.3 Paragraph (1), Number 3.3.3 Paragraph (1) or Chapter VIII Part 2 Number 2.1.7, Part 3 Number 3.1.7~~6~~ or Part 4 Number 4.1.7~~6~~, as applicable, (the relevant amount shall be the “**Redelivery Amount**”) and (ii) shall be decreased and discharged accordingly (subject to a minimum value of zero) if and to the extent equivalent Eligible Margin Assets in form of cash have been actually delivered to the Variation Margin Provider by the Variation Margin Taker. For the avoidance of doubt, if the profit amount determined for the benefit of the Variation Margin Provider is higher than its relevant Redelivery Claim with respect to Variation Margin as of such time, the payment of the excess amount by the other party constitutes itself a delivery of Variation Margin. In such case the roles of the Variation Margin Provider and Variation Margin Taker will be reversed.

[...]

## **Part 2      Subpart B: Clearing of Own Transactions**

[...]

### **6            Variation Margin required with respect to Own Transactions**

6.1        Each of Eurex Clearing AG and the Clearing Member shall be required to transfer (additional) cover in respect of daily profits or losses for all Own Transactions (other than STM Transactions (as defined in Chapter VIII Part 1 Number 1.2.1)) under the Proprietary Standard Agreement ("**Proprietary Variation Margin**") in such amounts, in such forms and at such times as are required pursuant to Subpart A Number 5 and the Special Clearing Provisions.

6.2        The applicable Variation Margin Requirement with respect to Own Transactions (other than STM Transactions (as defined in Chapter VIII Part 1 Number 1.2.1)) will be notified by Eurex Clearing AG to the relevant Clearing Member.

[...]

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**AMENDMENTS ARE MARKED AS FOLLOWS:**  
**INSERTIONS ARE UNDERLINED,**  
**DELETIONS ARE CROSSED OUT.**

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Chapter VIII of the Clearing Conditions of Eurex Clearing AG

# Clearing of OTC Interest Rate Derivative Transactions, OTC FX Transactions and OTC XCCY Transactions

As of 18.05.2018

Attachment 2 to Eurex Clearing circular 035/18	Eurex04e
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Chapter VIII Preamble	

## **Preamble**

This Chapter VIII forms an integral part of the Clearing Conditions of Eurex Clearing AG and respective references in other rules or documents to the Clearing Conditions shall also apply to this Chapter VIII.

Chapter I together with this Chapter VIII and all references to other Chapters or Annexes of the Clearing Conditions shall apply for (i) all Clearing Members (including OTC IRS FCM Clearing Members) with a respective Clearing License, their Non-Clearing Members, Registered Customers, ICM Clients and OTC IRS FCM Clients, (ii) Basic Clearing Members with a respective Basic Clearing Member Clearing License and their Clearing Agents as well as (iii) all Interim Participants (in each case, if applicable).

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## Part 1 General Provisions

- (1) Eurex Clearing AG offers the Clearing and settlement of interest and currency related products traded over-the-counter which are OTC Interest Rate Derivative Transactions (as defined in Part 2 Number 2.1.1), OTC FX Transactions (as defined in Part 3 Number 3.1.1) or OTC XCCY Transactions (as defined in Part 4 Number 4.1.1 and together with the OTC FX Transactions, the “**OTC Currency Transactions**”) provided that such OTC Interest Rate Derivative Transactions and OTC Currency Transactions meet the applicable novation criteria set out in Number 1.2.3.
- (2) In addition to this Chapter VIII, (i) the provisions of Chapter I, including in particular the Elementary Clearing Model Provisions, the Individual Clearing Model Provisions, the U.S. Clearing Model Provisions and the Basic Clearing Member Provisions shall apply to the Clearing of OTC Interest Rate Derivative Transactions and (ii) the provisions of Chapter I, including in particular the Elementary Clearing Model Provisions (but excluding the Individual Clearing Model Provisions, the Net Omnibus Clearing Model Provisions, the U.S. Clearing Model Provisions and the Basic Clearing Member Provisions) shall apply to the Clearing of OTC FX Transactions and OTC XCCY Transactions, unless – in case of both (i) and (ii) – otherwise provided hereinafter.
- (3) This Chapter VIII does not apply to the Clearing of Eurex Off-Book Trades as specified in Chapter II Part 4 and the OTC Transactions specified in Chapter V Part 1 Number 1.3.

### 1.1 Clearing License

#### 1.1.1 Granting of the Clearing License

In order to participate in the Clearing of (i) OTC Interest Rate Derivative Transactions, (ii) OTC FX Transactions and (iii) OTC XCCY Transactions, a clearing license for each relevant Transaction Type (as defined in Chapter I Part 1 Number 1.1.2) is required (each an “**OTC Clearing License**”). The OTC Clearing License may be granted by Eurex Clearing AG upon written application. Each OTC Clearing License may be restricted to certain product groups within the scope of a Transaction Type if this is provided for in respect of such OTC Clearing License. Notwithstanding Chapter I Part 1 Number 2.1.1 Paragraph (4),

- (A) an Interest Rate Derivatives Clearing License (as defined in Part 2 Number 2.1.3) , as regulated in more detail in the respective Clearing Agreement, will be exclusively issued as a
  - (i) General Clearing License which entitles its holder to clear Own Transactions, UDC-Related Transactions, SC-Related Transactions and RC-Related Transactions (all as defined in Chapter I Part 1 Number 1.2.3)

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or, in respect of OTC IRS U.S. Clearing Members, Own Transactions and, if the OTC IRS U.S. Clearing Member is an OTC IRS FCM Clearing Member, also OTC IRS FCM Client Transactions;

- (ii) Direct Clearing License which entitles its holder to clear Own Transactions only; or
- (iii) Basic Clearing Member Clearing License which entitles its holder to clear Own Transactions; and

(B) an OTC Currency Products Clearing License (as defined in Part 3 Number 3.1.3), as regulated in more detail in the respective Clearing Agreement, will be issued as a Direct Clearing License which entitles its holder to clear Own Transactions only.

### 1.1.2 Prerequisites of the Clearing License

The prerequisites for the granting of (i) an Interest Rate Derivatives Clearing License are set out in Part 2 and (ii) an OTC Currency Products Clearing License are set out in Part 3.

## 1.2 Conclusion of Transactions

OTC Interest Rate Derivative Transactions, OTC FX Transactions and OTC XCCY Transactions pursuant to this Chapter VIII are concluded by way of novation in accordance with the following provisions:

### 1.2.1 Novation

- (1) For the purposes of including OTC Interest Rate Derivative Transactions, OTC FX Transactions and/or OTC XCCY Transactions into the Clearing by Eurex Clearing AG, the trade record of the relevant Original OTC Transaction (as defined in Chapter I Part 1 Number 1.2.2 Paragraph (2)) has to be transmitted to Eurex Clearing AG via an Approved Trade Source System / ATS (both as defined in Paragraph (7)(a) below).
- (2) Whenever the trade record of an Original OTC Transaction, including, as the case may be, a Credit Limit Token (as defined in Sub-Paragraph (b)(ii) below), is transmitted to Eurex Clearing AG via an ATS (such record, including, as the case may be, a Credit Limit Token, hereinafter referred to as a **"Trade Record"**); and
  - (a) (x) with respect to an OTC Interest Rate Derivative Transaction, the parties to the related Original OTC Transaction are Clearing Members or Basic Clearing Members, each holding the relevant Interest Rate Derivatives Clearing License or OTC IRS FCM Clients or (y) with respect to an OTC FX Transaction or an OTC XCCY Transaction, the parties to the related Original OTC Transaction are Clearing Members, each holding the relevant OTC Currency Products Clearing License; or

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- (b) with respect to an OTC Interest Rate Derivative Transaction, only if any party to the Original OTC Transaction is neither a Clearing Member holding the relevant Interest Rate Derivatives Clearing License nor a Basic Clearing Member: according to such Trade Record, the Clearing Member holding the relevant Interest Rate Derivatives Clearing License has been designated as a Clearing Member for such party with respect to the relevant Original OTC Transaction, and
- (i) has accepted in the system of Eurex Clearing AG the Original OTC Transaction for Clearing, or
- (ii) outside the system of Eurex Clearing AG and prior to the conclusion of the Original OTC Transaction, such Clearing Member has approved that it will act as a Clearing Member for such party with respect to such Original OTC Transaction and resulting CCP- and CM-RC Transactions and clear such transaction, and such approval has been submitted to Eurex Clearing AG via the ATS in the form of a credit limit token ("**Credit Limit Token**") as part of the Trade Record; and
- (c) Eurex Clearing AG accepts such Original OTC Transaction for inclusion in the Clearing Procedures by making an OTC Trade Novation Report available to the Clearing Member (in the case of an OTC IRS FCM Clearing Member, acting on behalf of the relevant OTC IRS FCM Client) or, if applicable, the Basic Clearing Member (or the Clearing Agent acting on behalf of the Basic Clearing Member) electronically via its system,

CCP Transactions and, if applicable, CM-RC Transaction(s), Client Clearing CM-RC Transaction(s) or CM-Customer Transaction(s) will be concluded (i) in accordance with Chapter I Part 1 Number 1.2.2 Paragraph (2), (ii) in the case of CCP-OTC IRS FCM Client Transactions, Chapter I Part 4 Number 1.4, or (iii) in case of a Basic Clearing Member Transaction, Chapter I Part 5 Number 1.3, in each case as further specified with respect to OTC Interest Rate Derivative Transactions in Part 2, with respect to OTC FX Transactions in Part 3 and with respect to OTC XCCY Transactions in Part 4.

- (3) Any acceptance of the Original OTC Transaction by Eurex Clearing AG for inclusion in the Clearing and the related novation pursuant to Chapter I Part 1 Number 1.2.2 Paragraph (2) or, in the case of CCP-OTC IRS FCM Client Transactions, Chapter I Part 4 Number 1.4, or, in the case of a Basic Clearing Member Transaction, Chapter I Part 5 Number 1.3, as applicable, 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, the Credit Limit Token, provided by the ATS on behalf of the parties to the Original OTC Transaction. Eurex Clearing AG relies on the accuracy of the data set out in the Trade Record including, as the case may be, the Credit Limit Token and is neither able nor obliged to verify whether the Trade Record received properly reflects the terms of the Original OTC Transaction entered into by the relevant parties, nor whether the respective Clearing Member – as indicated in the Credit

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Limit Token submitted to Eurex Clearing AG via the ATS – has actually approved that it will act as a Clearing Member for the respective party with respect to such Original OTC Transaction and resulting CCP- and CM-RC Transactions and clear such transaction.

- (4) Under the CCP Transactions created upon novation, the relevant Clearing Member or, if applicable, the relevant Basic Clearing Member has, in economic terms, the same economic role (e.g. as floating rate payer or as fixed rate payer, respectively) as such Clearing Member or Basic Clearing Member (in case of Own Transactions), or Registered Customer (in case of RC-Related Transactions) or Undisclosed Direct Client (in case of UDC-Related Transactions) or Specified Client (in case of SC-Related Transactions) of the Clearing Member had under the Original OTC Transaction (in the case of STM Interest Rate Derivative Transactions, subject to the amendments pursuant to Part 2 Number 2.1.4 Paragraph (3), in the case of STM FX Transactions, subject to the amendments pursuant to Part 3 Number 3.1.4 Paragraph (3) and in the case of STM XCCY Transactions, subject to the amendments pursuant to Part 4 Number 4.1.4 Paragraph (3)). The same principle applies to CM-RC Transactions *mutatis mutandis*. Under the CCP-OTC IRS FCM Client Transactions created upon novation, the relevant OTC IRS FCM Client has, in economic terms, the same economic role (e.g. as floating rate payer or as fixed rate payer, respectively) as such OTC IRS FCM Client had under the Original OTC Transaction.
- (5) It is the responsibility of the parties to the Original OTC Transaction to agree on a bilateral basis that the Original OTC Transaction shall be cancelled upon novation. With respect to any Original OTC Transaction to which an OTC IRS FCM Client is a party, this provision shall not apply and instead only Chapter I Part 5 Number 1.4 Paragraph (4) applies.
- (6) If a CM-RC Transaction, a Client Clearing CM-RC Transaction or a CM-Customer Transaction, or any provision thereof, is not valid or not enforceable vis-à-vis the respective Registered Customer or other customer, this shall not affect the validity and enforceability of the CCP Transaction between Eurex Clearing AG and the relevant Clearing Member.
- (7) For the purposes of this Chapter VIII,
  - (a) **“Approved Trade Source System”** or **“ATS”** means a provider of trade information to be appointed by each of the parties to an Original OTC Transaction, and recognised 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](http://www.eurexclearing.com)).
  - (b) **“CCP-OTC IRS FCM Client Transaction”** means with respect to a Clearing Agreement with an OTC IRS FCM Client in the form appended to the Clearing Conditions as Appendix 9, an OTC Interest Rate Derivative Transaction established between Eurex Clearing AG and the relevant OTC IRS FCM Client pursuant to Paragraph (2) and Chapter I Part 4 Number 1.4.

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- (c) “**CCP Transaction**” means (A) any OTC Interest Rate Derivative Transaction, OTC FX Transaction or OTC XCCY Transaction (i) between Eurex Clearing AG and the relevant Clearing Member created pursuant to Chapter I Part 1 Number 1.2.2 Paragraph (2) or (ii) if applicable, between Eurex Clearing AG and the relevant Basic Clearing Member created pursuant to Chapter I Part 5 Number 1.3 Paragraph (2) or (B) if applicable, a CCP-OTC IRS FCM Client Transaction between Eurex Clearing AG and the relevant OTC IRS FCM Client.
- (d) “**CM-RC Transaction**” means, with respect to a Clearing Agreement with a Registered Customer in the form appended to the Clearing Conditions as Appendix 2 or Appendix 3, an OTC Interest Rate Derivative Transaction corresponding to a certain CCP Transaction (which is an OTC Interest Rate Derivative Transaction) and which has been created between the Clearing Member and a Registered Customer pursuant to Chapter I Part 1 Number 1.2.2 Paragraph (2).
- (e) “**Client Clearing CM-RC Transaction**” means, with respect to the Individual Clearing Model Provisions under Client Clearing Documentation, a transaction corresponding to a CCP Transaction and which has been created between the Clearing Member and the Registered Customer of the Clearing Member in accordance with the Client Clearing Agreement (as defined in Chapter I Part 3 Subpart C Number 2.1.1) between the relevant Clearing Member and its Registered Customer and which are not subject to these Clearing Conditions. A Client Clearing CM-RC Transaction shall exclusively be regulated by the Client Clearing Agreement which may refer to these Clearing Conditions.
- (f) “**CM-Customer Transaction**” means a transaction corresponding to a CCP Transaction and which has been created between the Clearing Member and an Undisclosed Direct Client or a Specified Client of the Clearing Member in accordance with the contractual arrangements between them. A CM-Customer Transaction shall exclusively be subject to the contractual arrangements between the relevant Clearing Member and its Undisclosed Direct Client or Specified Client, which may refer to these Clearing Conditions.
- (g) “**OTC Trade Daily Summary Report**” means a report that lists events occurring after the original novation which will be made available to the Clearing Members or Basic Clearing Members holding an Interest Rate Derivatives Clearing License (or the Clearing Agent acting on behalf of the relevant Basic Clearing Member) and/or to the Clearing Members holding an OTC Currency Products Clearing License electronically via Eurex Clearing AG's system on each Business Day. The last OTC Trade Daily Summary Report will be made available at or around 11 pm (Frankfurt am Main time).
- (h) “**OTC 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 OTC Transactions to be novated into the respective CCP



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Transactions and, if applicable, the CM-RC Transaction(s), Client Clearing CM-RC Transaction(s) or CM-Customer Transaction(s).

- (i) “STM Transaction” means any STM Interest Rate Derivative Transaction, STM FX Transaction and STM XCCY Transaction.
- (ii) “STM Interest Rate Derivative Transaction” means an STM Eligible Interest Rate Derivative Transaction in respect of which an IRS STM Election has been made.
- (k) “STM FX Transaction” means an STM Eligible FX Transaction in respect of which an FX STM Election has been made.
- (l) “STM XCCY Transaction” means an STM Eligible XCCY Transaction in respect of which an XCCY STM Election has been made.
- (m) “Settled-to-Market” means that the outstanding exposure of (i) an STM Interest Rate Derivative Transaction is settled pursuant to Number 2.2.1 Paragraph (5), (ii) an STM FX Transaction is settled pursuant to Number 3.2.1 Paragraph (4) or (iii) an STM XCCY Transaction is settled pursuant to Number 4.2.1 Paragraph (5), as applicable.

## 1.2.2 Legal Effectiveness of Novation

The novation becomes legally effective at the point of time when Eurex Clearing AG accepts the relevant Original OTC Transaction for Clearing by making the relevant OTC Trade Novation Report available to the relevant Clearing Member (and, in the case of a CCP-OTC IRS FCM Client Transaction, to the OTC IRS FCM Clearing Member acting on behalf of the relevant OTC IRS FCM Client) or, if applicable, to the relevant Basic Clearing Member (or Clearing Agent acting on behalf of the Basic Clearing Member) electronically via Eurex Clearing AG's system.

## 1.2.3 Novation Criteria

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

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(ii) accepted by the relevant Clearing Member(s) holding the relevant OTC Clearing License, as provided for in Number 1.2.1 Paragraph (2) (b) (i) or Number 1.2.1 Paragraph (2) (b) (ii).

2. The Trade Record must specify in respect of the relevant Original OTC Transaction (i) that it is to be cleared by Eurex Clearing AG as well as (ii) (A) if any party of the Original OTC Transaction is a Clearing Member or Basic Clearing Member which does not hold the relevant OTC Clearing License, the Clearing Member holding the relevant OTC Clearing License selected by such party or (B) if any party of the Original OTC Transaction is an OTC IRS FCM Client, the OTC IRS FCM Clearing Member of such OTC IRS FCM Client or (C) if any party of the Original OTC Transaction is a Basic Clearing Member, the Clearing Agent of such Basic Clearing Member;
3. (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 to Clearing Members or Basic Clearing Members (or the Clearing Agent acting on behalf of the relevant Basic Clearing Member) that hold an OTC Clearing License and (ii) no information required with respect to the terms of the relevant OTC Interest Rate Derivative Transaction, OTC FX Transaction or OTC XCCY Transaction as set out in Part 2, Part 3 or Part 4, respectively, is missing;
4. No Termination Date has occurred with respect to a Clearing Member through which the novated Original OTC Transaction is to be cleared;
5. No Basic Clearing Member Termination Date has occurred with respect to a Basic Clearing Member in respect of which the novated Original OTC Transaction is to be cleared;
6. No Registered Customer who is a party to the Original OTC Transaction has been excluded from the Clearing of Original OTC Transactions as set out in this Chapter VIII;
7. No OTC IRS FCM Client Termination Date has occurred with respect to an OTC IRS FCM Client that is a party to the Original OTC Transaction;
8. Such Original OTC Transaction that is transmitted to the system of Eurex Clearing AG in order to be novated into an OTC Interest Rate Derivative Transaction must be of a product type recognised by Eurex Clearing AG as published on its website ([www.eurexclearing.com](http://www.eurexclearing.com)) and provided for in Part 2 (the "**Product Type**");
9. The Clearing Member(s) (including, in the case of OTC Interest Rate Derivative Transactions that are OTC IRS FCM Client Transactions, the relevant OTC IRS FCM Clearing Member(s) acting for the account of the relevant OTC IRS FCM Client(s)) and, if applicable, the Basic Clearing Member(s) seeking to clear the relevant Original OTC Transaction must have delivered Eligible Margin Assets

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to Eurex Clearing AG, in the case of OTC Interest Rate Derivative Transactions, as required pursuant to Chapter I Part 1 Number 3, the Elementary Clearing Model Provisions, the Individual Clearing Model Provisions, the U.S. Clearing Model Provisions and the Basic Clearing Member Clearing Provisions and in the case of OTC FX Transactions and OTC XCCY Transactions as required pursuant to Chapter I Part 1 Number 3 and the Elementary Clearing Model Provisions to cover the calculated risks resulting from all Transactions and the CCP Transaction to be created;

10. The Clearing Member must have complied with the scheduled intraday margin calls as further set out below and if applicable:

(a) If Eurex Clearing AG determines that the aggregate value of the Eligible Margin Assets actually delivered to Eurex Clearing AG is insufficient to provide the cover required in order to fulfil the margin requirements (as set forth in Part 2 Number 2.1.7, Part 3 Number 3.1.6-7 and Part 4 Number 4.1.67) also taking into account all CCP Transactions arising pursuant to Part 2 Numbers 2.5, 2.6 and 2.7 and Part 4 Number 4.8 (any such shortfall of Eligible Margin Assets, the “**Shortfall Margin Requirement**”), Eurex Clearing AG will require the Clearing Member (in the case of CCP-OTC IRS FCM Client Transactions, the relevant OTC IRS FCM Clearing Member acting for the account of the relevant OTC IRS FCM Client) or the Basic Clearing Member, as the case may be, to provide additional Eligible Margin Assets intra-day in an amount up to the Shortfall Margin Requirement (such amount, the “**Shortfall Margin Amount**”) in accordance with the following provisions.

(b) Eurex Clearing AG shall notify the Clearing Member of (A) the Transactions arising pursuant to Part 2 Numbers 2.5, 2.6 and 2.7 and Part 4 Number 4.8 to be covered by the Shortfall Margin Requirement as well as (B) the Shortfall Margin Amount in both the relevant Preliminary OTC Margin Call Report and OTC Margin Call Report.

A “**Preliminary OTC Margin Call Report**” means a preliminary report produced by Eurex Clearing AG and made available at 12:00 noon, 2 p.m. and 6 p.m. (each Frankfurt am Main time) that specifies the CCP Transactions arising pursuant to Part 2 Numbers 2.5, 2.6 and 2.7 and Part 4 Number 4.8 as well as the Shortfall Margin Amount as calculated by Eurex Clearing AG as per the time when the relevant Preliminary OTC Margin Call Report is made available (the “**Preliminary Shortfall Margin Amount**”).

An “**OTC Margin Call Report**” means a report produced by Eurex Clearing AG and made available at 1 p.m., 3 p.m., 7 p.m., and 10:30 p.m. (each Frankfurt am Main time) that specifies (i) the Original OTC Transactions which are to be novated in the course of the Daily Novation, (ii) the CCP Transactions arising pursuant to Part 2 Numbers 2.5, 2.6 and 2.7 and Part 4 Number 4.8 and (iii) the Final Shortfall Margin Amount.

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The **“Final Shortfall Margin Amount”** shall be the lower of the (i) Preliminary Shortfall Margin Amount and (ii) the Shortfall Margin Amount calculated by Eurex Clearing AG as per the time when the relevant OTC Margin Call Report is made available.

- (c) Eurex Clearing AG will debit the Final Shortfall Margin Amount set forth in an OTC Margin Call Report in the agreed Clearing Currency from the relevant Currency Products Cash Account of the Clearing Member (as defined in Part 3 Number 3.1.3 Paragraph (4)), relevant Basic Clearing Member Cash Account or relevant OTC IRS U.S. Clearing Member Cash Account, as relevant, in accordance with the daily cash clearing procedure pursuant to Chapter I Part 1 Number 1.4.1. If such Clearing Currency can no longer be settled, Eurex Clearing AG shall convert the Final Shortfall Margin Amount in USD at the exchange rate determined by Eurex Clearing AG (as mentioned in the relevant Preliminary OTC Margin Call Report or OTC Margin Call Report).
- (d) The payment made by direct debit of the Final Shortfall Margin Amount determined in the OTC Margin Call Report produced and made available by Eurex Clearing AG at 1 p.m., 3 p.m. and 7 p.m. (each Frankfurt am Main time) shall constitute cover in respect of the Margin to which the margin requirement pursuant to Part 2 Number 2.1.7, Part 3 Number 3.1.6-7 or Part 4 Number 4.1.67, as applicable, relates and accordingly will constitute (i) Proprietary Margin or Omnibus Margin delivered by the Clearing Member pursuant to the Elementary Clearing Model Provisions, (ii) Segregated Margin delivered by the Clearing Member pursuant to the Individual Clearing Model Provisions, (iii) OTC IRS FCM Client Margin delivered by the relevant OTC IRS FCM Clearing Member for the account of the relevant OTC IRS FCM Client pursuant to the U.S. Clearing Model Provisions or (iv) Basic Clearing Member Margin delivered by the Basic Clearing Member pursuant to the Basic Clearing Member Provisions, if applicable. The payment made by direct debit of the Final Shortfall Margin Amount determined in the OTC Margin Call Report produced and made available by Eurex Clearing AG at 10:30 p.m. (Frankfurt am Main time) shall be treated accordingly and shall constitute cover either in respect of (i) the Proprietary Margin or Omnibus Margin delivered by the Clearing Member pursuant to the Elementary Clearing Model Provisions, (ii) the Segregated Margin delivered by the Clearing Member pursuant to the Individual Clearing Model Provisions, (iii) the OTC IRS FCM Client Margin delivered by the OTC IRS FCM Clearing Member for the account of the relevant OTC IRS FCM Client pursuant to the U.S. Clearing Model Provisions or (iv) the Basic Clearing Member Margin delivered by the Basic Clearing Member pursuant to the Basic Clearing Member Provisions, if applicable.
- (e) Such amount shall be settled in full by the time when the relevant OTC Margin Call Report is published on the relevant Business Day pursuant to Paragraph (c) above.

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- (f) The margin call pursuant to this Number 1.2.3 Paragraph (10) applies in addition to the Margin Calls pursuant to Chapter I Part 1 Number 3.3, Part 2 Number 6.3, Part 3 Subpart A Number 5.3, Part 4 Number 6.3, Part 5 Number 5.3 and Part 6 Number 7.3, as applicable;
11. If such Original OTC Transaction is transmitted to the system of Eurex Clearing AG in order to be novated into an OTC Currency Transaction, then the novation of such Original OTC Transaction and the resulting payment obligations to be settled (including payment obligations with respect to trade related fees and Variation Margin (calculated on the basis of Forecasted Variation Margin only), but excluding payment obligations with respect to Margin, Settlement Compensation Margin, FX PAI and XCCY PAI) must not result in any of the Clearing Members exceeding on the two Business Days for the relevant Currency Pair (as set out in Part 3 Number 3.1.4.1 Paragraph (4)) immediately following the date of the novation:
- (i) its respective GBP Maximum Amount (as applicable at the time of the proposed novation) also taking into account the relevant Clearing Member GBP OTC Currency Transactions Payment Obligations with respect to the same Settlement Date; and/or
- (ii) its respective USD Maximum Amount (as applicable at the time of the proposed novation) also taking into account the relevant Clearing Member USD OTC Currency Transactions Payment Obligations with respect to the same Settlement Date; and
12. All applicable additional novation criteria set forth in Part 2, Part 3 and Part 4 (as applicable) are fulfilled.
- (2) If a novation criterion is not fulfilled but the relevant OTC 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 CCP Transactions by notifying the relevant Clearing Member(s) (in the case of an Original OTC Transaction to which an OTC IRS FCM Client is a party, the relevant OTC IRS FCM Clearing Member acting on behalf of such OTC IRS FCM Client) and the relevant Basic Clearing Member(s) (or the Clearing Agent(s) acting on behalf of the relevant Basic Clearing Member(s)) in writing (including by fax or e-mail) provided that none of the two CCP Transactions created upon novation of the Original OTC Transaction was subject to (i) any netting or accumulation pursuant to Part 2 Number 2.6 or Part 4 Number 4.8 or (ii) a transfer pursuant to Part 2 Number 2.7 or (iii) trade amendment pursuant to Part 2 Number 2.7.

Upon and with effect of such termination, any CM-RC Transaction, if applicable, shall, without further notice, be terminated simultaneously; the relevant Clearing Member(s) shall inform the relevant Registered Customer(s) thereof. Otherwise, it is the responsibility of the relevant parties to agree on a bilateral basis to what extent, as a result of the termination of the relevant CCP Transaction, any Client Clearing

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CM-RC Transaction or CM-Customer Transaction shall be terminated and the Original OTC Transaction shall be re-instated in accordance with its original terms.

#### **1.2.4 Special Provisions with respect to the Conclusion of CCP Transactions**

- (1) If (A) in the case of OTC Interest Rate Derivatives Transactions, the Clearing Member or, if applicable, the Basic Clearing Member holds an Interest Rate Derivatives Clearing License pursuant to Part 2 Number 2.1.3 or (B) in the case of OTC FX Transactions, the Clearing Member holds an OTC Currency Products Clearing License, the Clearing Member or the Basic Clearing Member (or the Clearing Agent acting on behalf of the Basic Clearing Member) (i) authorises Eurex Clearing AG to capture and maintain records vis-à-vis the respective 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 Clearing Member or, if applicable, the Basic Clearing Member (or the Clearing Agent acting on behalf of the Basic Clearing Member). Eurex Clearing AG may rely on such trade communications.
- (2) By entering into the Clearing Agreement in the form appended to the Clearing Conditions as Appendix 9, the OTC IRS FCM Client (i) authorises Eurex Clearing AG to capture and maintain records vis-à-vis the respective ATS and (ii) confirms that it has appointed the relevant ATS to receive trade communications and to generate and send trade communications to Eurex Clearing AG on its behalf. Eurex Clearing AG may rely on such trade communications.
- (3) The Clearing Member or the Basic Clearing Member, as the case may be, agrees that upon acceptance of an Original OTC Transaction for inclusion in the Clearing by Eurex Clearing AG based on a Trade Record of an Original OTC Transaction (including, as the case may be, a Credit Limit Token) submitted by the ATS to Eurex Clearing AG on behalf of the Clearing Member or the Basic Clearing Member pursuant to Number 1.2.1, a Transaction will be concluded between Eurex Clearing AG and the Clearing Member on terms based on the Trade Record pursuant to Number 1.2.1 in conjunction with Number 1.2.2 Paragraph (2) of the General Clearing Provisions or between Eurex Clearing AG and the Basic Clearing Member on terms based on the Trade Record pursuant to Number 1.2.1 in conjunction with Number 1.3 Paragraph (2) of the Basic Clearing Member Provisions. The Clearing Member or the Basic Clearing Member, as the case may be, agrees to be legally bound by each such Transaction and acknowledges that no further specific agreement to be legally bound shall be required to be given by the Clearing Member or the Basic Clearing Member, as the case may be, at the time of the conclusion of such Transaction.
- (4) The OTC IRS FCM Client agrees that upon acceptance of an Original OTC Transaction for inclusion in the Clearing by Eurex Clearing AG based on a Trade Record of an Original OTC Transaction submitted by the ATS to Eurex Clearing AG on behalf of such OTC IRS FCM Client (or the OTC IRS FCM Clearing Member acting for the account of such OTC IRS FCM Client) pursuant to Number 1.2.1, a

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Transaction will be concluded between Eurex Clearing AG and the OTC IRS FCM Client on terms based on the Trade Record pursuant to Number 1.2.1 in conjunction with Number 1.4 of the U.S. Clearing Model Provisions. The OTC IRS FCM Client agrees to be legally bound by each such Transaction and acknowledges that no further specific agreement to be legally bound shall be required to be given by the OTC IRS FCM Client at the time of the conclusion of such transaction.

- (5) The Clearing Member, the OTC IRS FCM Client and the Basic 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 accordance with Chapter I Part 1 Number 4.6.
- (6) Eurex Clearing AG does not assume any liability vis-à-vis the OTC IRS FCM Clearing Member or the OTC IRS FCM Client in respect of inaccuracies in the Trade Record submitted pursuant to Paragraph (4) above, or if the Trade Record has not been initiated by the OTC IRS FCM Client.
- (7) The Clearing Member, the Basic Clearing Member and the OTC IRS FCM Clearing Member acknowledge that Eurex Clearing AG does not assume any liability vis-à-vis them
  - (i) in respect of inaccuracies in the Trade Record submitted to Eurex Clearing AG, or
  - (ii) if the Trade Record has not been initiated by the Registered Customer, or
  - (iii) if the respective Clearing Member has actually not approved outside the system of Eurex Clearing AG and prior to the conclusion of the Original OTC Transaction that it will act as a Clearing Member for such party with respect to such Original OTC Transaction and the resulting CCP- and CM-RC Transactions and clear such transaction, as indicated in the Credit Limit Token, or
  - (iv) if the Credit Limit Token was created incorrect or incomplete or should not have been created.

#### **1.2.5 Special Provisions with respect to the Conclusion of CM-RC Transactions**

- (1) By entering into the relevant Clearing Agreement, the Registered Customer (i) authorises Eurex Clearing AG to capture and maintain records vis-à-vis the respective ATS and (ii) confirms that it has appointed the relevant ATS to receive trade communications and to generate and send trade communications to Eurex Clearing AG on its behalf, and that the Clearing Member has agreed to this. Eurex Clearing AG may rely on such trade communications.
- (2) The Clearing Member and the Registered Customer agree that, upon conclusion of a CCP Transaction between Eurex Clearing AG and the Clearing Member based on a Trade Record of an Original OTC Transaction (including, as the case may be, a Credit Limit Token) submitted by the ATS to Eurex Clearing AG on behalf of the Registered Customer pursuant to Number 1.2.1, a corresponding CM-RC

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Transaction will, simultaneously, be concluded between the Clearing Member and the Registered Customer pursuant to Number 1.2.1 in conjunction with Number 1.2.2 Paragraph (2) of the General Clearing Provisions. The Registered Customer agrees to be legally bound by each such corresponding CM-RC Transaction and acknowledges that no further specific agreement to be legally bound shall be required to be given by the Registered Customer at the time of the conclusion of such corresponding CM-RC Transaction.

- (3) The Clearing Member and the Registered Customer should check and verify 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 accordance with Number 4.6 of the General Clearing Provisions.
- (4) Without prejudice to its obligations in respect of the relevant CCP Transaction, Eurex Clearing AG does not assume any liability vis-à-vis the Clearing Member or the Registered Customer in respect of inaccuracies in the Trade Record submitted pursuant to Paragraph (2) above, or if the Trade Record has not been initiated by the Registered Customer.
- (5) The Registered Customer, by entering into the relevant Clearing Agreement, irrevocably authorises Eurex Clearing AG to receive, also on its behalf, and for purposes of the conclusion of the corresponding CM-RC Transaction between the Clearing Member and the Registered Customer pursuant to Paragraph (2) above, any acceptance by the Clearing Member of the related Original OTC Transaction for Clearing.

#### **1.2.6 Special Provisions with respect to Client Clearing CM-RC Transactions**

- (1) By entering into the relevant ICM Clearing Agreement for ICM-CCD, the Registered Customer authorises Eurex Clearing AG to capture and maintain records vis-à-vis the respective ATS.
- (2) By entering into the relevant ICM Clearing Agreement for ICM-CCD, the Registered Customer confirms that (i) it has appointed the relevant ATS to receive trade communications and to generate and send trade communications to Eurex Clearing AG on its behalf, and that (ii) the Clearing Member has agreed to this. Eurex Clearing AG may rely on such trade communications.
- (3) The Clearing Member and the Registered Customer should check and verify 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 accordance with Number 4.6 of the General Clearing Provisions.
- (4) Without prejudice to its obligations in respect of the relevant CCP Transaction, Eurex Clearing AG does not assume any liability vis-à-vis the Clearing Member or the Registered Customer in respect of inaccuracies in the Trade Record submitted



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pursuant to Paragraph (2) above, or if the Trade Record has not been initiated by the Registered Customer.

### 1.2.7 Daily Novation Process

- (1) The novation and clearing process will be carried out on each Business Day (“**Daily Novation**”) for each Original OTC 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.
- (2) Original OTC 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 OTC Transactions submitted to it for Clearing as quickly as technologically practicable, using automated systems. Original OTC 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. However, Original OTC Transactions submitted to Eurex Clearing AG at 10:00 pm (Frankfurt am Main time) may be processed and accepted or rejected on that or the next Business Day.

Original OTC 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 OTC Transactions which fulfil all novation criteria will be accepted for Clearing and all Original OTC 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) Clause 9, will be rejected.
- (4) If an Original OTC Transaction has been accepted for Clearing, an OTC Trade Novation Report will be made available to the relevant Clearing Member (in respect of an OTC IRS FCM Client Transaction, to the relevant OTC IRS FCM Clearing Member acting on behalf of the relevant OTC IRS FCM Client) or to the relevant Basic Clearing Member (or Clearing Agent acting on behalf of the Basic Clearing Member) electronically via Eurex Clearing AG's system. The last OTC Trade Novation Report will be made available at or around 11:00 p.m. (Frankfurt am Main time). Such last OTC Trade Novation Report summarizes all novations of the respective Business Day.
- (5) Upon rejection of an Original OTC Transaction for Clearing, Eurex Clearing AG will inform the respective Clearing Member of such non-acceptance as quickly as technologically practicable.

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- (6) A Clearing Member, a Registered Customer, an OTC IRS FCM Client or a Basic Clearing Member (or Clearing Agent acting on behalf of the Basic Clearing Member) may subsequently cancel the submission with respect to any CCP Transaction intended to be transferred pursuant to Part 2 Number 2.7 or to be terminated pursuant to Part 2 Number 2.8 and/or Part 4 Number 4.10, provided that (i) the cancellation request is entered by the Clearing Member (and, in respect of an OTC IRS FCM Client Transaction, by the relevant OTC IRS FCM Clearing Member acting on behalf of the relevant OTC IRS FCM Client), the Registered Customer, the OTC IRS FCM Client or the Basic Clearing Member (or Clearing Agent acting on behalf of the Basic Clearing Member) into the system of, and received by, Eurex Clearing AG, and (ii) each, the responsible Clearing Member, in case the request is entered by a Registered Customer, or the relevant OTC IRS FCM Clearing Member (acting on behalf of the relevant OTC IRS FCM Client), in case the request is entered on behalf of its OTC IRS FCM Client, and the other Clearing Member or Basic Clearing Member (or Clearing Agent acting on behalf of the Basic Clearing Member) that is a party to the relevant transaction have given their prior consent in the system of Eurex Clearing AG.

### 1.3 Transaction Accounts

- (1) With regard to the accounts of the Clearing Member or, as relevant, the OTC IRS FCM Client or the Basic Clearing Member Chapter I Part 1 Number 4 together with Part 2 Subpart B Number 2, Subpart C Number 2, Part 3 Subpart A Number 4 or Part 4 Number 3, or, in the case of a Basic Clearing Member, together with Chapter I Part 5 Number 5 apply in addition to the following provisions.
- (2) In deviation from Chapter I Part 1 Number 4 together with Part 2 Subpart B Number 2, Subpart C Number 2, Part 3 Subpart A Number 4, Part 4 Number 3 and Part 5 Number 5, Eurex Clearing AG opens and maintains with respect to each Clearing Member (other than an OTC IRS FCM Clearing Member) the following transaction accounts in which the Transactions of the Clearing Member to be cleared have to be booked:
- (a) with respect to UDC-Related Transactions: upon request, additional Customer Accounts; and
  - (b) with respect to RC-Related Transactions: upon request, additional Indirect Client Accounts.

### 1.4 Tax Gross-up Obligations of Clearing Members, OTC IRS FCM Client and Basic Clearing Members

If a Clearing Member, an OTC IRS FCM Client or a Basic 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 a Clearing Member, an OTC IRS FCM Client or a Basic Clearing Member is obliged to pay

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such additional amounts pursuant to Sentence 1, the Clearing Member, OTC IRS FCM Client or Basic Clearing Member shall not be entitled to terminate a CCP Transaction due to such obligation.

## 1.5 Emergency Resolutions

- (1) The Executive Board of Eurex Clearing AG may adopt a resolution in response to Extraordinary Market Conditions (as defined in Chapter I Part 1 Number 17.3.1 Paragraph (2)) ("**Emergency Resolution**") which shall supersede and supplant all resolutions or provisions of this Chapter VIII 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.
- (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 1.5 shall be in addition to and not in derogation of the powers granted to Eurex Clearing AG elsewhere in these 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.

## 1.6 Certain Definitions

In this Chapter VIII:

- (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.

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- (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.
- (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 OTC Interest Rate Derivative Transactions**

### **2.1 General Provisions**

#### **2.1.1 Applicable General Provisions**

The general provisions of Part 1 apply to all OTC interest rate derivative transactions to be cleared by Eurex Clearing AG ("**OTC Interest Rate Derivative Transactions**"), except where deviating or supplementary provisions for OTC Interest Rate Derivative Transactions are set out in this Part 2.

#### **2.1.2 Consultation of Clearing Members and Basic Clearing Members/Committees**

##### **2.1.2.1 Determination of Transactions to be included in the Clearing**

- (1) On the basis of the relevant Transaction Type specific novation criteria set out in Number 2.1.5.1 below, Eurex Clearing AG determines the Product Types of OTC Interest Rate Derivative Transactions to be included in the Clearing of Eurex Clearing AG in consultation with the IRS Product Committee and publishes the relevant Product Types on its website ([www.eurexclearing.com](http://www.eurexclearing.com)).
- (2) Where a Trade Record containing an OTC Interest Rate Derivative Transaction which falls within a Product Type recognised 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 OTC Trade Novation Report and will not become part of the terms applicable to a CCP Transaction or a CM-RC Transaction, if applicable. Eurex Clearing AG will not store or record any data relating to such additional provisions.
- (3) Eurex Clearing AG will determine those Product Types of OTC Interest Rate Derivative Transactions that may be cleared by OTC IRS FCM Clearing Members (acting for the account of OTC IRS FCM Clients) pursuant to the U.S. Clearing Model Provisions ("**FCM OTC Interest Rate Derivatives Transactions**") in consultation with the IRS Product Committee and publish the relevant Product Types on its website ([www.eurexclearing.com](http://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 OTC IRS 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.

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All Transactions that may be cleared by OTC IRS FCM Clearing Members must be within a product class for which Eurex Clearing AG has been found eligible to offer clearing services by the CFTC.

OTC IRS FCM Clearing Members may not clear any OTC Interest Rate Derivative Transactions which are not determined to be FCM OTC Interest Rate Derivatives Transactions pursuant to this Number 2.1.2.1 Paragraph (3).

### 2.1.2.2 IRS Product Committee

If at least 3 (three) Clearing Members (including Basic Clearing Members) are holders of an Interest Rate Derivatives Clearing License, Eurex Clearing AG shall establish a committee consisting of Clearing Members and/or Basic Clearing Members which are holders of an Interest Rate Derivatives Clearing License (as defined in Number 2.1.3) with respect to the following matters in connection with the Clearing of OTC Interest Rate Derivative Transactions (hereinafter the “**IRS Product Committee**”):

1. Determination of the Product Types of OTC Interest Rate Derivative Transactions, and
2. material amendments to the Clearing Conditions in connection with the Clearing of OTC Interest Rate Derivative Transactions.

Eurex Clearing AG will consult with the IRS Product Committee before it takes a decision on any material changes of its procedures or methods or any amendments to the Clearing Conditions in connection with the matters set out in Numbers 1. and 2. above and in cases where the Clearing Conditions expressly provide for a consultation with the IRS Product Committee before any measures are taken.

The statutes for the IRS Product Committee as published on the website of Eurex Clearing AG ([www.eurexclearing.com](http://www.eurexclearing.com)) in the English language shall form an integral part of these Clearing Conditions.

### 2.1.3 License for the Clearing of OTC Interest Rate Derivatives Transactions

The OTC Clearing License granted for the Clearing of OTC Interest Rate Derivative Transactions (the “**Interest Rate Derivatives Clearing License**”) entitles

- (i) the relevant General Clearing Member to clear OTC Interest Rate Derivative Transactions that are Own Transactions, RC-Related Transactions, UDC-Related Transactions, SC-Related Transactions or OTC IRS FCM Client Transactions (in respect of which the Clearing Member act as an OTC IRS FCM Clearing Member) under the Elementary Clearing Model Provisions, the Individual Clearing Model Provisions or the U.S. Clearing Model Provisions, as applicable;
- (ii) the relevant Direct Clearing Member to clear OTC Interest Rate Derivative Transactions that are Own Transactions under the Elementary Clearing Model Provisions; and

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- (iii) the relevant Basic Clearing Member to clear OTC Interest Rate Derivative Transactions that are Own Transactions under the Basic Clearing Model Provisions.

Without prejudice to Number 2.1.2.1 Paragraph (3), the relevant Clearing Member or Basic Clearing Member may elect that the Interest Rate Derivatives Clearing License shall be restricted to the Clearing of OTC Interest Rate Derivative Transactions in only some or one of the currencies referred to in Number 2.1.3.1.

The owner of an Interest Rate Derivatives Clearing License may additionally clear zero coupon inflation swaps (“**ZCIS**”) if the following requirements are met:

- (a) The relevant Clearing Member or Basic Clearing Member has elected whether to clear ZCIS on the indexes HICPxT and FRCPI (EUR inflation), whereas for EUR inflation it is not possible to elect only one of the two inflation indexes but only both together, and/or on the UK-RPI index (GBP inflation); and
- (b) The OTC Clearing License of the Clearing Member or Basic Clearing Member covers the currencies elected for the clearing of ZCIS.

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

The general requirements for obtaining a Clearing License set out in Chapter I Part 1 shall apply subject to the provisions set out in this Chapter VIII. In addition, the applicant applying for an Interest Rate Derivatives Clearing License shall meet the following requirements:

- (a) the applicant is a participant in an ATS;
- (b) 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;
- (c) in addition to the cash accounts required pursuant to Chapter I Part 1 Number 2.1.2 Paragraph (4) (b), if the Interest Rate Derivatives Clearing License of the relevant Clearing Member or Basic Clearing Member covers OTC Interest Rate Derivative Transactions in USD, a bank cash account in USD;
- (d) if the Interest Rate Derivatives Clearing License of the relevant Clearing Member or Basic Clearing Member covers OTC Interest Rate Derivative Transactions in GBP, a bank cash account for GBP;
- (e) if the Interest Rate Derivatives Clearing License of the relevant Clearing Member or Basic Clearing Member covers OTC Interest Rate Derivative Transactions in JPY, a bank cash account for JPY;
- (f) if the Interest Rate Derivatives Clearing License of the relevant Clearing Member or Basic Clearing Member covers OTC Interest Rate Derivative Transactions in DKK, a bank cash account for DKK;

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- (g) if the Interest Rate Derivatives Clearing License of the relevant Clearing Member or Basic Clearing Member covers OTC Interest Rate Derivative Transactions in SEK, a bank cash account for SEK;
- (h) if the Interest Rate Derivatives Clearing License of the relevant Clearing Member or Basic Clearing Member covers OTC Interest Rate Derivative Transactions in NOK, a bank cash account for NOK;
- (i) if the Interest Rate Derivatives Clearing License of the relevant Clearing Member or Basic Clearing Member covers OTC Interest Rate Derivative Transactions in PLN, a bank cash account for PLN;
- (j) in the Interest Rate Derivatives Clearing License of the relevant Clearing Member or Basic Clearing Member covers OTC Interest Rate Derivative Transactions in CHF, a bank cash account for CHF; and
- (k) if the Interest Rate Derivatives Clearing Licence of the relevant Clearing Member or Basic Clearing Member covers OTC Interest Rate Derivative Transactions in EUR, a bank cash account for EUR; and
- (l) evidence that each of the bank cash accounts pursuant to Paragraph (c) to (j) above is established with a bank recognised by Eurex Clearing AG.

#### 2.1.4 **CTM Interest Rate Derivative Transactions and STM Interest Rate Derivative Transactions**

- (1) A Clearing Member may, by way of an IRS STM Election, elect that all (but not some only) of its STM Eligible Interest Rate Derivative Transactions shall be cleared as STM Interest Rate Derivative Transactions. In the case of Existing STM Eligible Interest Rate Derivative Transactions, the CTM Interest Rate Derivative Transactions shall be established as STM Interest Rate Derivative Transactions ~~upon~~on the IRS STM Effective Date pursuant to Paragraph (2). In the case of Original STM Eligible Interest Rate Derivative Transactions, the OTC Interest Rate Derivative Transactions created by way of novation pursuant to Part 1 Number 1.2.1 shall be converted into STM Interest Rate Derivative Transactions upon such novation pursuant to Paragraph (3) below. In the case of Transfer STM Eligible Interest Rate Derivative Transactions, the OTC Interest Rate Derivative Transactions created by way of novation pursuant to Number 2.7 in connection with Chapter I Part 1 Number 1.2.2 Paragraph (5)(c) shall be converted into STM Interest Rate Derivative Transactions upon such novation pursuant to Paragraph (4) below. With respect to OTC IRS U.S. Clearing Members and OTC IRS FCM Clients, all OTC Interest Rate Derivative Transactions can only be cleared as STM Interest Rate Derivative Transactions.
- (2) If an IRS STM Election is made, all Existing STM Eligible Interest Rate Derivative Transactions shall be amended ~~upon~~on the IRS STM Effective Date as follows:



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- (a) the additional primary payment obligations of the Clearing Member and Eurex Clearing AG set out in Number 2.2.1 Paragraph (5) shall arise under the relevant STM Interest Rate Derivative Transaction; and
- (b) Eligible Margin Assets actually delivered as Variation Margin by the relevant Variation Margin Provider with respect to the Existing STM Eligible Interest Rate Derivative Transaction and with respect to which a Redelivery Claim exists immediately prior to the IRS STM Effective Date shall be rededicated as IRS STM Amounts which were paid by the party that was the Variation Margin Provider to the party that was the Variation Margin Taker. Such rededication shall settle the outstanding exposure of the relevant STM Interest Rate Derivative Transaction as of the Business Day immediately preceding the IRS STM Effective Date. The Redelivery Claim of the relevant Variation Margin Provider in relation to the Existing STM Eligible Interest Rate Derivative Transaction shall expire.
- (3) If an IRS STM Election is made, the relevant Original STM Eligible Interest Rate Derivative Transaction shall be amended upon the effectiveness of the novation pursuant to Part 1 Number 1.2.1 (provided the point in time of such effectiveness falls on or after the IRS STM Effective Date) so that the additional primary payment obligations of the Clearing Member and Eurex Clearing AG set out in Number 2.2.1 Paragraph (5) shall arise under the relevant STM Interest Rate Derivative Transaction.
- (4) If an IRS STM Election is made, the relevant Transfer STM Eligible Interest Rate Derivative Transaction shall be amended upon the effectiveness of the novation pursuant to Number 2.7 in connection with Chapter I Part 1 Number 1.2.2 Paragraph (5)(c) (provided the point in time of such effectiveness falls on or after the STM Interest Rate Derivative Effective Date) so that the additional primary payment obligations of the Clearing Member and Eurex Clearing AG set out in Number 2.2.1 Paragraph (5) shall arise under the relevant STM Interest Rate Derivative Transaction.
- (5) For the avoidance of doubt, in the case of the occurrence of a Termination with respect to the 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 or CCP ~~Exchange~~-Market Price, respectively, of the relevant STM Interest Rate Derivative Transaction.
- (6) For the purposes of this Chapter VIII,
- (a) “**CTM Interest Rate Derivative Transaction**” means an OTC Interest Rate Derivative Transaction in respect of which the Variation Margin Requirement and PAI as set out in Number 2.1.7 Paragraphs (3) and (4) apply.
- (b) “**Existing STM Eligible Interest Rate Derivative Transaction**” means a CTM Interest Rate Derivative Transaction that is an Own Transaction ~~and an OTC~~

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~~Interest Rate Derivative Transaction~~ and was created as a CTM Interest Rate Derivative Transaction between the Clearing Member and Eurex Clearing by way of novation prior to the IRS STM Election.

- (c) **“Original STM Eligible Interest Rate Derivative Transaction”** means, an Own Transaction that is an OTC Interest Rate Derivative Transaction and is created by way of novation pursuant to Part 1 Number 1.2.1.
- ~~(d) **“Settled-to-Market”** means that the outstanding exposure of an STM Transaction is settled pursuant to Number 2.2.1 Paragraph (5).~~
- (ed) **“IRS STM Effective Date”** means the date agreed between Eurex Clearing AG and Clearing Member as effective date of the IRS STM Election.
- (ef) **“IRS STM Election”** means the election by the Clearing Member that all (but not some only) of its Own Transactions which are OTC Interest Rate Derivative Transactions shall be Settled-to-Market.
- (gf) **“STM Eligible Interest Rate Derivative Transactions”** means, with respect to a Clearing Member, all of its (i) Existing STM Eligible Interest Rate Derivative Transactions, (ii) Original STM Eligible Interest Rate Derivative Transactions (iii) Transfer STM Eligible Interest Rate Derivative Transactions and (iv) Own Transactions that are OTC Interest Rate Derivative Transactions and are created upon novation pursuant to Numbers 2.5 or 2.6.
- (hg) **“Transfer STM Eligible Interest Rate Derivative Transaction”** means, an Own Transaction that is an OTC Interest Rate Derivative Transaction and is created by way of novation pursuant to Number 2.7 in connection with Chapter I Part 1 Number 1.2.2 Paragraph (5)(c).

## 2.1.5 Novation Criteria and Process Regarding OTC Interest Rate Derivative Transactions

With regard to the novation of OTC 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 Transaction Type Specific Novation Criteria

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

#### (1) Categories of OTC Interest Rate Derivative Transactions

The OTC 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 recognised by Eurex Clearing AG;

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(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 Interest Rate Derivatives Clearing License of the relevant Clearing Member or the relevant Basic Clearing Member(s);

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); or
- (b) (in case of IRS only) floating rate versus floating rate (in each case including zero coupon payments);
- (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.

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.

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 OTC Interest Rate Derivative Transaction from the date of novation to the termination date must be (i) in case of IRS, no more than 50 years and 10 Business Days for Original OTC Transactions in EUR, USD and GBP and no more than 30 years and 10 Business Days for Original OTC Transactions in CHF, DKK, SEK, NOK and JPY and no more than 10 years and 10 Business Days for Original OTC Transactions in PLN, (ii) in case of OIS, no more than 30 years and 10 Business Days for Original OTC Transactions in EUR, USD, GBP, CHF and JPY, (iii) in case of FRA, no more than 36 months and 10 Business Days for Original OTC

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Transactions in EUR, USD, GBP, CHF, SEK and JPY and no more than 24 months and 10 Business Days for Original OTC Transactions in DKK, NOK and PLN and (iv) 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 OIS both an Interest Rate Front Stub Period and an Interest Rate Back Stub Period are 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 Interest Rate both 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.

(cc) Interest Rate Stub Periods must not be specified for OTC Interest Rate Derivative Transactions with (i) payments of floating amounts which are

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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 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) CHF-TOIS-OIS-COMPOUND
- (g) USD-Federal Funds-H.15-OIS
- (h) JPY-TONA-OIS-COMPOUND
- (i) GBP-WMBA-SONIA-COMPOUND
- (j) EUR-EONIA-OIS-Compound
- (k) NOK-6m NIBOR
- (l) SEK-3m STIBOR
- (m) DKK-6m CIBOR
- (n) PLN-6m WIBOR
- (o) CHF-SARON-OIS-COMPOUND

where:

For Paragraphs (a) – (e) and (k) – (n), 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 (f), (i), (j) and (o) the payment is between the period end date and the second Business Day following the period end date;

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

- (p) Non revised Eurozone Harmonised Indices of Consumer Prices excluding Tobacco (“**HICPxT**”) (ZCIS in trade currency EUR);

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(q) Non revised French Inflation Consumer Price Index excluding Tobacco (“**FRCPIx**”) (ZCIS in trade currency EUR);

(r) Non revised UK Retail Price Index (“**UK RPI**”) (ZCIS in trade currency GBP).

(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 OTC Interest Rate Derivative Transaction (other than OIS or an OTC 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 OTC 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 OTC 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.

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

The terms of the OTC 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 OTC 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



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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 OTC Interest 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 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

OTC Interest 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 (*Kündigungsrechte*) are not eligible for OTC Interest Rate Derivative Transactions. If Original OTC Transactions containing break clauses are submitted to Eurex Clearing AG for clearing, such break clauses will not be recognised in course of the novation.

### 2.1.5.2 Documentation of Original OTC Transactions

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

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Derivative Transactions which are based on Original OTC Transactions submitted via the ATS as having been entered into under the DRV and which, accordingly, are designated as “DRV-based” in the applicable OTC Trade Novation Report.

- (3) By entering into the relevant Clearing Agreement, the Clearing Member and the Registered Customer, the OTC IRS FCM Client or the Basic Clearing Member, respectively, declare(s) 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 Clearing Agreement.

The Clearing Member, the Registered Customer, the OTC IRS FCM Client and the Basic Clearing Member further agree 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 OTC Transactions

- (1) An Original OTC Transaction that has a Trade Date which falls more than ten Business Days prior to the date of submission to Eurex Clearing will be considered as a backloaded trade (“**Bulk Backloaded Original OTC Transaction**”).
- (2) The novation and clearing process for Bulk Backloaded Original OTC 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 OTC 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 OTC Transactions which are submitted prior to 3 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 OTC Bulk Backloaded Original Transactions which are submitted after 3 p.m. (Frankfurt am Main time) on a Business Day will be carried out on the next Business Day.
- (5) At 3 p.m. and 5 p.m. (each Frankfurt am Main time) on each Business Day Eurex Clearing AG will make available to the Clearing Member (in the case of an OTC IRS FCM Client Transaction, to the OTC IRS FCM Clearing Member acting on behalf of the relevant OTC IRS FCM Client) and Registered Customer or the Basic Clearing Member (or Clearing Agent acting on behalf of the Basic Clearing Member) a preliminary report indicating the Bulk Backloading Original OTC 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) Bulk Backloaded Original OTC Transactions which, on the day of submission, fulfil all novation criteria shall be novated on that Business Day. The novation will become

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effective when the respective OTC 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 p.m. (Frankfurt am Main time).

- (7) For Bulk Backloaded Original OTC Transactions which, on the day of submission, fulfil all novation criteria except for the provision of the Eligible Margin Assets necessary to cover the margin requirement Eurex Clearing AG will debit the shortfall amount set forth in the OTC Margin Call Report produced and made available at 10:30 p.m. (Frankfurt am Main time) in the agreed Clearing Currency from the relevant Clearing Member Cash Account, relevant OTC IRS U.S. Clearing Member Cash Account or Basic Clearing Member Cash Account, as relevant, in accordance with the daily cash clearing procedure pursuant to Chapter I Part 1 Number 1.4.1. Such payment made by direct debit shall constitute cover in respect of the Margin to which the margin requirement referred to in the foregoing sentence relates and accordingly will constitute (i) Proprietary Margin or Omnibus Margin delivered by the Clearing Member pursuant to the Elementary Clearing Model Provisions, (ii) Segregated Margin delivered by the Clearing Member pursuant to the Individual Clearing Model Provisions, (iii) OTC IRS FCM Client Margin delivered by the OTC IRS FCM Clearing Member for the account of the relevant OTC IRS FCM Client pursuant to the U.S. Clearing Model Provisions or (iv) Basic Clearing Member Margin delivered by the Basic Clearing Member pursuant to the Basic Clearing Member Provisions. Eurex Clearing AG will make available an OTC Trade Novation Report on the Business Day following the day of submission at or around 9:30 a.m. (Frankfurt am Main time) to the Clearing Member (in the case of an OTC IRS FCM Client Transaction, to the OTC IRS FCM Clearing Member acting on behalf of the relevant OTC IRS FCM Client) and the Registered Customer or the Basic Clearing Member (or the Clearing Agent acting on behalf of the Basic Clearing Member).
- (8) A Clearing Member (in the case of an OTC IRS FCM Client Transaction, the OTC IRS FCM Clearing Member acting on behalf of the relevant OTC IRS FCM Client), Registered Customer or a Basic Clearing Member (or a Clearing Agent acting on behalf of the Basic Clearing Member) may subsequently cancel the submission with respect to any Bulk Backloading Original OTC Transaction submitted to Eurex Clearing AG via an ATS and intended to be novated by the latest by 5 p.m. (Frankfurt am Main time) on a Business Day, provided that
- (i) the cancellation request is entered by the Clearing Member (or OTC IRS FCM Clearing Member acting on behalf of the relevant OTC IRS FCM Client), the Registered Customer or Basic Clearing Member (or Clearing Agent acting on behalf of the Basic Clearing Member) into the system of, and received by, Eurex Clearing AG, and
  - (ii) each, the responsible Clearing Member, in case the request is entered by a Registered Customer, or the relevant OTC IRS FCM Clearing Member (acting on behalf of the relevant OTC IRS FCM Client), in case the request is entered on behalf of its OTC IRS FCM Client, and the other Clearing Member or the other Basic Clearing Member (or Clearing Agent acting on behalf of the Basic

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Clearing Member) that is a party to the relevant Transaction have given their prior consent in the system of Eurex Clearing AG.

#### 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 recognised 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

- (1) The following applies in addition to the relevant basic provisions on margin requirements set out in Chapter I:
  - (2) The applicable Margin Type with respect to CTM Interest Rate Derivative Transactions shall be ~~the~~ Additional Margin and Variation Margin. The applicable Margin Type with respect to STM Interest Rate Derivative Transactions shall be ~~the~~ Additional Margin.
  - (3) The Variation Margin Requirement, or Basic Clearing Member Variation Margin Requirement (each as defined in Chapter I Part 2 Subpart A Number 5, Subpart B Number 6, Subpart C Number 7, Part 3 Subpart A Number 6, or Part 5 Number 8, as applicable), and/or any Redelivery Amount, as the case may be, for CCP Transactions that are OTC Interest Rate Derivative Transactions and CTM Interest Rate Derivative Transactions shall equal the profit or loss amount determined on any Business Day on the basis of the daily evaluation price (Number 2.1.5) as follows: For each outstanding CCP Transaction concluded prior to the relevant Business Day, the relevant profit and loss amount shall be the difference between the daily evaluation prices of the CCP Transaction on the relevant Business Day and the previous Business Day. For CCP Transactions concluded on the relevant Business Day, the relevant profit and loss amount shall be the difference between zero and the daily evaluation price for such Business Day. Additionally, the Variation Margin, the FCM Client Variation Margin or the Basic Clearing Member Variation Margin includes two correction terms for considering the time delay between its calculation and settlement. For this purpose, the trade related cash flows (including coupon payments and transaction fees) on the current Business Day are added and the trade related cash flows (including 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.
  - (4) In addition to Variation Margin, Eurex Clearing AG shall charge to the Clearing Member, or the Basic Clearing Member, as the case may be, interest (the so-called

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price alignment interest (“PAI”) on the cumulative Variation Margin, or the cumulative Basic Clearing Member Variation Margin, respectively, at the applicable overnight interest rate. PAI corresponds to the overnight interest paid or received on the cumulative Variation Margin, or the cumulative Basic Clearing Member Variation Margin over the lifetime of the IRS portfolio. The cumulative Variation Margin, or the cumulative Basic Clearing Member Variation Margin, respectively, of the previous Business Day corresponds to the value of the IRS portfolio on the previous Business Day.

If the overnight interest rates are positive and, from a Clearing Member's, ~~an OTC IRS FCM Client's~~ or a Basic Clearing Member's perspective, the value of the IRS portfolio is positive, Eurex Clearing AG will charge PAI to the Clearing Member, ~~the OTC IRS FCM Client~~ or the Basic Clearing Member. If the overnight interest rates are positive and from a Clearing Member's, ~~an OTC IRS FCM Client's~~ or a Basic Clearing Member's perspective, the value of the IRS portfolio is negative, Eurex Clearing AG will credit PAI to the Clearing Member, ~~the OTC IRS FCM Client~~ or Basic Clearing Member. In case of negative overnight interest rates, Eurex Clearing AG (i) will credit PAI to a Clearing Member, ~~an OTC IRS FCM Client~~ or Basic Clearing Member if, from a Clearing Member's, ~~an OTC IRS FCM Client's~~ or a Basic Clearing Member's perspective, the value of the IRS portfolio is positive and (ii) will charge PAI to the Clearing Member, ~~the OTC IRS FCM Client~~ or the Basic Clearing Member if, from the Clearing Member's, ~~OTC IRS FCM Client's~~ or Basic Clearing Member's perspective, the value of the IRS portfolio is negative.

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

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

$$PAI(T) = -MtM\_exCF(T-1) * ONR(T, T+1) * YF(T, T+1),$$

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 PAI is required:

$$PAI(T) = -MtM\_exCF(T-1) * ONR(T-1, T) * YF(T, T+1)$$

The equation above is also applied for GBP FRAs with settlement in advance, where VM and PAI are instructed intraday before the SONIA overnight rate is available.

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

$$PAI(T) = -MtM_{exCF}(T-2) * ONR(T, T+1) * YF(T, T+1),$$

with

$$MtM_{exCF}(T-2) = MtM(T-2) - CF(T-1) - CF(T).$$

The relevant indices are

- (a) In case the currency is EUR then EONIA;
  - (b) In case the currency is USD then FED FUNDS;
  - (c) In case the currency is GBP then SONIA;
  - (d) In case the currency is CHF then SARON;
  - (e) In case the currency is JPY then TONAR;
  - (f) In case the currency is DKK then T/N (published by Danish National Bank);
  - (g) In case the currency is SEK then STIBOR T/N;
  - (h) In case the currency is NOK then NOWA (Norwegian Overnight Weighted Average);
  - (i) In case the currency is PLN then POLONIA (Polish Overnight Index Average).
- (5) The rules on set-off of cash claims pursuant to Chapter I Part 1 Number 1.3.1 Paragraph (1) (a) Sentence 1 and Chapter I Part 1 Number 1.3.1 Paragraph (2) (a) (aa) (subject to the limitations set out in Chapter I Part 5 Number 4) apply.

#### 2.1.8 Default Fund

Contributions to the Default Fund are made in accordance with Chapter I Part 1 Number 6 and, if applicable, Chapter I Part 3 Subpart A Number 15 and Part 4 Number 7 or Chapter I Part 5 Number 9.

#### 2.1.9 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 CCP 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

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Calculation Agent will be made available by Eurex Clearing AG in its system for purposes of both CCP Transactions and CM-RC Transactions. 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 Part 1 Number 14.1.2 of the Clearing Conditions.

## 2.2 General product-related terms for OTC Interest Rate Derivative Transactions

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

### 2.2.1 Payment Obligations

- (1) The relevant Clearing Member, OTC IRS FCM Clearing Member (for the account of the OTC IRS FCM Client) or Basic Clearing Member (or its Clearing Agent acting for its account) and Eurex Clearing AG shall pay either Fixed Amounts or Floating Amounts and, if applicable, any initial amount payable under the relevant CCP 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 OTC Transaction has taken place shall be effected in accordance with the 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 OTC Interest Rate Derivative Transaction will not be owed under the relevant CCP Transaction and are not subject to these 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 under STM Interest Rate Derivative Transactions:

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- (a) The Clearing Member or Eurex Clearing AG, as the case may be, shall pay an IRS STM Amount on each Business Day (i) from (and including) the IRS STM Effective Date (in case an STM Interest Rate Derivative Transaction was an Existing STM Eligible Interest Rate Derivative Transaction), the date of novation pursuant to Part 1 Number 1.2.1 (in case an STM Interest Rate Derivative Transaction was an Original STM Eligible Interest Rate Derivative Transaction), the date of novation pursuant to Number 2.5, the date of novation pursuant to Number 2.6.2 or the date of novation pursuant to Number 2.7 in connection with Chapter I Part 1 Number 1.2.2 Paragraph (5)(c) (in the case the STM Interest Rate Derivative Transaction was a Transfer STM Eligible Interest Rate Derivative Transaction), as relevant, (ii) to (and including) the earlier of the "Termination Date" of the STM Interest Rate Derivative Transaction (as specified in the relevant OTC Trade Novation Report), the date of the cancellation pursuant to Number 2.6.2, the date of the release from the obligations under the Original Transaction pursuant to Number 2.7 in connection with Chapter I Part 1 Number 1.2.2 Paragraph (5)(c) or the date of a termination pursuant to Numbers 2.5 or 2.8, as relevant (the relevant date under (ii) is the "**Last IRS STM Amount Payment Date**").

**"IRS STM Amount"** means, an amount which shall equal the profit or loss amount determined with respect to an outstanding STM Interest Rate Derivative Transaction on the relevant Business Day on the basis of the daily evaluation price (pursuant to Number 2.1.5) as follows: For STM 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 STM Interest Rate Derivative Transaction concluded (whether as STM Interest Rate Derivative Transaction or CTM Interest Rate Derivative Transaction) prior to the relevant Business Day, the relevant profit or loss amount shall be the difference between the daily evaluation prices of the STM Interest Rate Derivative Transaction on the relevant Business Day and the previous Business Day. On the Last IRS STM Amount Payment Date, the relevant profit or loss amount shall be the difference between the daily evaluation price of the STM Interest Rate Derivative Transaction of the previous Business Day and zero. Additionally, the IRS STM 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 ("**IRS Price Alignment Amount**" or "**IRS PAA**") shall be payable by the Clearing Member or Eurex Clearing AG, as the case may be, together with the IRS STM Amount. The IRS PAA corresponds to the overnight interest paid or received on the cumulative IRS STM Amounts over the lifetime of the STM Interest Rate Derivative Transaction. The cumulative IRS STM



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Amounts of the previous Business Day correspond to the value of the STM Interest Rate Derivative Transaction on the previous Business Day.

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

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

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

$$\underline{IRS}PAA(T) = - MtM\_exCF(T - 1) * ONR(T, T + 1) * YF(T, T + 1),$$

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 IRS PAA is required:

$$\underline{IRS}PAA(T) = - MtM\_exCF(T-1) * ONR(T-1, T) * YF(T, T+1)$$

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

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

$$\underline{IRS\_PAA}(T) = - MtM\_exCF(T - 2) * ONR(T, T + 1) * YF(T, T + 1),$$

with

$$MtM\_exCF(T - 2) = MtM(T - 2) - CF(T - 1) - CF(T).$$

The relevant indices are

- (a) In case the currency is EUR, then EONIA;
  - (b) In case the currency is USD, then FED FUNDS;
  - (c) In case the currency is GBP, then SONIA;
  - (d) In case the currency is CHF, then SARON;
  - (e) In case the currency is JPY, then TONAR;
  - (f) In case the currency is DKK, then T/N (published by Danish National Bank);
  - (g) In case the currency is SEK, then STIBOR T/N;
  - (h) In case the currency is NOK, then NOWA (Norwegian Overnight Weighted Average);
  - (i) In case the currency is PLN, then POLONIA (Polish Overnight Index Average).
- (6) Eurex Clearing AG may discharge its payment obligations by way of set-off in accordance with Chapter I Part 1 Number 1.3.1 Paragraph (1) (a) and (f) and Chapter I Part 1 Number 1.3.1 Paragraph (2) (a) (aa), (b) and (c) (subject to the limitations set out in Chapter I Part 4 Number 4).

## 2.2.2 References to Market Standard OTC 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 CCP Transactions and CM-RC 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.

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- (2) All terms defined in the 2006 ISDA Definitions which are used in this Chapter VIII 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 Clearing Conditions on the other hand, the 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 CCP Transaction and a CM-RC Transaction, as applicable, that are OTC Interest Rate Derivative Transactions. Any reference in the 2006 ISDA Definitions to a "Confirmation" shall be a reference to the Clearing Conditions in conjunction with the relevant OTC Trade Novation Report.
- (4) Notwithstanding the fact that the Clearing Conditions (including Chapter VIII and the market standard documentation incorporated therein by reference) are governed by the laws of Germany, the terms and provisions of the 2006 ISDA Definitions shall be interpreted in accordance with international market practice for OTC Interest Rate Derivative Transactions and shall be given the same meaning as they would have in English law-governed OTC interest rate derivative transactions entered into on the basis of documentation published by ISDA.

### 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 OTC 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 OTC Trade Novation Report as the Fixed Amount and if such amount is not otherwise determined as provided in the OTC 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.

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#### 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:
- $$\text{Floating Amount} = \text{Notional Amount} \times \text{Floating Rate (+/- Spread)} \times \text{Floating Rate Day Count Fraction}.$$
- (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 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 OTC 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 OTC Trade Event Report to be applicable to that OTC 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).

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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 OTC 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 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 LIBOR01Page 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 LIBOR01Page 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.

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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.

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-TOIS-OIS-COMPOUND”, “CHF-SARON-OIS-COMPOUND”, “USD-Federal Funds-H.15-OIS-COMPOUND”, “GBP-WMBA-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

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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.
- (2) “**Reset Date**” means, for an OTC Interest Rate Derivative Transaction or a party, each day specified as such in the OTC Trade Novation Report for the OTC Interest Rate Derivative Transaction or that party, subject to adjustment in accordance with the applicable business day convention specified in the OTC 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 OTC Interest Rate Derivative Transaction or a party, the period of time specified as index tenor in the OTC 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 Derivative Transactions, whereby the Calculation Agent will make such determination in

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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 OTC 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.
- (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 OTC 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 Derivative Transactions, in Number 2.4 Paragraph (6) (c) below and which, for the avoidance of doubt, will also be specified



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in the OTC 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 Derivative Transactions, in Number 2.4 Paragraph (6) (d) below and which, for the avoidance of doubt, will also be specified in the OTC 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 Eurozone 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 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:

“**d<sub>0</sub>**”, 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 **d<sub>0</sub>**, each representing the relevant TARGET Settlement Days in chronological order from, and including, the first TARGET Settlement Day in the relevant Calculation Period;

“**EONIA<sub>i</sub>**”; 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<sub>i</sub>**”, is the number of calendar days in the relevant Calculation Period on which the rate is EONIA<sub>i</sub>; and

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

“**GBP-WMBA-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-WMBA-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:

“**d<sub>0</sub>**”, 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 **d<sub>0</sub>**, each representing the relevant London Banking Days in chronological order from, and including, the first London Banking Day in the relevant Calculation Period;

“**SONIA<sub>i</sub>**”; for any day “**i**” in the relevant Calculation Period, 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 that day;

“**n<sub>i</sub>**”, is the number of calendar days in the relevant Calculation Period on which the rate is SONIA<sub>i</sub>; and

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

“**CHF-TOIS-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 Swiss interbank money market).

“**CHF-TOIS-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, but to the nearest on ten-thousandth of a percentage point (0.0001 per cent):

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

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where:

“ $d_0$ ”, 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  $d_0$ , 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 deposits in Swiss Francs tomorrow next  $\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{SARON_i \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$  which appears on the Reuters Screen CHFTOIS= as of 11:00 a.m., Zurich time, on the day that is one Zurich Banking Day preceding that day;

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

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

“**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):

where:

“ $d_0$ ”, 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  $d_0$ , 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.

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“**n<sub>i</sub>**”, is the number of calendar days in the relevant Calculation Period on which the rate is SARON<sub>i</sub>; 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 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:

“**d<sub>0</sub>**” 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 **d<sub>0</sub>**, 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<sub>i</sub>**”; 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<sub>i</sub>**” is the number of calendar days in the relevant Calculation Period on which the rate is FEDFUND<sub>i</sub>; 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

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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:

“**d<sub>0</sub>**” 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 **d<sub>0</sub>**, each representing the relevant Tokyo Banking Days in chronological order from, and including, the first Tokyo Banking Day in the relevant Calculation Period;

“**TONA<sub>i</sub>**”, 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<sub>i</sub>**” is the number of calendar days in the relevant Calculation Period on which the rate is **TONA<sub>i</sub>**; 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 OTC 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:

- (a) Notional Amount as specified in the OTC 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
- (b) Trade Date
- (c) Effective Date

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- (d) Termination Date (subject to adjustment in accordance with any applicable business day convention)
- (e) Business Days
- (f) business day convention
- (g) Only in case of interest rate swaps: Initial payments/fees
  - Payer of the initial payments/fees, if any
  - 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 OTC 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:
    - (i) Fixed Amount (which may be a lump sum payable under a zero coupon swap, if applicable), or
    - (ii) Fixed Rate (which may be a zero coupon, if applicable) and Fixed Rate Day Count Fraction, or
    - (iii) 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

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- (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.

### 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 OTC Trade Novation Report, shall apply to ISDA Interest Rate Swaps that are floating rate-floating rate swaps (“**basis**” swaps):

- (a) Floating Rate Payer 1
  - (i) Floating Rate Payer Payment Dates (subject to adjustment in accordance with any applicable business day convention)
  - (ii) Floating Rate for initial Calculation Period, if applicable
  - (iii) Floating Rate Option
  - (iv) Designated Maturity
  - (v) Spread (if the Spread is variable it can be set out in a Spread schedule)
  - (vi) Floating Rate Day Count Fraction
  - (vii) Reset Dates
  - (viii) Compounding (“**straight**”) or Flat Compounding, if applicable
  - (ix) if Compounding (“**straight**”) or Flat Compounding is applicable: Compounding Dates.
- (b) Floating Rate Payer 2
  - (i) Floating Rate Payer Payment Dates (subject to adjustment in accordance with any applicable business day convention)
  - (ii) Floating Rate for initial Calculation Period, if applicable
  - (iii) Floating Rate Option
  - (iv) Designated Maturity
  - (v) Spread (if the Spread is variable it can be set out in a Spread schedule)

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- (vi) Floating Rate Day Count Fraction
- (vii) Reset Dates
- (viii) Compounding (“**straight**”) or Flat Compounding, if applicable
- (ix) if Compounding (“**straight**”) or Flat Compounding is applicable: Compounding Dates.

#### 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 OTC 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:

- (a) Fixed Rate Payer
- (b) Fixed Rate



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- (c) Floating Rate Payer
- (d) Payment Date being the Effective Date or the Termination Date as specified in the OTC Trade Novation Report (subject to adjustment in accordance with any applicable business day convention)
- (e) Floating Rate Option
- (f) Designated Maturity
- (g) Spread: none
- (h) Floating Rate Day Count Fraction
- (i) Reset Date (subject to adjustment in accordance with any applicable business day convention)
- (j) 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
- (k) 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 OTC 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

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(g) Inflation Index Interpolation Method

## 2.4 Terms for DRV Interest Rate Derivative Transactions

The product-related terms for DRV Interest Rates Derivative Transactions set out below are specified in the relevant OTC 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:

- (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 OTC Interest Rate Derivative Transaction as follows (the “**Business Day Convention**”), as specified in the OTC 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 OTC Trade Novation Report or, if EUTA is specified in the OTC 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 OTC 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 OTC 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:
    - (i) for payments by the Seller, the Base Rate minus the Forward Rate (*Terminsatz*); and
    - (ii) for payments by the Buyer, the Forward Rate minus the Base Rate.

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(6) “**Day Count Fraction**” (*Zinstagesquotient*) means any of the following:

- (a) If “**Act/360**” is specified in the OTC 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 OTC 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 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:

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D<sub>1</sub>**” is:

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- (i) 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  $D_1$  will be 30; or
- (ii) 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  $D_1$  will be 30; and

“ $D_2$ ” is:

- (i) in case of 30/360, the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and  $D_1$  is greater than 29, in which case  $D_2$  will be 30; or
- (ii) 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
- (iii) 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 has actually 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.

#### 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 OTC 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 OTC Trade Novation Report shall apply:

- (a) Notional amount (*Bezugsbetrag*) as specified in the OTC 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.

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- (b) Contractual currency (*Vertragswährung*), which shall be the currency of the Notional Amount.
- (c) Trade Date (*Abschlussdatum*)
- (d) Effective Date (*Anfangsdatum*)
- (e) Termination Date (*Enddatum*)
- (f) 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 OTC Trade Novation Report, shall apply to fixed rate-floating rate DRV Interest Rate Swaps (including OIS):

- (a) Fixed rate payer (*Zahler der Festbeträge*)
- (b) either
  - (i) Fixed Rate (*Festsatz*), which may be a zero coupon (if applicable) and Fixed Rate Day Count Fraction (*Quotient für Festbeträge*); or
  - (ii) in case of IRS other than OIS, fixed amount (which may be a lump sum payable under a zero coupon swap, if applicable); or
  - (iii) 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.
- (c) Fixed rate payer payment dates (*Fälligkeitstage für Festbeträge*)
- (d) Business Day for fixed rate payments
- (e) Floating rate payer (*Zahler der variablen Beträge*)
- (f) Base Rate (*Basis-Satz*)
- (g) Spread (if the Spread is variable it can be set out in a Spread schedule)
- (h) Floating rate payer payment dates (*Fälligkeitstage für variable Zahlungen*)
- (i) Floating Rate Day Count Fraction (*Zinstagesquotient für variable Beträge*)
- (j) Business Day for floating rate payments
- (k) Compounding (“**straight**”) or Flat Compounding, if applicable

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- (l) 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 OTC Trade Novation Report, shall apply to floating rate-floating rate swaps (“**basis**” swaps):

- (a) Floating rate payer 1 (*Zahler der variablen Beträge 1*)
- (i) Base Rate (*Basis-Satz*)
  - (ii) Spread (if the Spread is variable it can be set out in a Spread schedule)
  - (iii) Floating rate payer Payment Dates (*Fälligkeitstage für variable Zahlungen*)
  - (iv) Floating Rate Day Count Fraction (*Zinstagesquotient für variable Beträge*)
  - (v) Business Day for floating rate payments
  - (vi) Compounding (“**straight**”) or Flat Compounding, if applicable
  - (vii) if Compounding (“**straight**”) or Flat Compounding is applicable: Compounding Dates.
- (b) Floating rate payer 2 (*Zahler der variablen Beträge 2*)
- (i) Base Rate (*Basis-Satz*)
  - (ii) Spread (if the Spread is variable it can be set out in a Spread schedule)
  - (iii) Floating rate payer Payment Dates (*Fälligkeitstage für variable Zahlungen*)
  - (iv) Floating Rate Day Count Fraction (*Zinstagesquotient für variable Beträge*)
  - (v) Business Day for floating rate payments
  - (vi) Compounding (“**straight**”) or Flat Compounding, if applicable
  - (vii) 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 OTC Trade Novation Report shall apply to forward rate agreements that are DRV Interest Rate Derivative Transactions:

- (a) Notional amount (*Bezugsbetrag*) as specified in the OTC Trade Novation Report under “**calculation period amount**” (the “**Notional Amount**”)

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- (b) Contractual currency (*Vertragswährung*), which shall be the currency of the Notional Amount.
- (c) Trade Date (*Abschlussdatum*)
- (d) Effective Date (*Anfangsdatum*)
- (e) Termination Date (*Enddatum*)
- (f) If applicable: the Business Day Convention with respect to the Termination Date and any other due date.
- (g) 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.
- (h) 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 OTC 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):

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

Where:

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

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

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 Clearing Members on the termination of CCP Transactions that are OTC Interest Rate Derivative Transactions and their subsequent replacement with other CCP Transactions whose combined notional value is less than that of the terminated CCP Transactions (a “**Interest Rate Derivatives Multilateral Compression**”). Interest Rate Derivatives Multilateral Compression may only include CCP Transactions that are Own Transactions, regardless of whether a Clearing Member has made an IRS STM Election.
- (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 (a “**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 Clearing Members participating in the Interest Rate Derivatives Compression Run (the “**Interest Rate Derivatives Compression Documentation**”).
- (2) Participation in an Interest Rate Derivatives Compression Run presupposes that the Clearing Member:
  - (a) is a party to the Interest Rate Derivatives Compression Documentation up to and including the Interest Rate Derivatives Compression Time;
  - (b) 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



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- (c) has nominated those CCP 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 will instruct the Interest Rate Derivatives CSP according to the Interest Rate Derivatives Compression Documentation to:
    - (a) notify 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 CCP Transactions and the proposed set of resulting CCP Transactions to which each participating Clearing Member is or will become party to (the “**Interest Rate Derivatives Compression Proposal**”); and to
    - (c) communicate such Interest Rate Derivatives Compression Proposal to each participating Clearing Member for acceptance in the manner contemplated in the Interest Rate Derivatives Compression Documentation.
  - (4) Eurex Clearing reserves the right to determine in its sole discretion whether CCP Transactions proposed for inclusion in an Interest Rate Derivatives Compression Run may be so included.
  - (5) Eurex Clearing AG may disclose details of any CCP Transaction to be included in an Interest Rate Derivatives Compression Run and related information in respect of participating 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 CCP Transactions which are included in an Interest Rate Derivatives Compression Run for such processing as described in Numbers 2.6 - 2.8 (Trade Netting and Accumulation, Transfer of CCP 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 an aggregated basis per Clearing Member. Eurex Clearing AG has the right to apply a proportional breakdown of such fees to trade level, taking into account the mark to market value per terminated trade and the aggregated mark to market value of terminated trades per Clearing Member, both as calculated by Eurex Clearing AG. 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 Clearing Members in the manner and by the time specified in the Interest Rate Derivatives Compression Documentation. The Interest

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Rate Derivatives CSP's confirmation to Eurex Clearing AG that a Clearing Member has accepted the Interest Rate Derivatives Compression Proposal shall constitute a binding offer by such Clearing Member to Eurex Clearing AG for the novation of CCP Transactions as set out in the Interest Rate Derivatives Compression Proposal.

- (2) Subsequent to a 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 Clearing Member to provide additional Margin in relation to the CCP Transactions that will result from the Interest Rate Derivatives Multilateral Compression. For such purpose, Part 1 Number 1.2.3 Paragraph (10) applies *mutatis mutandis*, provided that instead of Original OTC Transactions and CCP Transactions the proposed set of terminating CCP Transactions and the proposed set of resulting CCP Transactions pursuant to Number 2.5 shall be relevant, and instead of the times indicated in Part 1 Number 1.2.3 Paragraph (10) the times specified by Eurex Clearing AG shall be relevant. Eurex Clearing AG will require such Margin in addition to Margin required pursuant to Chapter I Part 1 Number 3.3, Part 2 Subpart A Number 4.2, Part 3 Subpart A Number 5.3 and this Chapter VIII Part 1 Number 1.2.3 Paragraph (10).
- (3) The acceptance of an Interest Rate Derivatives Compression Proposal by the participating 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) a 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 CCP Transaction included in the Interest Rate Derivatives Compression Proposal as a terminating or resulting Transaction is not eligible for Interest Rate Derivatives Multilateral Compression or for inclusion in Clearing;
  - (c) any 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 Margin; or
  - (d) the cashflow flat check performed by Eurex Clearing AG yields that the ingoing and outgoing payments in respect of the CCP 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 a Clearing Member (including an OTC IRS FCM Clearing Member, acting on behalf of the relevant OTC IRS FCM Client, with respect

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to the relevant OTC IRS FCM Client Transactions) or a Basic Clearing Member (or Clearing Agent acting on behalf of the Basic Clearing Member) upon the mutual cancellation (“**netting**”) and the accumulation of CCP Transactions that are OTC Interest Rate Derivative Transactions provided that such CCP Transactions are part of the same Standard Agreement. 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 Clearing Member (including an OTC IRS FCM Clearing Member, acting on behalf of the relevant OTC IRS FCM Client) or Basic Clearing Member (or Clearing Agent acting on behalf of the Basic Clearing Member). Such agreement may be terminated by the Clearing Member (including an OTC IRS FCM Clearing Member, acting on behalf of the relevant OTC IRS FCM Client) or Basic Clearing Member (or Clearing Agent acting on behalf of the Basic Clearing Member) with the effect on the Business Day following the receipt of the termination notice by Eurex Clearing AG.

If (i) Eurex Clearing AG and a Clearing Member have agreed upon the netting and accumulation of CCP Transactions pursuant to this Number 2.6 and (ii) the relevant Clearing Member holds an OTC Currency Products Clearing Licence and fulfils the additional requirements set out in Part 4 Number 4.1.3, the netting and accumulation shall also be carried out with respect to OTC XCCY Transactions pursuant to Part 4 Number 4.8.

- (2) To the extent that the CCP Transactions that are subject to netting or accumulation pursuant to Number 2.6.1 and 2.6.2 are RC-Related Transactions relating to the same Registered Customer and (i) the corresponding transactions between the Clearing Member and the Registered Customer are CM-RC Transactions, such netting or accumulation shall simultaneously take place with respect to the corresponding CM-RC Transactions between the Clearing Member and such Registered Customer or (ii) the corresponding transactions between the Clearing Member and the Registered Customer are Client Clearing CM-RC Transactions, the Clearing Member and the Registered Customer are required to agree on a bilateral basis that, as a result of such netting or accumulation, the corresponding Client Clearing CM-RC Transactions shall be subject to netting or accumulation. The relevant Clearing Member is obliged to obtain the required instruction from the relevant Registered Customer before initiating any such netting or accumulation.
- (3) To the extent the CCP Transactions that are subject to netting or accumulation pursuant to Number 2.6.1 and 2.6.2 are UDC-Related Transactions or SC-Related Transactions, it is a matter of the relevant parties to agree, whether as a result of such netting or accumulation, any corresponding CM-Customer Transactions shall be subject to netting or accumulation. To the extent the CCP Transactions that are subject to netting or accumulation pursuant to Number 2.6.1 and 2.6.2 are OTC IRS FCM Client Transactions, it is a matter of the relevant OTC IRS FCM Clearing Member and the relevant OTC IRS FCM Client to agree, whether as a result of such netting or accumulation, any corresponding arrangements between the OTC IRS FCM Clearing Member and the OTC IRS FCM Client shall be subject to netting or accumulation.

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- (4) For the avoidance of doubt, Eurex Clearing AG is not obliged to verify whether the netting or accumulation instructions were given by the relevant Registered Customer, OTC IRS FCM Client or other Direct Client to the Clearing Member and whether a netting or accumulation of Client-Clearing-CM-RC-Transactions or CM-Customer Transactions is contractually possible or valid.

### 2.6.1 Inclusion of CCP Transactions in the Netting and Accumulation Process

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

“**Interest Rate Trade Criteria**” means the commercial terms of the relevant CCP Transactions, in particular:

1. With respect to IRS, ZCIS and OIS:

- (i) 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

- (ii) 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;

2. 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 CCP Transactions that are OTC Interest Rate Derivative Transactions for accumulation, Paragraph (1) (a) to (c) apply *mutatis mutandis*.
- (3) CCP Transaction will be netted and/or accumulated if the CCP Transactions have been designated for netting and/or accumulation, as the case may be, by the respective Clearing Member (including an OTC IRS FCM Clearing Member, acting on behalf of the relevant OTC IRS FCM Client) or by the respective Basic Clearing Member (or Clearing Agent acting on behalf of the relevant Basic Clearing Member) 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, (i) a Clearing Member or Basic Clearing Member (or Clearing Agent acting on behalf of the Basic Clearing Member) may select that all Own Transactions and, in case of a Clearing Member, separate from the Own Transactions, all RC-Related Transactions booked on the NCM/RC Own Account maintained with respect to a Registered Customer are netted or accumulated, as the case may be, at the end of each Business Day and (ii) an OTC IRS FCM Clearing Member (acting on behalf of the relevant OTC IRS FCM Client) may select that all OTC IRS FCM Client Transactions under the relevant OTC IRS FCM Client Standard Agreement 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 CCP Transactions selected for netting shall be netted with each other to the maximum extent possible on each netting level (and provided that CCP-OTC IRS FCM Client Transactions may only be netted with CCP-OTC IRS FCM Client Transactions that form part of the same OTC IRS FCM Client Standard Agreement). Upon closing of the netting, all CCP Transactions that were netted are cancelled.

The remaining CCP Transactions for which there is no counterposition with which they can be netted may be accumulated and novated to one or more CCP Transaction(s) of the same Product Type with the aggregate notional amount of the accumulated CCP Transactions (and provided that CCP-OTC IRS FCM Client Transactions may only be accumulated with CCP-OTC IRS FCM Client Transactions

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that form part of the same OTC IRS FCM Client Standard Agreement). The CCP Transactions that were accumulated shall be cancelled.

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

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

If the CCP Transactions subject to netting or accumulation are both ISDA Interest Rate Derivative Transactions and DRV Interest Rate Derivative Transactions, the remaining CCP 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 CCP transactions will be novated to a DRV Interest Rate Derivate Transaction.

**“Netting Levels”** are rule sets to be selected by each Clearing Member or Registered Customer for each Own Account or Customer 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 CCP Transactions will become effective when the OTC Trade Daily Summary Report, in which such event is included, is made available to the Clearing Members and Basic Clearing Members (or Clearing Agent acting on behalf of the relevant Basic Clearing Member).

## **2.7 Transfer of CCP Transactions, Account Transfer and Trade Amendment**

- (1) A CCP Transaction (other than a CCP-OTC IRS FCM Client Transaction) or a CM-RC Transaction, if applicable, may be transferred in accordance with Paragraphs (3) to (9) and Numbers 2.7.1 and 2.7.2 below, as applicable.
- (2) In addition, a Registered Customer may replace its Clearing Member under the Elementary Clearing Model Provisions or the Individual Clearing Model Provisions in accordance with Chapter I Part 1 Number 8.

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- (3) The transfer of a CCP 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 2.1.5). Furthermore, the relevant Clearing Members or Basic Clearing Members (or Clearing Agent acting on behalf of the Basic Clearing Member) may specify in the system of Eurex Clearing AG an additional amount payable by a Clearing Member or Basic Clearing Member in connection with the transfer. All amounts payable under this Paragraph (3) will be settled via Eurex Clearing AG.
- (4) Any novation through which a transfer pursuant to Number 2.7 is to be made shall take effect when a respective OTC Trade Daily Summary Report is made available to the relevant Clearing Members or Basic Clearing Members (or Clearing Agents acting on behalf of the Basic Clearing Member) electronically via Eurex Clearing AG's system.
- (5) If the CCP Transaction to be transferred is an STM Interest Rate Derivative Transaction and no IRS STM Election is or has been made or no IRS STM Election is permitted with respect to the CCP Transaction resulting from the novation pursuant to Chapter I Part 1 Number 1.2.2 Paragraph (5) (c), the relevant CCP Transaction resulting from the novation pursuant to Chapter I Part 1 Number 1.2.2 Paragraph (5) (c) shall be established as a CTM Interest Rate Derivative Transaction and the additional primary payment obligations of the Clearing Member and Eurex Clearing AG set out in Number 2.2.1 Paragraph (5) shall not arise with respect to such Transaction.
- (6) Where such transfer or account transfer pursuant to Numbers 2.7.1 or 2.7.2 affects and/or creates (i) a CM-RC Transaction, the relevant Clearing Member is obliged to obtain the required instruction from the relevant Registered Customer before initiating any such transfer or (ii) a corresponding Client Clearing CM-RC Transaction, the relevant Clearing Member is obliged to obtain the required instruction from the relevant Registered Customer before initiating any such transfer and the Clearing Member, and the Registered Customer should agree on a bilateral basis that, as a result of such transfer or account transfer, any such corresponding Client Clearing CM-RC Transaction shall be created or be subject to a transfer or cancellation, as the case may be.
- (7) To the extent the CCP Transactions that are subject to a transfer or account transfer pursuant to Number 2.7.1 or 2.7.2 are UDC-Related Transactions or SC-Related Transactions, it is a matter of the relevant parties to agree whether, as a result of such transfer or account transfer, any corresponding CM-Customer Transactions shall be created or be subject to a transfer or cancellation.
- (8) 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 Registered Customer or other Direct Client to the Clearing Member.
- (9) The provisions of Paragraphs (7) and (8) above shall apply *mutatis mutandis* to any transactions of a Registered Customer with its customers.

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- (10) The provisions of Chapter I Part 4 on the replacement of an OTC IRS FCM Clearing Member by an OTC IRS FCM Client shall remain unaffected.

### **2.7.1 Transfer of a CCP Transaction to another Clearing Member or Basic Clearing Member (Trade Transfer)**

- (1) Upon request of a Clearing Member or Basic Clearing Member (or the Clearing Agent acting on behalf of the Basic Clearing Member) or a Registered Customer entered into the system of Eurex Clearing AG, a CCP Transaction (other than a CCP-OTC IRS FCM Client Transaction) may be transferred from a Clearing Member or Basic Clearing Member to another Clearing Member or Basic Clearing Member holding the required Interest Rate Derivatives Clearing License. If the CCP Transaction to be transferred is an RC-Related Transaction, the corresponding CM-RC Transaction, if applicable, will be transferred simultaneously. In the case of any Client Clearing CM-RC Transactions or UDC-Related Transactions or SC-Related Transactions, Number 2.7 Paragraphs (6) and (7) apply.
- (2) Any transfer or partial transfer of a CCP Transaction and, if applicable, the corresponding CM-RC Transaction provided for in this Number 2.7.1 may be effected pursuant to Chapter I Part 1 Number 1.2.2 Paragraph (5) (a) – (c) or (5) (e) and (f), as applicable.

### **2.7.2 Account Management or Account Transfers**

- (1) Clearing Members and Basic Clearing Members (or a Clearing Agent acting on behalf of the relevant Basic Clearing Member) may book CCP Transactions (other than any CCP-OTC IRS FCM Client Transactions) to or from any of their transaction accounts in accordance with this Number 2.7.2. Any booking will take place either (i) by way of an account booking within the same Standard Agreement together with, if applicable, a transfer of the CM-RC Transaction, if applicable, to another Registered Customer of the relevant Clearing Member by way of novation pursuant to Chapter I Part 1 Number 1.2.2 Paragraph (5) (d) or (ii) by way of a transfer to another Standard Agreement by way of novation pursuant to Chapter I Part 1 Number 1.2.2 Paragraph (5) (a) – (c).
- (2) Such bookings may also be made with respect to part of a CCP Transaction except for IRS with a notional, fixed rate or floating rate spread schedule in which case only the entire CCP Transaction and corresponding CM-RC Transaction may be booked in accordance with Paragraph 1.

#### **2.7.2.1 Account Management in case of Own Transactions, UDC-Related Transactions and SC-Related Transactions**

Upon request of a Clearing Member (other than an OTC IRS FCM Clearing Member), Eurex Clearing AG may book (a) an Own Transaction from its Clearing Member Own Account pursuant to Chapter I Part 1 Number 4.2.1 to a NOSA Direct Client Account, SC Account or Indirect Client Account relating to an Indirect Client of a Specified Client or Undisclosed Direct Client pursuant to Chapter I Part 1 Number 4.2.1 (thereby becoming a



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UDC-Related Transaction or SC-Related Transaction) or (b) a UDC-Related Transaction or SC-Related Transaction from a NOSA Direct Client Account, SC Account or Indirect Client Account relating to an Indirect Client of a Specified Client or Undisclosed Direct Client pursuant to Chapter I Part 1 Number 4.2.1 to its Clearing Member Own Account pursuant to Chapter I Part 1 Number 4.2.1 (thereby becoming an Own Transaction).

### **2.7.2.2 Account Transfer in case of a Registered Customer**

- (1) Upon request of a Clearing Member or a Registered Customer and subject to the consent of the Clearing Member, Eurex Clearing AG may book an account position relating to a CCP Transaction that is an RC-Related Transaction from a Transaction Account relating to the relevant Registered Customer to a Transaction Account relating to another Registered Customer of the same Clearing Member.
- (2) To the extent the request is not entered into Eurex Clearing AG's system by a relevant Registered Customer, the Clearing Member will be responsible for obtaining the relevant instruction from such Registered Customer separately.

### **2.7.3 Trade Amendment**

A Clearing Member, Basic Clearing Member (or a Clearing Agent acting on behalf of the relevant Basic Clearing Member) or a Registered Customer may, by means of an entry in Eurex Clearing AG's system, split CCP Transactions (other than CCP-OTC IRS FCM Client Transactions) or CM-RC Transactions, if applicable, and assign new customer references to the new Transactions resulting from the trade split provided that such new Transactions are booked in the same account as the Transaction that existed before the trade split was made. As a result, new CCP Transactions or CM-RC Transactions, if applicable, will be created the aggregate nominal amount of which is equal to the nominal amount of the CCP Transaction or the CM-RC Transaction, if applicable, that was split.

## **2.8 Early Termination**

- (1) A CCP Transaction or a CM-RC Transaction, if applicable, that is an OTC Interest Rate Derivative Transaction may be early terminated in accordance with Paragraphs (2) to (8) and Numbers 2.8.1 to 2.8.2 below, as applicable.
- (2) A Clearing Member or Basic Clearing Member (or a Clearing Agent acting on behalf of the relevant Basic Clearing Member) may, with the consent of Eurex Clearing AG, terminate a CCP Transaction or, in case of a Clearing Member, convert an RC-Related Transaction into an Own Transaction of the Clearing Member in accordance with this Number 2.8.
- (3) Any early termination pursuant to this Number 2.8 shall take effect when a respective OTC Trade Daily Summary Report is made available to the relevant Clearing Members or Basic Clearing Members (or the Clearing Agent acting on behalf of the relevant Basic Clearing Member) via Eurex Clearing AG's system.
- (4) Without prejudice to the early termination provisions set out in this Number 2.8 and any termination rights a Clearing Member or Basic Clearing Member may have

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pursuant to Chapter I, Clearing Members or Basic Clearing Members have no right to exercise any early termination option under any CCP Transaction and no mandatory early termination shall apply to a CCP 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 CCP Transactions and/or CM-RC Transactions.

- (5) Any early termination of a CM-RC Transaction shall be in accordance with any agreement between the Clearing Member and the Registered Customer.
- (6) To the extent the CCP Transactions that are subject to an early termination pursuant to this Number 2.8 are UDC-Related Transactions or SC-Related Transactions, it is the responsibility of the relevant parties to agree on a bilateral basis that, as a result of such early termination, any corresponding CM-Customer Transaction shall be early terminated.
- (7) For the avoidance of doubt, Eurex Clearing AG is not obliged to verify whether the termination instructions were given by the relevant Registered Customer or other Direct Client to the Clearing Member.
- (8) The provisions of Paragraphs (6) and (7) above shall apply *mutatis mutandis* to any transactions of a Registered Customer with its customers.

#### **2.8.1 Conversion of RC-Related Transactions into Own Transactions and Termination of the corresponding CM-RC Transaction**

- (1) A Clearing Member may convert an RC-Related Transaction into an Own Transaction of the Clearing Member. Upon such conversion (which shall also constitute a termination notice of the CM-RC Transaction, if any), the corresponding CM-RC Transaction, if any, will terminate simultaneously. Such conversion may also be effected with respect to part of an RC-Related Transaction except for IRS with a notional, fixed rate or floating rate spread schedule in which case only the entire RC-Related Transaction may be converted, and only the entire corresponding CM-RC Transaction may be terminated. Chapter I Part 1 Number 11.3 shall apply *mutatis mutandis*.
- (2) A CCP Transaction converted into an Own Transaction pursuant to Paragraph (1) will be credited to the Clearing Member Own Account. If the terminated RC-Related Transaction was subject to the Individual Clearing Model Provisions, the relevant CCP Transaction will, upon termination of the CM-RC Transaction, become part of the Proprietary Standard Agreement between Eurex Clearing AG and the relevant Clearing Member. Chapter I Part 1 Number 11.3 shall apply *mutatis mutandis*.
- (3) The provisions relating to the termination or close-out as a result of a default of the Registered Customer or a default under the Corresponding Standard Agreement between the Clearing Member and the Registered Customer set out in Chapter I shall not be affected by the provisions of this Number 2.8.1.

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## **2.8.2 Termination of Own Transactions, UDC-Related Transactions, SC-Related Transactions and RC-Related Transactions**

A CCP Transaction constituting an Own Transaction, a UDC-Related Transaction, SC-Related Transaction or RC-Related Transaction of the Clearing Member may only be terminated (i) together with a CCP Transaction between Eurex Clearing AG and another Clearing Member that was concluded as an Own Transaction, UDC-Related Transaction, SC-Related Transaction or RC-Related Transaction of such Clearing Member and which has identical terms, (ii) 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 2.1.5) and (iii) provided that:

- (a) Eurex Clearing AG and both Clearing Members have given their consent to such termination;
- (b) both Clearing Members were a party to the Original OTC Transaction; and
- (c) none of the two CCP Transactions created upon novation of the Original OTC 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 or (iii) a termination of a corresponding CM-RC Transaction, if applicable, pursuant to Number 2.8.1.

If both Clearing Members have given their consent to the termination request in accordance with Number 2.8.2 lit. (a), they may cancel such a request as long as the risk check performed by Eurex Clearing AG has not yet been successfully completed.

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

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

## **2.9 Novation, netting, accumulation and termination of CM-RC Transactions**

- (1) The Registered Customer agrees that, upon netting or accumulation of an RC-Related Transaction pursuant to Number 2.6 or a transfer of an RC-Related Transaction pursuant to Number 2.7 or a termination of an RC-Related Transaction due to a novation criterion not being fulfilled pursuant to Part 1 Number 1.2.3 Paragraph (2) or any termination of an RC-Related Transaction pursuant to Number 2.8, the corresponding CM-RC Transaction shall, without further notice to, or consent by, the Registered Customer, simultaneously be novated, netted, accumulated, transferred or terminated, as applicable.
- (2) The Clearing Member agrees that it will initiate any such novation, netting, accumulation, transfer or termination only upon prior instruction by the Registered Customer.
- (3) The Clearing Member and the Registered Customer should check and verify without undue delay all notices and reports received from Eurex Clearing AG with regard to

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the correct novation, netting, accumulation or transfer of Transactions pursuant to Numbers 2.6 and 2.7 or termination of Transactions pursuant to Part 1 Number 1.2.3 Paragraph (2) or Number 2.8 and inform Eurex Clearing AG of any mistakes, errors, omissions, deviations or irregularities in such notice or report in accordance with Number 4.6 of the General Clearing Provisions.

- (4) Without prejudice to its obligations in respect of the relevant CCP Transaction, Eurex Clearing AG does not assume any liability vis-à-vis the Clearing Member or the Registered Customer if the corresponding CM-RC Transaction between the Clearing Member and the Registered Customer novated, netted, accumulated or transferred or its termination, in each case pursuant to Paragraph (1), is not correct or has not been initiated by the Registered Customer.

## **2.10 Novation, netting, accumulation and termination of Client Clearing CM-RC Transactions**

- (1) The Clearing Member agrees that it will initiate any novation, netting, accumulation, or transfer of Transactions pursuant to Numbers 2.6 and 2.7 or termination of Transactions pursuant to Part 1 Number 1.2.3 Paragraph (2) or Number 2.8 only upon prior instruction by the Registered Customer.
- (2) The Clearing Member and the Registered Customer should check and verify without undue delay all notices and reports received from Eurex Clearing AG with regard to the correct novation, netting, accumulation or transfer of Transactions pursuant to Numbers 2.6 and 2.7 or termination of Transactions pursuant to Part 1 Number 1.2.3 Paragraph (2) or Number 2.8 and inform Eurex Clearing AG of any mistakes, errors, omissions, deviations or irregularities in such notice or report in accordance with Number 4.6 of the General Clearing Provisions.
- (3) Without prejudice to its obligations in respect of the relevant CCP Transaction, Eurex Clearing AG does not assume any liability vis-à-vis the Clearing Member or the Registered Customer if the corresponding CM-RC Transaction between the Clearing Member and the Registered Customer novated, netted, accumulated or transferred or its termination, in each case pursuant to Paragraph (1), is not correct or has not been initiated by the Registered Customer.

## **2.11 Use of Data provided by Eurex Clearing AG**

A Clearing Member, Registered Customer, OTC IRS FCM Client or Basic-Clearing-Member (or the Clearing Agent acting on behalf of the relevant Basic 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 customers relating to corresponding OTC interest rate derivative transactions or in order to comply with an obligation vis-à-vis a competent regulatory authority.

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## **Part 3 Clearing of OTC FX Transactions**

### **3.1 General Provisions**

#### **3.1.1 Applicable General Provisions**

The general provisions of Part 1 apply to all foreign exchange spot transactions traded over-the-counter ("**OTC FX Spot Transactions**"), all foreign exchange swap transactions traded over-the-counter ("**OTC FX Swaps**") and all foreign exchange forward transactions traded over-the-counter ("**OTC FX Forwards**" together with the OTC FX Spot Transactions and the OTC FX Swaps, "**OTC FX Transactions**"), each to be cleared by Eurex Clearing AG, except where deviating or supplementary provisions for OTC FX Transactions are set out in this Part 3.

#### **3.1.2 Determination of Transactions to be included in the Clearing**

- (1) On the basis of the relevant Transaction Type specific novation criteria set out in Number 3.1.54.1 below, Eurex Clearing AG determines the OTC FX Transactions to be included in the Clearing of Eurex Clearing AG.
- (2) Where a trade record transmitted via an ATS containing an OTC FX Transaction recognised by Eurex Clearing AG pursuant to Paragraph (1) provides for any additional terms which are not contemplated in Number 3.2 below, such as e.g. optional or mandatory early termination provisions, such additional terms will not be included in the OTC Trade Novation Report and will not become part of the terms applicable to a CCP Transaction. Eurex Clearing AG will not store or record any data relating to such additional provisions.

#### **3.1.3 OTC Currency Products Clearing License**

The OTC Clearing License granted for the Clearing of OTC FX Transactions and OTC XCCY Transactions (as defined in Part 4 Number 4.1.1) (the "**OTC Currency Products Clearing License**") entitles the relevant Direct Clearing Member to clear under the Elementary Clearing Model Provisions (i) OTC FX Transactions that are Own Transactions and (ii) subject to Part 4 Number 4.1.3, OTC XCCY Transactions that are Own Transactions. The general requirements for obtaining a Clearing License set out in Chapter I Part 1 shall apply subject to the provisions set out in this Chapter VIII. In addition, the applicant applying for an OTC Currency Products Clearing License shall meet the following requirements:

- (1) The applicant is (i) an institution within the meaning of Article 2 lit. (b) of the Settlement Finality Directive and has provided evidence thereof in a form satisfactory to Eurex Clearing AG and (ii) a participant in an ATS designated by Eurex Clearing AG on its website ([www.eurexclearing.com](http://www.eurexclearing.com)) in respect of OTC FX Transactions.

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- (2) The applicant can make payments to and receive payments from Eurex Clearing AG in the currencies of the Currency Pairs (as defined in Number 3.1.54.1 Paragraph (2)) through the CLS CCP Service.

“**CLS CCP Service**” means the settlement system operated by US-based CLS Bank International (“**CLS Bank**”) for central counterparties to facilitate the settlement of and to mitigate the settlement risk associated with cleared foreign exchange and cross currency products which the central counterparties clear for their clearing members.

- (3) The applicant provides a 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.
- (4) In addition to the cash accounts required pursuant to Chapter I Part 1 Number 2.1.2 Paragraph (4) (b) the applicant maintains at all times at least one account with a CLS nostro bank for each of the currencies of the Currency Pairs (each such bank a “**CLS Nostro Bank**”) regardless of whether or not the applicant actually enters into OTC Currency Transactions in the relevant Currency Pair (the “**Currency Products Cash Accounts**” and each a “**Currency Products Cash Account**”). Chapter I Part 1 Number 2.1.2 Paragraph (4) (b) (ff)(i) shall apply *mutatis mutandis* to the CLS Nostro Bank. The applicant is allowed to nominate one (but not more than one) CLS Nostro Bank for each of the currencies of the Currency Pairs at any given point in time with respect to the Clearing of OTC Currency Transactions pursuant to this Part 3 and Part 4.
- (5) The applicant provides evidence that each Currency Products Cash Account is established with a CLS Nostro Bank which has been recognised and approved by Eurex Clearing AG (such recognition and approval is subject to, *inter alia*, the successful participation in the Testing and Trialling by all the applicant's CLS Nostro Banks). At the time the applicant enters into a Clearing Agreement, it represents and warrants by way of an independent guarantee and irrespective of fault (*selbständiges, verschuldensunabhängiges Garantieversprechen*) to Eurex Clearing AG that it has entered into the necessary contractual arrangements in order to ensure that its CLS Nostro Banks will provide any Relevant Bank Information to Eurex Clearing AG upon reasonable request and in a timely manner.

“**Relevant Bank Information**” means any relevant information in relation to the CLS Nostro Bank which Eurex Clearing may reasonably request from such CLS Nostro Bank in order to carry out its ongoing assessment of such CLS Nostro Bank in connection with the Clearing of OTC Currency Transactions, in particular, information in relation to the creditworthiness of the CLS Nostro Bank, the ability of the CLS Nostro Bank to participate in the SWIFT network and to operate SWIFT messages to pay and receive funds in the CLS CCP Service, the CLS Nostro Bank's participation in the regular CLS Bank settlement cycles and its reliability to fulfil payments through the CLS CCP Service by 7:30 a.m. (Frankfurt am Main time) as well as the operational reliability and holiday coverage.

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- (6) The applicant has entered into an agreement with Eurex Clearing AG in the form appended to the Clearing Conditions as Appendix 13 (the “**FX Swap Line Agreement**”).

#### **3.1.4 CTM FX Transactions and STM FX Transactions**

- (1) A Clearing Member may, by way of an FX STM Election, elect that all (but not some only) of its STM Eligible FX Transactions shall be cleared as STM FX Transactions. In the case of Existing STM Eligible FX Transactions, the CTM FX Transactions shall be established as STM FX Transactions on the FX STM Effective Date pursuant to Paragraph (2). In the case of Original STM Eligible FX Transactions, the OTC FX Transactions created by way of novation pursuant to Part 1 Number 1.2.1 shall be converted into STM FX Transactions upon such novation pursuant to Paragraph (3) below.
- (2) If an FX STM Election is made, all Existing STM Eligible FX Transactions shall be amended on the FX STM Effective Date as follows:
- (a) the additional primary payment obligations of the Clearing Member and Eurex Clearing AG set out in Number 3.2.1 Paragraph (4) shall arise under the relevant STM FX Transaction; and
- (b) Eligible Margin Assets actually delivered as Variation Margin by the relevant Variation Margin Provider with respect to the Existing STM Eligible FX Transaction and with respect to which a Redelivery Claim exists immediately prior to the FX STM Effective Date shall be rededicated as FX STM Amounts which were paid by the party that was the Variation Margin Provider to the party that was the Variation Margin Taker. Such rededication shall settle the outstanding exposure of the relevant STM FX Transaction as of the Business Day immediately preceding the FX STM Effective Date. The Redelivery Claim of the relevant Variation Margin Provider in relation to the Existing STM Eligible FX Transaction shall expire.
- (3) If an FX STM Election is made, the relevant Original STM Eligible FX Transaction shall be amended upon the effectiveness of the novation pursuant to Part 1 Number 1.2.1 (provided the point in time of such effectiveness falls on or after the FX STM Effective Date) so that the additional primary payment obligations of the Clearing Member and Eurex Clearing AG set out in Number 3.2.1 Paragraph (4) shall arise under the relevant STM FX Transaction.
- (4) For the avoidance of doubt, in the case of the occurrence of a Termination with respect to the 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 3.2.1 Paragraph (4) shall be taken into account when determining the Liquidation Price or CCP Market Price, respectively, of the relevant STM FX Transaction.

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(5) For the purposes of this Chapter VIII,

- (a) “CTM FX Transaction” means an OTC FX Transaction in respect of which the Variation Margin Requirement and FX PAI as set out in Number 3.1.7 Paragraphs (2) and (3) apply.
- (b) “Existing STM Eligible FX Transaction” means a CTM FX Transaction that is an Own Transaction and was created as a CTM FX Transaction between the Clearing Member and Eurex Clearing by way of novation prior to the FX STM Election.
- (c) “Original STM Eligible FX Transaction” means, an Own Transaction that is an OTC FX Transaction and is created by way of novation pursuant to Part 1 Number 1.2.1.
- (d) “FX STM Effective Date” means the date agreed between Eurex Clearing AG and Clearing Member as effective date of the FX STM Election.
- (e) “FX STM Election” means the election by the Clearing Member that all (but not some only) of its Own Transactions which are OTC FX Transactions shall be Settled-to-Market.
- (f) “STM Eligible FX Transactions” means, with respect to a Clearing Member, all of its (i) Existing STM Eligible FX Transactions and (ii) Original STM Eligible FX Transactions.

### **3.1.43.1.5 Novation Criteria and Process Regarding OTC FX Transactions**

With regard to the novation of OTC FX 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.

#### **3.1.4.13.1.5.1 Transaction Type Specific Novation Criteria**

The following Transaction Type specific novation criteria must be fulfilled for OTC FX Transactions (based on the trade record transmitted to Eurex Clearing AG via the relevant ATS):

(1) Categories of OTC FX Transactions

The OTC FX Transactions must be either (i) an OTC FX Spot Transaction, (ii) an OTC FX Forward or (iii) an OTC FX Swap.

(2) Currency pairs

The currency pair (“**Currency Pair**”) must be either (i) EUR/USD or (ii) GBP/USD.



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(3) Payment types

The payments to be made by the parties with respect to the relevant OTC FX Transaction are defined at the conclusion of the contract as are the fees and other payments, if applicable. 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.

(4) Maximum remaining term

The remaining term of an OTC FX Transaction from the date of novation to the termination date must be (i) in case of an OTC FX Spot Transaction, no more than 2 Business Days, (ii) in case of an OTC FX Forward no more than 2 years and (iii) in case of an OTC FX Swap, no more than 2 years for the far leg; as regards the remaining term of the near leg there must be a period of at least 1 Business Day between the near leg and the far leg of the relevant OTC FX Swap. The termination date and a Business Day for the Currency Pair EUR/USD, must be a TARGET Settlement Day, a CLS Settlement Day and a New York Banking Day and, for the Currency Pair GBP/USD, a TARGET Settlement Day, a CLS Settlement Day, a London Banking Day and a New York Banking Day.

“**CLS Settlement Day**” means a day on which the CLS CCP Service is open.

(5) Minimum remaining term

The minimum period of an OTC FX Transaction between the date of novation and the termination date must be at least one Business Day which for the Currency Pair EUR/USD, must be a TARGET Settlement Day, a CLS Settlement Day and a New York Banking Day and, for the Currency Pair GBP/USD, a TARGET Settlement Day, a CLS Settlement Day, a London Banking Day and a New York Banking Day.

(6) Notional amount

Any notional amount under an OTC FX Transaction (in the case of OTC FX Swaps, in respect of each leg) denominated in EUR, USD or GBP must be at least 0.01.

(7) 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) and London (GBLO), must be provided.

(8) Start date

OTC FX Transactions may not start in the past (backloading).

(9) Break Clauses

Break clauses (*Kündigungsrechte*) are not eligible for OTC FX Transactions. If Original OTC Transactions containing break clauses are submitted to Eurex Clearing AG for clearing, such break clauses will not be recognised in course of the novation.

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### **3.1.4.23.1.5.2 Documentation of Original OTC Transactions**

Irrespective of the documentation of the Original OTC Transaction, the terms set out in Number 3.2 below shall apply to all CCP Transactions that are OTC FX Transactions which are based on Original OTC Transactions submitted via the relevant ATS.

### **3.1.53.1.6 Daily Evaluation Price**

Eurex Clearing AG determines the daily evaluation price on the basis of the raw market quotes underlying the discount and forecast curve provided by a recognised third party provider as of the day of the determination of the daily evaluation price.

### **3.1.63.1.7 Margin Requirements**

The basic provisions for the margin requirements are set forth in Chapter I Part 1 Number 3 together with Chapter I Part 2 Numbers 6 and 7. In addition thereto, the following provisions shall apply:

- (1) The applicable Margin Type with respect to CTM FX Transactions shall be ~~the~~ Additional Margin, Variation Margin and Settlement Compensation Margin (as defined in Paragraph (5) below) provided that Variation Margin shall be provided in USD cash amounts only. The applicable Margin Type with respect to STM FX Transactions shall be Additional Margin and Settlement Compensation Margin.
- (2) The Variation Margin Requirement and/or any Redelivery Amount (each as defined in Chapter I Part 2 Sub-part A Number 5), as the case may be, for CCP Transactions that are OTC FX Transactions and CTM FX Transactions shall equal the profit or loss amount determined on any Business Day on the basis of the daily evaluation price (as set out in Number 3.1.56) as follows: For each outstanding CCP 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 CCP Transaction on the relevant Business Day and the previous Business Day. For CCP 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. Additionally, the Variation Margin includes two correction terms for considering the time delay between its calculation and settlement. For this purpose, the trade related cash flows (including principal exchange payments and trade related fees (if any)) on the current Business Day are added and the trade related cash flows (including principal exchange payments and trade related fees) on the next Business Day are subtracted.

The Variation Margin Requirement and/or any Redelivery Amount shall be calculated in USD with respect to each CTM FX Transaction in accordance with the following formula:

$$VM_{\S}(t) = NPV_{\S}(t) - NPV_{\S}(t-1) + CF_{\S}(t) - CF_{\S}(t+1) + CF_{\text{€;£}}(t) \cdot FX(t-1) - CF_{\text{€;£}}(t+1) \cdot FX(t)$$

where:

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$FX(t)$  denotes the FX spot rate at time  $t$  for EUR/USD or GBP/USD;

$CF(t)$  denotes trade related cash flows in the respective currency at time  $t$ ; and

$NPV(t)$  denotes the net present value of the trade at time  $t$ .

- (3) In addition to Variation Margin, Eurex Clearing AG shall charge to the Clearing Member interest (the so-called price alignment interest (“**FX PAI**”)) on the cumulative Variation Margin at the applicable overnight interest rate. FX PAI corresponds to the overnight interest paid or received on the cumulative Variation Margin over the lifetime of the FX portfolio. The cumulative Variation Margin of the previous Business Day corresponds to the value of the FX portfolio on the previous Business Day.

If the overnight interest rates are positive and, from a Clearing Member’s perspective, the value of the FX portfolio is positive, Eurex Clearing AG will charge FX PAI to the Clearing Member. If the overnight interest rates are positive and from a Clearing Member’s perspective, the value of the FX portfolio is negative, Eurex Clearing AG will credit FX PAI to the Clearing Member. In case of negative overnight interest rates, Eurex Clearing AG (i) will credit FX PAI to the Clearing Member if, from a Clearing Member’s perspective, the value of the FX portfolio is positive and (ii) will charge FX PAI to the Clearing Member if, from a Clearing Member’s perspective, the value of the FX portfolio is negative.

FX PAI shall be calculated and payable on each Business Day with respect to each CTM FX Transaction in accordance with the following formula:

$$FX\ PAI(T) = -MtM_{ex}CF(T-1) * ONR(T-1, T) * YF(T, T+1)$$

where:

“ $MtM_{ex}CF(T-1) = MtM(T-1) - CF(T)$ ” is the present value of the previous Business Day excluding today’s trade related cash flows;

“ $ONR(T-1, T)$ ” is the overnight rate valid from the previous Business Day to today; and

“ $YF(T, T+1)$ ” the year fraction from today to the next Business Day.

- (4) The rules on set-off of cash claims pursuant to Chapter I Part 1 Number 1.3.1 Paragraph (1) (a) Sentence 1 and Chapter I Part 1 Number 1.3.1 Paragraph (2) (a) (aa) apply.
- (5) Eurex Clearing AG shall be entitled to demand at any time during a Business Day from a Clearing Member margin in the form of Eligible Margin Assets in an amount determined by Eurex Clearing AG to be adequate to compensate Eurex Clearing AG for any costs and/or expenses which it may incur in connection with the entering into and performance of its obligations under the Step-in Process or the Roll-Over as set out in Number 3.3 below (the “**Settlement Compensation Margin**”). Eurex Clearing AG may demand the provision of the Settlement Compensation Margin up to (*i.e.* not

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earlier than) 15 Business Days prior to the day on which the payment of the Clearing Member under the relevant Transaction with respect to the Relevant FX Payment is due. Any Settlement Compensation Margin requested by Eurex Clearing AG with respect to a Standard Agreement will increase the margin requirement for that Standard Agreement. Settlement Compensation Margin shall be provided by the Clearing Member in accordance with the rules in the Elementary Clearing Model Provisions applicable with respect to the provision of Margin for the relevant Standard Agreement for which Eurex Clearing has requested the Settlement Compensation Margin.

- (6) Any payments in respect of Variation Margin, FX PAI and trade related fees to be made by the Clearing Member to Eurex Clearing AG shall be made on a net basis and directly to the relevant CLS Central Bank Account through the CLS CCP Service. Where in this Part 3 a payment is specified to be made on a net basis, this shall relate to any payment made through the CLS CPP Service pursuant to this Part 3 and Part 4 which is also specified to be made on a net basis.

Any payments in respect of Variation Margin and FX PAI to be made by Eurex Clearing AG to the Clearing Member shall be made on a net basis and directly to the relevant Currency Products Cash Account of the Clearing Member through the CLS CCP Service.

“**CLS Central Bank Accounts**” means the accounts (i) which CLS Bank maintains with each of the central banks controlling one of the currencies of the relevant Currency Pair and which (ii) Eurex Clearing AG designates for payments directly and indirectly related to the settlement of OTC Currency Transactions and each such account a “**CLS Central Bank Account**”.

### **3.1.73.1.8 Default Fund**

Contributions to the Default Fund are made in accordance with Chapter I Part 1 Number 6.

## **3.2 Product-related terms for OTC FX Transactions**

The following product-related terms shall apply to OTC FX Transactions.

### **3.2.1 Payment obligations**

- (1) The relevant Clearing Member and Eurex Clearing AG shall pay the amounts payable under and in accordance with the terms of the relevant CCP Transaction as specified in the relevant OTC Trade Novation Report on the basis of the trade record submitted via the relevant ATS and which are as follows:
- (a) subject to Number 3.3.3.2, with respect to OTC FX Spot Transactions, one party shall pay to the other party on the relevant Settlement Date the Currency A Amount against the payment of a corresponding amount in the other currency of the Currency Pair at the applicable FX rate as specified in the relevant OTC Trade Novation Report;

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“**Currency A Amount**” means an amount in one currency of the relevant Currency Pair.

“**Settlement Date**” means any date agreed between the relevant Clearing Member and Eurex Clearing AG with respect to the relevant OTC Currency Transaction subject in each case to the provisions of Number 3.1.54.1 Paragraphs (4) and (5) and Number 4.1.54.1 Paragraphs (4) and (5), as the case may be.

- (b) subject to Number 3.3.3.2, with respect to OTC FX Forwards, one party shall pay to the other party on the relevant Settlement Date the Currency A Amount against the payment of a corresponding amount in the other currency of the Currency Pair at the applicable FX rate as specified in the relevant OTC Trade Novation Report;
- (c) subject to Number 3.3.3.2, with respect to OTC FX Swaps, (i) under the near leg of the relevant OTC FX Swap one party (“**OTC FX Party A**”) shall pay to the other party (“**OTC FX Party B**”) on the relevant Settlement Date for the near leg the Currency A Amount against the payment by OTC FX Party B of a corresponding amount in Currency B at the applicable FX rate for the near leg as specified in the relevant OTC Trade Novation Report and (ii) under the far leg of the relevant OTC FX Swap OTC FX Party B shall pay OTC FX Party A on the relevant Settlement Date for the far leg the Currency A Amount against the payment by OTC FX Party A of a corresponding amount in Currency B at the applicable FX rate for the far leg as specified in the relevant OTC Trade Novation Report; both the near leg and the far leg of the OTC FX Swap are entered into simultaneously;

“**Currency B**” means the respective other currency of the relevant Currency Pair (as opposed to the currency of the Currency A Amount); and

- (d) if
  - (x) the Clearing Member USD OTC Currency Transactions Payment Obligations are in excess of the applicable USD Maximum Amount with respect to the Clearing Member and a Settlement Date (such excess amount, which is denominated in USD, the “**USD Prefunding Amount**”), or
  - (y) the Clearing Member GBP OTC Currency Transactions Payment Obligations are in excess of the applicable GBP Maximum Amount with respect to the Clearing Member and a Settlement Date (such excess amount, which is denominated in GBP, the “**GBP Prefunding Amount**” and each the GBP Prefunding Amount and the USD Prefunding Amount, a “**Prefunding Amount**”),

then the Clearing Member shall pay to Eurex Clearing AG as cover for the payment of the Clearing Member OTC Currency Transactions Payment

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Obligations (i) the portion of the relevant Prefunding Amount that relates to the relevant Clearing Member OTC Currency Transactions Payment Obligations settling on the second following Business Day (if any), two Business Days prior to the relevant Settlement Date and (ii) to the extent not accounted for under (i) above, the portion of the relevant Prefunding Amount that relates to the relevant Clearing Member OTC Currency Transactions Payment Obligations settling on the next following Business Day (if any), one Business Day prior to the relevant Settlement Date (such Clearing Member, the “**Prefunding Amount Payer**”).

“**Clearing Member GBP OTC Currency Transactions Payment Obligations**” means the payment obligations (calculated on a net basis) of a Clearing Member in respect of all OTC Currency Transactions in GBP (including payment obligations with respect to trade related fees, and Variation Margin (for purposes of the Prefunding Amount calculated on the basis of Forecasted Variation Margin only) and Currency STM Amounts (for purposes of the Prefunding Amount calculated on the basis of Forecasted Currency STM Amounts only), but excluding payment obligations with respect to Margin, Settlement Compensation Margin, FX PAI, and XCCY PAI and Currency PAA) which settle on the same Settlement Date.

“**Clearing Member USD OTC Currency Transactions Payment Obligations**” means the payment obligations (calculated on a net basis) of a Clearing Member in respect of all OTC Currency Transactions in USD (including payment obligations with respect to trade related fees, and Variation Margin (for purposes of the Prefunding Amount calculated on the basis of Forecasted Variation Margin only) and Currency STM Amounts (for purposes of the Prefunding Amount calculated on the basis of Forecasted Currency STM Amounts only), but excluding payment obligations with respect to Margin, Settlement Compensation Margin, ~~Variation Margin~~, FX PAI, and XCCY PAI and Currency PAA) which settle on the same Settlement Date.

“**Clearing Member OTC Currency Transactions Payment Obligations**” means the Clearing Member GBP OTC Currency Transactions Payment Obligations and the Clearing Member USD OTC Currency Transactions Payment Obligations.

“**Forecasted Variation Margin**” means, for the purposes of Part 1 Number 1.2.3 Paragraph (1) Clause 11 and the calculation of the Clearing Member OTC Currency Transactions Payment Obligations, an amount calculated in USD with respect to each OTC Currency Transaction in accordance with the following formula:

$$\begin{aligned} \text{Forecasted } VM_{\$}(t) &= CF_{\$}(t) - CF_{\$}(t+1) + CF_{\text{€},\text{£}}(t) \cdot FX(t-1) - CF_{\text{€},\text{£}}(t+1) \cdot FX(t) \end{aligned}$$

where:

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$FX(t)$  denotes the forecasted FX rate for time  $t$  for EUR/USD or GBP/USD as calculated on the basis of the standard curves used for pricing;

$CF(t)$  denotes trade related cash flows in the respective currency at time  $t$ .

**“Forecasted Currency STM Amount”** means, for the purposes of Part 1 Number 1.2.3 Paragraph (1) Clause 11 and the calculation of the Clearing Member OTC Currency Transactions Payment Obligations, an amount calculated in USD with respect to each STM Currency Transaction in accordance with the following formula:

$$\begin{aligned} \text{Forecasted Currency STM Amount}_{\$}(t) \\ = CF_{\$}(t) - CF_{\$}(t + 1) + CF_{\text{€;£}}(t) \cdot FX(t - 1) - CF_{\text{€;£}}(t + 1) \cdot FX(t) \end{aligned}$$

where:

$FX(t)$  denotes the forecasted FX rate for time  $t$  for EUR/USD or GBP/USD as calculated on the basis of the standard curves used for pricing;

$CF(t)$  denotes trade related cash flows in the respective currency at time  $t$ .

**“Currency STM Amount”** means any FX STM Amount and XCCY STM Amount.

**“Currency PAA”** means any FX PAA or FX Price Alignment Amount and XCCY PAA or XCCY Price Alignment Amount.

**“STM Currency Transaction”** means any STM FX Transaction and STM XCCY Transaction.

**“GBP Maximum Amount”** means an amount denominated in GBP as determined by Eurex Clearing AG in its discretion with respect to each individual Clearing Member and as notified by Eurex Clearing AG to each of the Clearing Members. Each GBP Maximum Amount can be amended by Eurex Clearing AG in its discretion at any time by either increasing or reducing it. If the amendment results in a reduction of the relevant GBP Maximum Amount, then Eurex Clearing AG is required to give at least 3 (three) months' prior notice to the relevant Clearing Member unless there are exceptional circumstances which require a shorter notice period in order to effectively manage the risks of Eurex Clearing AG in its capacity as central counterparty, in particular taking into account the notional exposures of the Clearing Member's relevant OTC Currency Transactions and the resulting amount of Variation Margin to be settled through the CLS CCP Service, in which case the notice period can be less than three months. When determining and amending the GBP Maximum Amount, Eurex Clearing AG also takes into account its exposures vis-à-vis the CLS Nostro Banks in order to effectively manage the risks of Eurex Clearing AG in its capacity as central counterparty.

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**“USD Maximum Amount”** means an amount denominated in USD as determined by Eurex Clearing AG in its discretion with respect to each individual Clearing Member and as notified by Eurex Clearing AG to each of the Clearing Members. Each USD Maximum Amount can be amended by Eurex Clearing AG in its discretion at any time by either increasing or reducing it. If an amendment results in a reduction of the relevant USD Maximum Amount, then Eurex Clearing AG is required to give at least 3 (three) months' prior notice to the relevant Clearing Member unless there are exceptional circumstances which require a shorter notice period in order to effectively manage the risks of Eurex Clearing AG in its capacity as central counterparty, in particular taking into account the notional exposures of the Clearing Member's relevant OTC Currency Transactions and the resulting amount of Variation Margin to be settled through the CLS CCP Service, in which case the notice period can be less than three months. When determining and amending the GBP Maximum Amount, Eurex Clearing AG also takes into account its exposures vis-à-vis the CLS Nostro Banks in order to effectively manage the risks of Eurex Clearing AG in its capacity as central counterparty.

Subject to Number 3.2.2.3 and this Number 3.2.1 Paragraph (1)(d), any payments to be made by the Clearing Member to Eurex Clearing AG under this Number 3.2.1 (other than payments with respect to any relevant Prefunding Amount) shall be made – with respect to each currency of the Currency Pairs – on a net basis and directly to the relevant CLS Central Bank Account through the CLS CCP Service no later than 7:30 a.m. (Frankfurt am Main time) (the **“CLS Cut-Off Time”**) (as timing is of the essence). The provisions of Section 376 German Commercial Code (*Handelsgesetzbuch*) shall, however, not apply.

A payment to be made by the Clearing Member to Eurex Clearing AG in respect of (an) OTC FX Transaction(s) (including payments with respect to Variation Margin, FX PAI, FX STM Amounts, FX PAA and trade related fees, but excluding payments with respect to any relevant Prefunding Amount, Investment Loss Shortage Amount, Margin or Settlement Compensation Margin) on a relevant payment date shall be referred to as the **“Relevant FX Payment”** (and together with the Relevant XCCY Payment (as defined in Part 4 Number 4.2.1 Paragraph (1)), the **“Relevant FX/XCCY Payments”**).

Subject to Number 3.2.1 Paragraph (2)(a), any payments to be made by Eurex Clearing AG to the Clearing Member under this Number 3.2.1 shall be made – with respect to each currency of the Currency Pairs – on a net basis and directly to the relevant Currency Products Cash Account of the Clearing Member through the CLS CCP Service.

- (2) The following applies with respect to Prefunding Amounts:
  - (a) Eurex Clearing AG will debit any (portion of the) relevant Prefunding Amount from the relevant Clearing Member Cash Account of the Prefunding Amount



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Payer in accordance with the daily cash clearing procedure pursuant to Chapter I Part 1 Number 1.4.1. The relevant Prefunding Amount shall be paid (and, as applicable, returned) by transferring to the transferee 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 transferring party and of any third person, including, without limitation, pursuant to applicable regulation or under any statutory or other trust. On the relevant Settlement Date, Eurex Clearing AG will transfer any relevant Prefunding Amount received as set out above to the relevant CLS Central Bank Account through the CLS CCP Service; the relevant Prefunding Amount shall be applied in discharge of the relevant Clearing Member OTC Currency Transactions Payment Obligations on a pro-rata basis at the time Eurex Clearing AG has received all Debit Notifications in respect of all amounts owed by Eurex Clearing AG to the Recipient Clearing Members on that Settlement Date.

If the relevant Clearing Member OTC Currency Transactions Payment Obligations have decreased after a relevant Prefunding Amount has been paid, Eurex Clearing AG is not obliged to return the relevant portion of such Prefunding Amount, but will apply the relevant full Prefunding Amount against the relevant Clearing Member OTC Currency Transactions Payment Obligations on the relevant Settlement Date. In case the relevant Clearing Member OTC Currency Transactions Payment Obligations have decreased below the relevant Prefunding Amount, Eurex Clearing AG will return the amount of the relevant Prefunding Amount which could not be applied against the relevant Clearing Member OTC Currency Transactions Payment Obligations on the relevant Settlement Date to the Prefunding Amount Payer by payment outside the CLS CCP Service.

Any Prefunding Amount which has been neither applied against the relevant Clearing Member OTC Currency Transactions Payment Obligations nor returned to the Prefunding Amount Payer pursuant to the above provisions, shall constitute a Redelivery Claim of the relevant Clearing Member in the case of a Termination with respect to the relevant Standard Agreement of the Clearing Member.

- (b) Chapter I Part 1 Numbers 3.4.4 and 3.4.5 shall apply *mutatis mutandis* to any Prefunding Amount actually credited to the relevant Eurex Clearing AG cash account as if it were Eligible Margin Assets in the form of cash delivered in respect of Margin.
- (3) Payments under the relevant OTC FX Transaction will not be owed under the relevant CCP Transaction and are not subject to these Clearing Conditions in case these payments were due on or before the day of novation.

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(4) The following additional primary payment obligations apply under STM FX Transactions:

- (a) The Clearing Member or Eurex Clearing AG, as the case may be, shall pay an FX STM Amount on each Business Day (i) from (and including) the FX STM Effective Date (in case an STM FX Transaction was an Existing STM Eligible FX Transaction) or the date of novation pursuant to Part 1 Number 1.2.1 (in case an STM FX Transaction was an Original STM Eligible FX Transaction), as relevant, (ii) to (and including) the “Termination Date” of the STM FX Transaction (as specified in the relevant OTC Trade Novation Report) (the “FX Last STM Amount Payment Date”).

“FX STM Amount” means an amount which shall equal the profit or loss amount determined with respect to an outstanding STM FX Transaction on the relevant Business Day on the basis of the daily evaluation price (pursuant to Number 3.1.6) as follows: For STM FX 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 STM FX Transaction concluded (whether as STM FX Transaction or CTM FX Transaction) prior to the relevant Business Day, the relevant profit or loss amount shall be the difference between the daily evaluation prices of the STM FX Transaction on the relevant Business Day and the previous Business Day. On the FX Last STM Amount Payment Date, the relevant profit or loss amount shall be the difference between the daily evaluation price of the STM FX Transaction of the previous Business Day and zero. Additionally, the FX STM Amount includes two correction terms for considering the time delay between its calculation and settlement. For this purpose, the trade related cash flows (including principal exchange payments and trade related fees (if any)) on the current Business Day are added and the trade related cash flows (including principal exchange payments and trade related fees) on the next Business Day are subtracted.

The FX STM Amount shall be calculated in USD with respect to each STM FX Transaction in accordance with the following formula:

$$\begin{aligned}
 FX\ STM\ Amount_{\$}(t) &= NPV_{\$}(t) - NPV_{\$}(t-1) + CF_{\$}(t) - CF_{\$}(t+1) + CF_{\text{€;£}}(t) \cdot FX(t-1) \\
 &\quad - CF_{\text{€;£}}(t+1) \cdot FX(t)
 \end{aligned}$$

where:

$FX(t)$  denotes the FX spot rate at time t for EUR/USD or GBP/USD;

$CF(t)$  denotes trade related cash flows in the respective currency at time t; and

$NPV(t)$  denotes the net present value of the trade at time t.

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(b) A price alignment amount (“FX Price Alignment Amount” or “FX PAA”) shall be payable by the Clearing Member or Eurex Clearing AG, as the case may be, together with the FX STM Amount. The FX PAA corresponds to the overnight interest paid or received on the cumulative FX STM Amounts over the lifetime of the STM FX Transaction. The cumulative FX STM Amounts of the previous Business Day correspond to the value of the STM FX Transaction on the previous Business Day.

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

FX PAA shall be calculated on each Business Day with respect to each STM FX Transaction in accordance with the following formulas.

$$\underline{FX\ PAA(T) = -MtM\_exCF(T-1) * ONR(T-1, T) * YF(T, T+1)}$$

where:

“MtM\_exCF(T-1) = MtM(T-1) - CF(T)” is the present value of the previous Business Day excluding today's trade related cash flows;

“ONR(T-1, T)” is the overnight rate valid from the previous Business Day to today; and

“YF(T, T+1)” the year fraction from today to the next Business Day.

### **3.2.2 Discharge of payment obligations through CLS CCP Service; Finality**

#### **3.2.2.1 Discharge of payment obligations of a Clearing Member**

Any payment obligation of a Clearing Member (the “**Payer Clearing Member**”) arising under this Part 3, Part 4 or the relevant FX Swap Line Agreement towards Eurex Clearing AG on a Settlement Date to be discharged by payment through the CLS CCP Service shall only be validly discharged at the time Eurex Clearing AG has received all Debit Notifications in respect of all amounts owed by Eurex Clearing AG to the Recipient Clearing Members on that Settlement Date. Payments have to be made in full, partial payment will not lead to a partial discharge of the payment obligation of a Clearing Member.

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“**CLS Processing Time**” means the processing time as indicated by CLS Bank which is currently 10:30 a.m. (Frankfurt am Main time) or, in exceptional circumstances, shortly thereafter.

“**Debit Notification**” means a notification sent by CLS Bank to Eurex Clearing AG that an amount has been instructed to be debited from the CLS Central Bank Account to be credited to the relevant Currency Products Cash Account of a Recipient Clearing Member. Generally, such notifications are sent shortly after the CLS Processing Time on the relevant Settlement Date.

“**Recipient Clearing Members**” means such Clearing Members to which Eurex Clearing AG owes a payment obligation under this Part 3, Part 4 or the FX Swap Line Agreement and each a “**Recipient Clearing Member**”.

### 3.2.2.2 Discharge of payment obligations of Eurex Clearing AG

The payment obligations of Eurex Clearing AG under this Part 3, Part 4 and the FX Swap Line Agreement(s) towards the Clearing Members in a particular currency on a Settlement Date to be discharged by payment through the CLS CCP Service (the “**Relevant Payment Obligations**”) shall be validly discharged on a pro rata basis each time the relevant CLS Central Bank Account has been credited with an amount in the relevant currency on such Settlement Date. Eurex Clearing AG will instruct CLS Bank to transfer, following the credit of all amounts in all currencies owed to Eurex Clearing AG to the relevant CLS Central Bank Account(s) in the normal course of business, the relevant amounts to the relevant Currency Products Cash Accounts of the relevant Clearing Members in accordance with such instructions. If any amount is re-transferred to the relevant Payer Clearing Member in accordance with Number 3.3.3.3, the Relevant Payment Obligations which have been discharged on a pro rata basis by the crediting of such amount shall be re-established subject to Number 3.3.3.3.

Eurex Clearing AG may discharge its payment obligations under the relevant CCP Transaction by way of set-off in accordance with Chapter I Part 1 Number 1.3.1 Paragraph (1) (a) and (f) and Chapter I Part 1 Number 1.3.1 Paragraph (2) (a) (aa), (b) and (c).

### 3.2.2.3 Discharge of payment obligations in case of unavailability of CLS CCP Service

- (1) If the CLS CCP Service is not available for settlement for any reason (including, but not limited to, insolvency of CLS Bank), (i) Eurex Clearing AG will instruct the settlement of the affected OTC Currency Transaction(s) and/or the affected FX Hedging Transaction(s) outside the CLS CCP Service (on a net basis) on the relevant Settlement Date and the Payer Clearing Member will then be required to discharge its payment obligation by making the relevant payment outside the CLS CCP Service to an account notified to the Payer Clearing Member by Eurex Clearing AG for such purpose and (ii) as regards cash amounts paid by the Payer Clearing Member (if any, each such Payer Clearing Member, an “**Affected Payer Clearing Member**” and all such Payer Clearing Members, the “**Affected Payer Clearing Members**”) to fulfil any of its payment obligations arising under this Part

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3 or Part 4 towards Eurex Clearing AG which have been credited to the relevant CLS Central Bank Account but not actually been credited to the relevant Currency Products Cash Account(s) of the Recipient Clearing Member(s) (such cash amounts, the "**Affected Payer Clearing Member Amounts**"), Eurex Clearing AG will instruct CLS Bank to re-transfer any such Affected Payer Clearing Member Amounts from the relevant CLS Central Bank Account to the relevant Currency Products Cash Account(s) of the Payer Clearing Member as soon as CLS Bank or, as the case may be, its insolvency administrator, resumes the operations of the CLS CCP Service.

Payments to be made pursuant to this Paragraph (1) have to be made in full, partial payment will not lead to a partial discharge of the payment obligation of a Payer Clearing Member.

- (2) If the CLS CCP Service is not available for settlement for any reason and Eurex Clearing AG has instructed the settlement of the affected OTC Currency Transaction(s) outside the CLS CCP Service, then any payment obligation of Eurex Clearing AG towards a Clearing Member arising under this Part 3, Part 4 and the relevant FX Swap Line Agreement shall be discharged in accordance with Chapter I Part 1 Number 2.1.2 Paragraph (4) (b) (ff) (iii).
- (3) If (i) an Affected Payer Clearing Member has paid any amount to Eurex Clearing AG outside the CLS CCP Service in accordance with Paragraph (1) in full discharge of the relevant payment obligation to Eurex Clearing AG (the "**Further Payment Amount**"), (ii) the Affected Payer Clearing Member has not otherwise recovered the Affected Payer Clearing Member Amounts and (iii) subsequently, Eurex Clearing AG has irrevocably and finally recovered any Affected Payer Clearing Member Amount in whole or in part (the "**Late Recovery Amount**"), Eurex Clearing AG shall pay to the Affected Payer Clearing Member an amount from the Late Recovery Amount not exceeding the Further Payment Amount, provided that, if in respect of more than one Affected Payer Clearing Member the requirements set out in items (i) and (ii) are met and Eurex Clearing AG has received a Late Recovery Amount, Eurex Clearing AG shall pay to each such Affected Payer Clearing Member a pro rata share of the Late Recovery Amount reflecting such Affected Payer Clearing Member's share in the sum of all Further Payment Amounts paid by all Affected Payer Clearing Members.

Eurex Clearing AG shall in its reasonable discretion claim any Affected Payer Clearing Member Amount from CLS Bank. The Affected Payer Clearing Member shall reimburse Eurex Clearing AG for any costs and expenses incurred in connection with such claim (regardless of whether the Affected Payer Clearing Member Amount can be successfully recovered in whole or in part from CLS Bank). Eurex Clearing AG may request an advance payment from the Affected Payer Clearing Member in respect of reasonably expected costs and expenses to be incurred when claiming the Affected Payer Clearing Member Amount from CLS Bank.

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### 3.2.2.4 Finality of payments processed through CLS CCP Service

In deviation from Chapter I Part 1 Number 1.2.9 Paragraphs (2), (3) and (4), in respect of all Payment Transfer Orders which are to be processed through the CLS CCP Service:

- (a) CLS Bank shall act as a settlement agent for Eurex Clearing AG within the meaning of Article 2 lit. (d) of the Settlement Finality Directive; and
- (b) any such Payment Transfer Orders are entered into the system of Eurex Clearing AG within the meaning of Article 3 paragraphs 1 and 3 of the Settlement Finality Directive and are irrevocable pursuant to the statutory provisions implementing the Settlement Finality Directive:
  - (aa) in case of any payment due from a Payer Clearing Member to Eurex Clearing AG, upon receipt of the related Payment Transfer Order (submitted by or on behalf of such Payer Clearing Member) by the relevant CLS Nostro Bank (CLS Bank has granted all CLS Nostro Banks from time to time a power of attorney to also receive such Payment Transfer Orders as attorney-in-fact for CLS Bank without creating any obligation of CLS Bank to process the relevant Payment Transfer Order unless the corresponding amount has been credited to the relevant CLS Central Bank Account); and
  - (bb) in case of any payment due from Eurex Clearing AG to a Recipient Clearing Member, upon receipt of the related Payment Transfer Order by CLS Bank from Eurex Clearing AG.

**“Payment Transfer Order”** means:

- (i) an instruction in the form of a SWIFT message or other means given by or on behalf of a Payer Clearing Member to its relevant CLS Nostro Bank to transfer to Eurex Clearing AG (through crediting a nominated cash account provided by CLS Bank to Eurex Clearing AG) an amount of money from the relevant Currency Products Cash Account maintained with that CLS Nostro Bank (a Payment Transfer Order pursuant to this item (i), a **“Payer Clearing Member Payment Transfer Order”**); or
- (ii) an instruction in the form of a SWIFT message or other means given by Eurex Clearing AG to CLS Bank to transfer to a Recipient Clearing Member (through crediting the relevant Currency Products Cash Account nominated by that Recipient Clearing Member) an amount of money from the nominated account provided by CLS Bank to Eurex Clearing AG (a Payment Transfer Order pursuant to this item (ii), a **“Eurex Clearing Payment Transfer Order”**).

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### 3.3 Failure to Pay with respect to an OTC Currency Transaction

#### 3.3.1 Failure to Pay Relevant Prefunding Amount

- (1) If a Clearing Member fails to pay the relevant Prefunding Amount to Eurex Clearing AG in full in accordance with Number 3.2.1 by the Prefunding Cut-Off Time, the provisions of Chapter I Part 1 Number 7 shall apply.

“**Prefunding Cut-Off Time**” means 1:00 p.m. (Frankfurt am Main time).

- (2) In addition thereto, the Clearing Member is obliged to pay the Prefunding Amount Contractual Penalty. The amount of the Prefunding Amount Contractual Penalty – as determined by Eurex Clearing AG – is the equivalent in the relevant Clearing Currency of 40 basis points of the relevant Prefunding Amount, with a minimum of EUR 2,500.00, CHF 3,000.00 or GBP 2,000.00, as applicable, and a maximum of EUR 10,000,000.00, CHF 12,000,000.00 or GBP 8,000,000.00, as applicable. The Prefunding Amount Contractual Penalty applies regardless of any actual damages incurred by Eurex Clearing AG and is immediately due and payable by the Prefunding Cut-Off Time on the relevant Payment Date. The Prefunding Amount Contractual Penalty shall be a “Secured Claim” for the purpose of Chapter I Part 2 Number 6.5. The right of Eurex Clearing AG to claim further damages shall remain unaffected.

#### 3.3.2 Failure to Pay Relevant FX/XCCY Payment or Investment Loss Shortage Amount

- (1) If on a relevant Settlement Date a Clearing Member (a “**Late CM**”) fails (each an “**FX/XCCY Failure to Pay**”):
- (a) to make a Relevant FX/XCCY Payment in full (taking into account any Prefunding Amount paid by such Late CM) by the CLS Cut-Off Time (this cut-off time also applies if the CLS CCP Service is not available for settlement and settlement is instructed outside the CLS CCP Service pursuant to Number 3.2.2.3); or
  - (b) to pay the relevant Investment Loss Shortage Amount in full by the Investment Loss Shortage Cut-Off Time,

Eurex Clearing AG shall – in addition to the rights granted pursuant to the provisions of Chapter I Part 1 Number 7 and notwithstanding the provisions of Chapter I Part 1 Number 1.4.5 with respect to an FX Disruption Event – have the right to (i) carry out the process as set out in Numbers 3.3.3.1 and 3.3.3.2 below (the “**Step-in Process**”) to the extent of the unpaid amount (the “**FX/XCCY Failure to Pay Amount**”) or (ii) carry out the process as set out in Number 3.3.3.3 below (the “**Roll-Over**”).

- (2) Prior to the exercise of the rights to carry out the Step-In Process or Roll-Over, Eurex Clearing AG will on a best efforts basis aim to compensate the FX/XCCY Failure to Pay Amount through the use of its own available funds in the currency of the Relevant FX/XCCY Payment.

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- (3) In addition thereto and regardless of whether the Step-in Process or the Roll-Over is carried out or not, a Clearing Member who fails to make a Relevant FX/XCCY Payment in full by the CLS Cut-Off Time is obliged to pay a contractual penalty to Eurex Clearing AG (the “**Late CM Contractual Penalty**”). The amount of the Late CM Contractual Penalty – as determined by Eurex Clearing AG – is the equivalent in the relevant Clearing Currency of 40 basis points of the Relevant FX/XCCY Payment, with a minimum of EUR 2,500.00, CHF 3,000.00 or GBP 2,000.00, as applicable, and a maximum of EUR 10,000,000.00, CHF 12,000,000.00 or GBP 8,000,000.00, as applicable. The Late CM Contractual Penalty applies regardless of any actual damages incurred by Eurex Clearing AG and is immediately due and payable by the CLS Cut-Off Time on the relevant payment date. The right of Eurex Clearing AG to claim further damages shall remain unaffected.

### 3.3.3 Consequences of an FX/XCCY Failure to Pay

- (1) If an FX/XCCY Failure to Pay has occurred, Eurex Clearing AG shall have the right to either (i) exercise its option under one or more of the FX Swap Line Agreements as set out in Number 3.3.3.1 below, (ii) pay an Alternative Currency Amount as set out in Number 3.3.3.2 below or (iii) postpone certain payment obligations as set out in Number 3.3.3.3 below.
- (2) An FX/XCCY Failure to Pay shall not constitute an FX Disruption Event (as defined in Chapter I Part 1 Number 1.4.5).

#### 3.3.3.1 Step-in Process – Exercise of FX Swap Lines

- (1) Eurex Clearing AG shall have the right to exercise – in its sole discretion – its options to enter into one or more FX Hedging Transactions with one or more FX Swap Line Counterparties up to the relevant FX Swap Line Maximum Amount outstanding with respect to the relevant FX Swap Line Counterparty/-ies, in each case in accordance with the terms of the relevant FX Swap Line Agreement (as defined in Number 3.1.3 Paragraph (6) above). By exercising its options as set out in the previous sentence, Eurex Clearing AG enters into one or more FX Hedging Transaction(s) with each of the relevant FX Swap Line Counterparties (each such FX Swap Line Counterparty an “**FX Hedge Counterparty**”).

The FX Swap Line Maximum Amount for FX Hedging Transaction(s) with respect to USD is USD 250,000,000.00 and the FX Swap Line Maximum Amount for FX Hedging Transaction(s) with respect to GBP is GBP 100,000,000.00. Each FX Swap Line Maximum Amount can be amended in accordance with the procedure set out in Chapter I Part 1 Numbers 17.2 and 17.3.

“**FX Hedging Transaction**” means a foreign exchange swap transaction traded over-the-counter.

“**FX Swap Line Counterparty**” means each Clearing Member participating in the Clearing of OTC Currency Transactions.



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**“FX Swap Line Maximum Amount”** means an aggregate maximum amount designated in one of the currencies of the Currency Pairs.

- (2) Eurex Clearing AG is entitled to exercise its option(s) multiple times for as long as the relevant FX Swap Line Counterparty holds its OTC Currency Products Clearing License, but only to the extent that the then relevant outstanding FX Swap Line Maximum Amount is not exceeded by such further exercise(s) of the option(s). The relevant outstanding FX Swap Line Maximum Amount will be reduced by the amount of each FX Hedging Transaction resulting from the exercise of such option and re-increased by such amount if and when the relevant FX Hedging Transaction is fully settled.
- (3) Subject to the relevant FX Swap Line Maximum Amount applicable to the relevant FX Hedge Counterparty, under each near leg of an FX Hedging Transaction Eurex Clearing AG receives from the relevant FX Hedge Counterparty an amount corresponding to and in the currency denomination of the FX/XCCY Failure to Pay Amount (the **“Currency A Swap Amount”**). In return for the receipt of the Currency A Swap Amount, Eurex Clearing AG pays the relevant FX Hedge Counterparty a corresponding amount in the other currency of a relevant Currency Pair which relates to the currency of the Currency A Swap Amount at the applicable FX Swap Line FX Rate (the **“Currency B Swap Amount”**). Under the far leg of the FX Hedging Transaction, Eurex Clearing AG pays to the relevant FX Hedge Counterparty the Currency A Swap Amount in return for the payment by that FX Hedge Counterparty of the Currency B Swap Amount.
- (4) If the Currency A Swap Amount under an FX Hedging Transaction is denominated in GBP (such FX Hedging Transaction is referred to as a **“Currency A Swap Amount GBP/USD FX Hedging Transaction”** provided that a Corresponding EUR/USD FX Hedging Transaction (as defined below) is also entered into), Eurex Clearing AG shall also have the right to enter into a corresponding FX Hedging Transaction for EUR/USD (the **“Corresponding EUR/USD FX Hedging Transaction”**) at the same time and with the same FX Hedge Counterparty as with respect to the Currency A Swap Amount GBP/USD FX Hedging Transaction. Under the near leg of the Corresponding EUR/USD FX Hedging Transaction, Eurex Clearing AG shall receive an amount equivalent to the Currency B Swap Amount (which Eurex Clearing AG is required to pay under the Currency A Swap Amount GBP/USD FX Hedging Transaction) in return for the payment by Eurex Clearing AG to that FX Hedge Counterparty of a corresponding amount in EUR at the applicable FX Swap Line FX Rate (the **“EUR Amount”**). Under the far leg of that Corresponding EUR/USD FX Hedging Transaction, Eurex Clearing AG shall pay to that FX Hedge Counterparty an amount equivalent to the Currency B Swap Amount (under the Currency A Swap Amount GBP/USD FX Hedging Transaction) in return for the payment by that FX Hedge Counterparty of the EUR Amount. A Corresponding EUR/USD FX Hedging Transaction shall not count towards the Swap Line Maximum Amount with respect to USD.

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(5) The payments under the near leg of the FX Hedging Transaction – as further set out in the terms of the FX Swap Line Agreement – are due and payable within two hours of Eurex Clearing AG exercising its option under the FX Swap Line Agreement (with respect to each FX Hedging Transaction an “**FX Swap Line Exercise Day**”) or by such other time as notified by Eurex Clearing AG (which may be shorter than two hours after exercise of the option). The payments under the far leg of the FX Hedging Transaction – as further set out in the terms of the FX Swap Line Agreement – are due and payable on the Business Day immediately following the FX Swap Line Exercise Day by such time as notified by Eurex Clearing AG.

(6) Any payments to be made by an FX Hedge Counterparty to Eurex Clearing AG under an FX Hedging Transaction shall be made directly to the relevant CLS Central Bank Account through the CLS CCP Service.

Any payments to be made by Eurex Clearing AG to an FX Hedge Counterparty under an FX Hedging Transaction shall be made directly to the relevant Currency Products Cash Account of the Clearing Member through the CLS CCP Service.

The payments under the far leg of an FX Hedging Transaction shall be made – with respect to each currency of the Currency Pairs – on a net basis.

(7) In addition, Eurex Clearing AG is obliged to pay to the FX Hedge Counterparty the relevant FX Hedging Transaction Spread Amount with respect to an FX Hedging Transaction. If Eurex Clearing AG enters into a Currency A Swap Amount GBP/USD FX Hedging Transaction, it shall, however, only be obliged to pay an FX Hedging Transaction Spread Amount with respect to the Currency A Swap Amount GBP/USD FX Hedging Transaction but not with respect to the Corresponding EUR/USD FX Hedging Transaction. The FX Hedging Transaction Spread Amount is not payable through the CLS CCP Service.

**“FX Hedging Transaction Spread”** means

- (i) with respect to FX Hedging Transactions for EUR/USD, the relevant spread appearing on the Reuters Screen EURON= or where no information is available on such page, the relevant spread appearing on the Bloomberg Screen EURON CURRENCY;
- (ii) subject to (iii) below, with respect to FX Hedging Transactions for GBP/USD, the relevant spread appearing on the Reuters Screen GBPON= or where no information is available on such page, the relevant spread appearing on the Bloomberg Screen GBPON CURRENCY; and
- (iii) with respect to a Currency A Swap Amount GBP/USD FX Hedging Transaction, the relevant spread appearing on the Reuters Screen EURGBPON= or where no information is available on such page, the relevant spread appearing on the Bloomberg Screen EURGBPON CURRENCY,

in each case of (i) to (iii) above, at 7:00 a.m. (Frankfurt am Main time) on the relevant FX Swap Line Exercise Day.

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**“FX Hedging Transaction Spread Amount” means**

- (i) with respect to an FX Hedging Transaction for EUR/USD, an amount denominated in USD, which equals (a) the figure of the EUR-denominated amount under such FX Hedging Transaction (without regard to its currency denomination) (b) multiplied by the relevant FX Hedging Transaction Spread;
- (ii) with respect to an FX Hedging Transaction for GBP/USD, an amount denominated in USD, which equals (a) the figure of the GBP-denominated amount under such FX Hedging Transaction (without regard to its currency denomination) (b) multiplied by the relevant FX Hedging Transaction Spread; and
- (iii) with respect to a Currency A Swap Amount GBP/USD FX Hedging Transaction, an amount denominated in GBP, which equals (a) the figure of the EUR Amount under the Corresponding EUR/USD FX Hedging Transaction (without regard to its currency denomination) (b) multiplied by the relevant FX Hedging Transaction Spread.

If the FX Hedging Transaction Spread is a negative number, the FX Hedging Transaction Spread Amount shall be zero.

**“FX Swap Line FX Rate”** means, (i) with respect to FX Hedging Transactions for EUR/USD, the FX rate appearing on the Reuters Screen EURUSDFIXP=WM (a WM/Reuters Intra-Day Spot Rate) and (ii) with respect to FX Hedging Transactions for GBP/USD, the FX rate appearing on the Reuters Screen GBPUSDFIXP=WM (a WM/Reuters Intra-Day Spot Rate), in each case of (i) and (ii) above, at 7:00 a.m. (Frankfurt am Main time) on the relevant FX Swap Line Exercise Day and as set out in the trade confirmation relating to the relevant FX Hedging Transaction transmitted by Eurex Clearing AG to the FX Hedge Counterparty in the course of exercising the option under the FX Swap Line Agreement. Where no information on the relevant FX rate is available on the relevant Reuters Screen page, the FX Swap Line FX Rate will be the relevant FX rate appearing on the Bloomberg Screen BFix at 7:00 a.m. (Frankfurt am Main time) on the relevant FX Swap Line Exercise Day.

**3.3.3.2 Step-in Process – Payment of Alternative Currency Amount**

- (1) If and to the extent Eurex Clearing AG is unable to source through the exercise of its option(s) pursuant to Number 3.3.3.1, above an amount in the currency (the **“Unavailable FX/XCCY Currency”**) which it would have received from the Late CM if the latter had performed its payment obligation(s) under the relevant CCP Transaction (including with respect to an Investment Loss Shortage Amount) (an **“Unavailable FX/XCCY Currency Amount”**), then Eurex Clearing AG shall be entitled to discharge:
  - (i) in case of one affected Non-Late CM, its payment obligation corresponding to the Unavailable FX/XCCY Currency Amount by paying a corresponding amount to such Non-Late CM; or

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(ii) in case of more than one affected Non-Late CM, its payment obligations which in aggregate correspond to the Unavailable FX/XCCY Currency Amount by paying a corresponding amount on a pro rata basis to each such Non-Late CM,

in case of (i) and (ii) above, in an Available Currency based on the relevant WM/Reuters Intra-Day Spot Rate at 7:00 a.m. (Frankfurt am Main time) on the relevant payment date (each an “**Alternative Currency Amount**”). Any payment of an Alternative Currency Amount shall be made directly to the relevant Currency Products Cash Account of the Non-Late CM through the CLS CCP Service.

“**Non-Late CM**” means any Clearing Member with payment obligations under OTC Currency Transactions due for settlement on the relevant Settlement Date which is not a Late CM.

- (2) Eurex Clearing AG shall pay to each recipient of an Alternative Currency Amount the respective Alternative Currency Difference Amount. For the avoidance of doubt, no Alternative Currency Difference Amount shall be paid through the CLS CCP Service.

“**Available Currency**” means (i) any currency of a Currency Pair in respect of which the Non-Late CM uses the Clearing services pursuant to this Chapter VIII Part 3 or Part 4 or (ii) Euro.

“**Alternative Currency Difference Amount**” means, with respect to each recipient of an Alternative Currency Amount, an amount denominated in the Unavailable FX/XCCY Currency which equals the difference between (i) the amount of the relevant Unavailable Currency Amount Payment Obligation and (ii) an amount corresponding to the relevant Alternative Currency Amount denominated in the Unavailable FX/XCCY Currency based on the relevant WM/Reuters Intra-Day Spot Rate at the next full hour after Eurex Clearing AG has received all Debit Notifications on the relevant payment date. If the relevant Alternative Currency Difference Amount is negative it shall be deemed to be zero so that no Alternative Currency Difference Amount is due.

“**Unavailable Currency Amount Payment Obligation**” means any payment obligation referred to in Number 3.3.3.2 Paragraph (1) Sub-Paragraphs (i) and (ii).

### 3.3.3.3 Roll-Over

In the case of Extraordinary Circumstances, Eurex Clearing AG shall have the right to postpone its and all other Clearing Members’ respective payment obligations under the relevant OTC Currency Transactions due for settlement on such Settlement Date once until the next day which is a Business Day for all relevant Currency Pairs (as set out in Number 3.1.45.1 Paragraph (4)) (the “**Roll-over Business Day**”) provided that with respect to any cash amounts paid by any Payer Clearing Member (if any) to fulfil any of its payment obligations arising under this Part 3 or Part 4 towards Eurex Clearing AG which have been credited to the relevant CLS Central Bank Account but not actually been credited to the relevant Currency Products Cash Account(s) of the Recipient Clearing Member(s), Eurex Clearing AG will instruct CLS Bank as soon as reasonably practicable

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but no later than the CLS Processing Time to re-transfer any such amounts from the relevant CLS Central Bank Account to the relevant Currency Products Cash Account(s) of the relevant Payer Clearing Member(s). If such postponement has occurred, Eurex Clearing AG shall be entitled to carry out the Step-in Process on the Roll-over Business Day (if an FX/XCCY Failure to Pay occurs on such Roll-over Business Day).

“**Extraordinary Circumstances**” means one or more of the following circumstances:

- (i) a CLS Nostro Bank which supports at least two Clearing Members has failed to process payment instructions received by such Clearing Member(s);
- (ii) the FX/XCCY Failure to Pay Amount exceeds the sum of all relevant outstanding FX Swap Line Maximum Amounts (in the relevant currency) which Eurex Clearing AG would be entitled to vis-à-vis all relevant FX Swap Line Counterparties; or
- (iii) any other material circumstance exists which in the reasonable discretion (*nach billigem Ermessen*) of Eurex Clearing AG makes a full compensation of the FX/XCCY Failure to Pay Amount through the Step-in Process highly unlikely and, thus, after due consideration of the interests of all affected Clearing Members and the market, justifies the postponement of the payment obligations under the relevant OTC Currency Transactions as further set out in this Paragraph 3.3.3.3.

#### **3.3.3.4 FX/XCCY Failure to Pay Costs and other costs**

- (1) The Late CM shall (i) pay an amount corresponding to the Alternative Currency Difference Amount, if any, to Eurex Clearing AG and (ii) reimburse Eurex Clearing AG (irrespective of fault) for any losses, costs or expenses Eurex Clearing AG may incur in connection with or as a result of the Step-in Process or Roll-Over, including any losses, costs or expenses relating and corresponding to an FX Hedging Transaction Spread Amount payable by Eurex Clearing AG ((i) and (ii) being referred to as “**FX/XCCY Failure to Pay Costs**”). Any such payment or reimbursement claim shall be a “Secured Claim” for the purpose of Chapter I Part 2 Number 6.5.
- (2) The Late CM shall also reimburse any relevant Non-Late CM for any losses, costs or expenses the relevant Non-Late CM may incur as a result of (i) the process set out in Number 3.3.3.2 above or (ii) the Roll-Over. The obligations of a Clearing Member to make a Relevant FX/XCCY Payment in full by the CLS Cut-Off Time and, if applicable, to pay the relevant Investment Loss Shortage Amount in full by the Investment Loss Shortage Cut-Off Time (as further set out in Number 3.4.1) shall have protective effects for the benefit of Non-Late CMs and this provision shall constitute a contract with protective effects for the benefit of third parties (*Vertrag mit Schutzwirkung zugunsten Dritter*).
- (3) If Eurex Clearing AG incurs any FX/XCCY Failure to Pay Costs and the Late CM becomes an Affected Clearing Member, such costs shall be taken into account when

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determining the Difference Claim with respect to the Late CM unless such costs and/or expenses have already been paid by the Late CM to Eurex Clearing AG or the obligation to pay such costs and/or expenses has already been discharged by virtue of Eurex Clearing AG realising all or part of the Eligible Margin Assets provided as Settlement Compensation Margin and/or Margin.

- (4) For the avoidance of doubt, a Non-Late CM or FX Hedge Counterparty shall not be entitled to claim compensation from Eurex Clearing AG for any losses, costs and/or expenses which a Non-Late CM or FX Hedge Counterparty may incur in connection with Eurex Clearing AG exercising its rights pursuant to Numbers 3.3.3.1 to 3.3.3.3 above except where expressly set out in Numbers 3.3.3.1 and 3.3.3.2 above.

#### **3.3.4 Late Payment**

- (1) Without limiting any rights of Eurex Clearing AG set out in Number 3.3.3 above and without prejudice to the fact that timing is of the essence as regards the Relevant FX/XCCY Payment, if the Late CM makes the Relevant FX/XCCY Payment after the CLS Cut-Off Time on the relevant Settlement Date (the “**Late Payment**” and the amount of such Late Payment, the “**Late Payment Amount**”), then any payments with respect to OTC Currency Transactions (i) which are owed by Eurex Clearing AG to the Late CM on such date (including but not limited to the payments relating to the Relevant FX/XCCY Payment) and (ii) which are to be made through the CLS CCP Service will be made by Eurex Clearing AG only on the Business Day immediately following the relevant Settlement Date (the “**Deferred Payment**” and the amount of such Deferred Payment, the “**Deferred Payment Amount**”). Eurex Clearing AG shall be entitled to discharge its obligation to make the Deferred Payment by paying in whole or in part a corresponding amount in (a) any currency of a Currency Pair in respect of which the Late CM uses the Clearing services pursuant to this Part 3 or Part 4 or (b) Euro based on the relevant WM/Reuters Intra-Day Spot Rate at 7:00 a.m. (Frankfurt am Main time) on the Business Day following the relevant payment date. For the avoidance of doubt, Number 3.2.2.2 above shall also apply in the case of Deferred Payments.
- (2) Any Late Payment made on the relevant payment date shall be made outside the CLS CCP Service to an account notified to the Late CM by Eurex Clearing AG for such purpose. On the Business Day following the relevant payment date, Eurex Clearing AG will transfer any Late Payment Amount received as set out above to the relevant CLS Central Bank Account through the CLS CCP Service.

#### **3.4 Investment Loss with respect to OTC Currency Transactions**

An Investment Loss (as further set out in Chapter I Part 1 Number 3.4.6) may occur with respect to (i) a Prefunding Amount, (ii) a Late Payment Amount and/or (iii) a Corresponding Pay-In Amount, in each case denominated in a Commercial Bank Currency and in relation to an OTC Currency Transaction.

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### 3.4.1 Investment Loss with respect to Prefunding Amounts and Late Payment Amounts

The following provisions apply to a Prefunding Amount Investment Loss and a Late Payment Amount Investment Loss:

- (1) If (A) (i) a Prefunding Amount Investment Loss or (ii) a Late Payment Amount Investment Loss occurs and (B) as a consequence of such occurrence, Eurex Clearing AG will be or is unable to transfer the relevant Prefunding Amount or Late Payment Amount, respectively, in whole or in part to the relevant CLS Central Bank Account through the CLS CCP Service on the relevant Settlement Date, then:
  - (a) In case of a Prefunding Amount Investment Loss, an Affected Prefunding Amount Payer shall pay the Prefunding Amount Investment Loss Shortage Amount to Eurex Clearing AG, and
  - (b) in case of a Late Payment Amount Investment Loss, an Affected Late Payment Amount Payer shall pay the Late Payment Amount Investment Loss Shortage Amount to Eurex Clearing AG.

For the purposes of this Chapter VIII, a Prefunding Amount Investment Loss or a Late Payment Amount Investment Loss shall also be deemed to occur in the case of a temporary unavailability of the relevant amounts due to technical reasons.

- (2) Eurex Clearing AG shall determine the relevant Investment Loss Shortage Amount in its reasonable discretion taking into account, in particular, the amount of the Investment Loss which has occurred with respect to a Prefunding Amount, Late Payment Amount or Corresponding Pay-In Amount and the relevant Investment Counterparty, the aggregate amounts of Prefunding Amounts, Late Payment Amounts and Deferred Payment Amounts to be transferred to the relevant CLS Central Bank Account through the CLS CCP Service on the relevant Settlement Date and the extent to which other Affected Payers or Affected Payment Receivers, if any, were affected by the Prefunding Amount Investment Loss, Late Payment Amount Investment Loss or Corresponding Pay-In Amount Investment Loss, respectively.
- (3) Eurex Clearing AG shall notify the Investment Loss Shortage Amount(s) to the relevant Affected Payer(s) without undue delay and set a reasonable point in time until which the Investment Loss Shortage Amount(s) must be received on the relevant account as notified by Eurex Clearing AG (the "**Investment Loss Shortage Cut-Off Time**").
- (4) In case of a Prefunding Amount Investment Loss Shortage Amount Eurex Clearing AG may either debit the relevant Prefunding Amount Investment Loss Shortage Amount from the relevant Currency Products Cash Account of the Affected Prefunding Amount Payer in accordance with the daily cash clearing procedure pursuant to Chapter I Part 1 Number 1.4.1 or request payment of the relevant Investment Loss Shortage Amount to the relevant CLS Central Bank Account through the CLS CCP Service on the relevant Settlement Date.

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- (5) In case of a Late Payment Amount Investment Loss Shortage Amount, the Affected Late Payment Amount Payer shall pay the relevant Late Payment Amount Investment Loss Shortage Amount to the relevant CLS Central Bank Account through the CLS CCP Service on the relevant Settlement Date.
- (6) If the relevant Investment Loss Shortage Amount paid by the Affected Payer exceeds the amount of the relevant CM-Related Investment Loss, Eurex Clearing AG shall pay such excess to the Affected Payer without undue delay after the relevant CM-Related Investment Loss has been determined. The obligation of the Affected Payer to pay the relevant CM-Related Investment Loss pursuant to Chapter I Part 1 Number 3.4.6 Paragraph (v) shall be discharged by the payment of relevant Investment Loss Shortage Amount.

### 3.4.2 Investment Loss with respect to Corresponding Pay-in Amounts

The following provisions apply to a Corresponding Pay-In Amount Investment Loss:

- (1) If a Corresponding Pay-In Amount Investment Loss occurs and, as a consequence Eurex Clearing AG will be or is unable to transfer the relevant Deferred Payment Amount to the relevant CLS Central Bank Account through the CLS CCP Service on the Business Day following the original Settlement Date in whole or in part, the obligations of Eurex Clearing AG under the Deferred Payment shall be reduced by an amount equal to the Corresponding Pay-In Amount Investment Loss Shortage Amount.

For the purposes of this Chapter VIII, a Corresponding Pay-In Amount Investment Loss shall also be deemed to occur in the case of a temporary unavailability of the relevant amounts due to technical reasons.

- (2) Eurex Clearing AG shall determine the relevant Corresponding Pay-In Amount Investment Loss Shortage Amount. Number 3.4.1 Paragraph (2) shall apply *mutatis mutandis*.
- (3) If the relevant Corresponding Pay-In Amount Investment Loss Shortage Amount exceeds the amount of the relevant Corresponding Pay-In Amount Clearing Member-Related Investment Loss, Eurex Clearing AG shall pay such excess to the Affected Payment Receiver without undue delay after the relevant Corresponding Pay-In Amount Clearing Member-Related Investment Loss has been determined. The obligation of the Affected Payment Receiver to pay the Corresponding Pay-In Amount Clearing Member-Related Investment Loss pursuant to Chapter I Part 1 Number 3.4.6 Paragraph (v) shall be discharged by the reduction of the obligations of Eurex Clearing AG under the Deferred Payment pursuant to Paragraph (1) above.

### 3.4.3 Definitions

“**Affected Late Payment Amount Payer**” means each Late CM which has paid a Late Payment Amount to Eurex Clearing AG and is affected by a Late Payment Amount Investment Loss.



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“**Affected Payer**” means each an Affected Prefunding Amount Payer and an Affected Late Payment Amount Payer.

“**Affected Payment Receiver**” means a Late CM which has paid to Eurex Clearing AG a Late Payment Amount as receiver of the Deferred Payment Amount and which is affected by an Investment Loss which occurs with respect to a Corresponding Pay-In Amount.

“**Affected Prefunding Amount Payer**” means each Clearing Member which has paid a Prefunding Amount to Eurex Clearing AG and is affected by a Prefunding Amount Investment Loss.

“**CM-Related Investment Loss**” means each a Prefunding Amount Clearing Member-Related Investment Loss and a Late Payment Amount Clearing Member-Related Investment Loss.

“**Corresponding Pay-In Amount**” means the amounts paid by the Non-Late CMs which correspond to the Deferred Payment Amount.

“**Corresponding Pay-In Amount Investment Loss**” means an Investment Loss which occurs with respect to a Corresponding Pay-In Amount.

“**Corresponding Pay-In Amount Investment Loss Shortage Amount**” means an amount up to the amount of the relevant Corresponding Pay-In Amount.

“**Investment Loss Shortage Amount**” means each a Late Payment Amount Investment Loss Shortage Amount and a Prefunding Amount Investment Loss Shortage Amount.

“**Late Payment Amount Investment Loss**” means an Investment Loss which occurs with respect to a Late Payment Amount.

“**Late Payment Amount Investment Loss Shortage Amount**” means an amount up to the amount of the relevant Late Payment Amount which has actually been paid to Eurex Clearing AG pursuant to Number 3.3.4 Paragraph (2) above.

“**Prefunding Amount Investment Loss**” means an Investment Loss which occurs with respect to a Prefunding Amount.

“**Prefunding Amount Investment Loss Shortage Amount**” means an amount up to the amount of the relevant Prefunding Amount which has actually been paid to Eurex Clearing AG pursuant to Number 3.2.1 Paragraph (2) (a) above.

### 3.5 Step-In Process and Roll-Over in the case of a Termination

In case a Termination Date has occurred with respect to a Clearing Member, Eurex Clearing AG shall have the right to carry out (i) the Step-in Process or (ii) the Roll-Over with respect to OTC Currency Transactions during and as part of the default management process pursuant to Chapter I Part 1 Number 7.5 subject to the following modifications:

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- (i) Numbers 3.3.2 and 3.3.3 shall apply *mutatis mutandis* to the Terminated Transactions (as defined in Chapter I Part 1 Number 7.5) which were OTC Currency Transactions as if the relevant payments that would have had to be made by the Affected Clearing Member under such Terminated Transactions in the absence of the Termination were Relevant FX/XCCY Payments with respect to which an FX/XCCY Failure to Pay had occurred;
- (ii) the Late CM Contractual Penalty does not apply;
- (iii) any references to a Late CM shall be a reference to an Affected Clearing Member; and
- (iv) any relevant FX/XCCY Failure to Pay Costs shall be taken into account as part of the Liquidation Price determined with respect to a Transaction which was an OTC Currency Transaction.

### 3.6 Failure to Pay with respect to FX Swap Line

Eurex Clearing AG may charge a contractual penalty if, *inter alia*, an FX Hedge Counterparty fails to perform its payment obligations under the relevant FX Hedging Transaction under the relevant FX Swap Line Agreement (the “**FX Swap Line Contractual Penalty**”) and such FX Swap Line Agreement has not been terminated or otherwise ceased to be legally valid against and binding on the FX Hedge Counterparty. The FX Swap Line Contractual Penalty applies regardless of any actual damages incurred by Eurex Clearing AG. The right of Eurex Clearing AG to claim further damages shall remain unaffected. The amount of the FX Swap Line Contractual Penalty – as determined by Eurex Clearing AG – is the equivalent in the relevant Clearing Currency of 40 basis points of the payment due under the relevant leg of the relevant FX Hedging Transaction, with a minimum of EUR 2,500.00, CHF 3,000.00 or GBP 2,000.00, as applicable, and a maximum of EUR 10,000,000.00, CHF 12,000,000.00 or GBP 8,000,000.00, as applicable. The amount of the FX Swap Line Contractual Penalty can be amended in accordance with the procedure set out in Chapter I Part 1 Number 17.2.

### 3.7 Acknowledgements by Clearing Members

The Clearing Member acknowledges that:

- (i) if the CLS CCP Service becomes unavailable for settlement for any reason (including, but not limited to, insolvency of CLS Bank), (x) the Clearing Member will – in the circumstances set out in Number 3.2.2.3 – be required to discharge its payment obligation by making the relevant payment outside the CLS CCP Service to an account notified to it by Eurex Clearing AG for such purpose despite the fact that the Clearing Member may have already made a payment through the CLS CCP Service to the relevant CLS Central Bank Account and/or (y) the Clearing Member will – in the circumstances set out in Number 3.8 Paragraphs (2) and (3) – be required to indemnify Eurex Clearing AG by paying an amount equivalent to the relevant Prefunding Amount or Late Payment Amount, respectively, to an account

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notified to it by Eurex Clearing AG for such purpose despite the fact that the Clearing Member has already paid the Prefunding Amount or Late Payment Amount, respectively, to Eurex Clearing AG;

- (ii) it is under no obligation to submit Original OTC Transactions for Clearing which result in exceeding the USD Maximum Amount (and/or GBP Maximum Amount) (as applicable to it from time to time) on any Settlement Date and that it may reduce its portfolio size in order to avoid exceeding the USD Maximum Amount (and/or GBP Maximum Amount) (as applicable to it from time to time);
- (iii) to the extent Eurex Clearing AG is unable to source the Unavailable FX/XCCY Currency Amount through the exercise of its option(s) as set out in Number 3.3.3.1, Eurex Clearing AG shall be entitled to discharge its payment obligation with respect to the Unavailable FX/XCCY Currency Amount by paying a corresponding amount in the Available Currency as further set out in Number 3.3.3.2;
- (iv) in the case of Extraordinary Circumstances, Eurex Clearing AG shall be entitled to postpone its and all other Clearing Members' respective payment obligations under the relevant OTC Currency Transactions due for settlement on the relevant Settlement Date until the Business Day immediately following such Settlement Date as further set out in Number 3.3.3.3;
- (v) it shall pay the Prefunding Amount Investment Loss Shortage Amount or Late Payment Amount Investment Loss Shortage Amount (which can be an amount up to the relevant Prefunding Amount or Late Payment Amount, respectively) in the circumstances set out in Number 3.4.1;
- (vi) it shall pay the FX/XCCY Failure to Pay Costs if it fails to pay the relevant Investment Loss Shortage Amount in full by the relevant Investment Loss Shortage Cut-Off Time;
- (vii) the payment obligations of Eurex Clearing AG under the Deferred Payment shall be reduced by an amount equal to the Corresponding Pay-In Amount Investment Loss Shortage Amount pursuant to Number 3.4.2 Paragraph (1); and
- (viii) Eurex Clearing AG is entitled to claim compensation from the Clearing Member for any Prefunding Amount Clearing Member-Related Investment Loss, Late Payment Amount Clearing Member-Related Investment Loss and Corresponding Pay-In Amount Clearing Member-Related Investment Loss, in each case as further set out in Chapter I Part 1 Number 3.4.6 (which may also be the case if an Investment Loss occurs with respect to an Investment Party which is unrelated to the actual holding of Prefunding Amounts, Late Payment Amounts or Corresponding Pay-In Amounts, respectively).

### **3.8 Indemnity by Clearing Members**

- (1) Each Clearing Member shall indemnify Eurex Clearing AG against any damages (*Schäden*) and losses (including, without limitation, any indemnity obligation towards

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CLS Bank and any properly incurred legal fees (as well as any applicable VAT)), which Eurex Clearing AG incurs as a result of the Clearing Member making or receiving any payments in connection with this Part 3 through any CLS Nostro Bank (including, but not limited, in case a CLS Nostro Bank fails to provide the Relevant Bank Information), provided that such indemnity obligation shall not apply to the extent such damages or losses result from Eurex Clearing AG's negligence (*Fahrlässigkeit*) or wilful misconduct (*Vorsatz*).

- (2) If on a Settlement Date the CLS CCP Service is not available for settlement for any reason (including, but not limited to, insolvency of CLS Bank) and Eurex Clearing AG has already transferred the relevant Prefunding Amount to the relevant CLS Central Bank Account, the Prefunding Amount Payer shall indemnify Eurex Clearing AG by paying on the Settlement Date an amount equivalent to the relevant Prefunding Amount to an account notified to the Prefunding Amount Payer by Eurex Clearing AG for such purpose. Provided that such amount has been paid to Eurex Clearing AG pursuant to the previous sentence, Number 3.2.2.3 Paragraph (1) item (ii) and Paragraph (3) shall apply *mutatis mutandis* as if the Prefunding Amount Payer were an Affected Payer Clearing Member.
- (3) If on a Settlement Date the CLS CCP Service is not available for settlement for any reason (including, but not limited to, insolvency of CLS Bank) and Eurex Clearing AG has already transferred the relevant Late Payment Amount to the relevant CLS Central Bank Account, the Late CM which has paid the Late Payment Amount ("**Late Payment Amount Payer**") shall indemnify Eurex Clearing AG by paying on the Settlement Date an amount equivalent to the relevant Late Payment Amount to an account notified to the Late Payment Amount Payer by Eurex Clearing AG for such purpose. Provided that such amount has been paid to Eurex Clearing AG pursuant to the previous sentence, Number 3.2.2.3 Paragraph (1) item (ii) and Paragraph (3) shall apply *mutatis mutandis* as if the Late Payment Amount Payer were an Affected Payer Clearing Member.

### 3.9 Use and Disclosure of Data

#### 3.9.1 Use of data provided by Eurex Clearing AG

A 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 complying with an obligation vis-à-vis a competent regulatory authority.

#### 3.9.2 Consent to disclose data to CLS Bank

The Clearing Member consents to the disclosure, to the extent permitted by applicable law, by Eurex Clearing AG to CLS Bank of all data in respect of the Clearing Member that are required for the making and settlement of payments to and from such Clearing Member through the CLS CCP Service in connection with this Part 3.

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### 3.10 Limitation of liability

Eurex Clearing AG shall only be liable for wilful misconduct (*Vorsatz*) or gross negligence (*grobe Fahrlässigkeit*) of CLS Bank, unless CLS Bank violates any of its essential obligations (*wesentliche Vertragspflichten*) in connection with providing the CLS CCP Service with respect to OTC FX Transactions. An essential obligation is an obligation, the performance of which is necessary for the execution of the contract and in which the Clearing Member trusts and may trust. In case of simple negligence (*einfache Fahrlässigkeit*), the liability of Eurex Clearing AG is restricted to damages typically foreseeable at the time of granting the Clearing License. This Number 3.10 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.

### 3.11 Testing and trialling

Each Clearing Member shall (i) upon request by Eurex Clearing AG participate in the testing and trialling carried out by CLS Bank in connection with the CLS CCP Service and (ii) on a quarterly basis and/or upon request by Eurex Clearing AG participate in the testing and trialling with respect to OTC Currency Transactions and the FX Hedging Transactions (in each case of (i) and (ii) above, the "**Testing and Trialling**"). The Clearing Member shall induce its CLS Nostro Bank(s) to also participate in the Testing and Trialling.

### 3.12 Suspension of Clearing

If one or more of a Clearing Member's CLS Nostro Banks (i) fail to (A) participate in the Testing and Trialling as set out in Number 3.11, (B) apply the standard customary for nostro banks in carrying out payment instructions received by the Clearing Member or (C) provide the Relevant Bank Information or (ii) become subject to any of the events set out in Chapter I Part 1 Number 7.2.1 Paragraphs (5), (7) or (8), then Eurex Clearing AG may one or more times suspend or limit the Clearing of new OTC FX Transactions of such Clearing Member in accordance with Chapter I Part 2 Subpart A Number 6.2 which shall apply *mutatis mutandis*.

### 3.13 CLS Nostro Bank

- (1) Each Clearing Member undertakes to ensure that its CLS Nostro Banks will provide any Relevant Bank Information.
- (2) A Clearing Member is allowed to substitute one or more of its CLS Nostro Banks, if (i) Eurex Clearing AG has received at least 90 calendar days' prior written notice of such substitution and (ii) the substitute CLS Nostro Bank has been recognised and approved by Eurex Clearing AG (such recognition and approval is, *inter alia*, subject to the CLS Nostro Bank's successful participation in the Testing and Trialling). For the avoidance of doubt, if the recognition and approval process of the substitute CLS Nostro Bank takes longer than 90 calendar days, the substitution shall only become effective after such recognition and approval. Subject to the previous sentences, if the substitution of the CLS Nostro Bank(s) does not result in the reduction of the

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respective GBP Maximum Amount and USD Maximum Amount of any of the other Clearing Members applicable at the time of the proposed substitution, Eurex Clearing may agree to a shorter notice period.

- (3) If a Clearing Member's CLS Nostro Bank becomes subject to (i) any of the events set out in Chapter I Part 1 Number 7.2.1 Paragraphs (5), (7) or (8) or (ii) any recovery and resolution measures pursuant to the Act on the Recovery and Resolution of Institutions and Financial Groups (*Gesetz zur Sanierung und Abwicklung von Instituten und Finanzgruppen*), or any similar measure under foreign law, or Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund, or any similar measure under foreign law, then Eurex Clearing AG has the right to request the substitution of the Clearing Member's CLS Nostro Bank with a substitute CLS Nostro Bank recognised and approved by Eurex Clearing AG without undue delay.

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## **Part 4 Clearing of OTC XCCY Transactions**

### **4.1 General Provisions**

#### **4.1.1 Applicable General Provisions**

The general provisions of Part 1 and Part 3 (to the extent that the provisions of Part 3 expressly refer to OTC XCCY Transactions and/or OTC Currency Transactions) apply to all cross currency swap transactions traded over-the-counter to be cleared by Eurex Clearing AG (“**OTC XCCY Transactions**”), except where deviating or supplementary provisions for OTC XCCY Transactions are set out in this Part 4.

#### **4.1.2 Determination of Transactions to be included in the Clearing**

- (1) On the basis of the relevant Transaction Type specific novation criteria set out in Number 4.1.54.1 below, Eurex Clearing AG determines the OTC XCCY Transactions to be included in the Clearing of Eurex Clearing AG.
- (2) Where a trade record transmitted via an ATS containing an OTC XCCY Transaction recognised by Eurex Clearing AG pursuant to Paragraph (1) provides for any additional terms which are not contemplated in Numbers 4.2 and 4.3 below, such as e.g. optional or mandatory early termination provisions, such additional terms will not be included in the OTC Trade Novation Report and will not become part of the terms applicable to a CCP Transaction. Eurex Clearing AG will not store or record any data relating to such additional provisions.

#### **4.1.3 Additional Requirements for an OTC Currency Product Clearing License to clear OTC XCCY Transactions**

The OTC Currency Products Clearing License granted pursuant to Part 3 Number 3.1.3 entitles the Clearing Member to clear also OTC XCCY Transactions as further set out in Part 3 Number 3.1.3 if the applicant is a participant in an ATS designated by Eurex Clearing AG on its website ([www.eurexclearing.com](http://www.eurexclearing.com)) in respect of OTC XCCY Transactions and the applicant has opted to clear OTC XCCY Transactions.

#### **4.1.4 CTM XCCY Transactions and STM XCCY Transactions**

- (1) A Clearing Member may, by way of an XCCY STM Election, elect that all (but not some only) of its STM Eligible XCCY Transactions shall be cleared as STM XCCY Transactions. In the case of Existing STM Eligible XCCY Transactions, the CTM XCCY Transactions shall be established as STM XCCY Transactions on the XCCY STM Effective Date pursuant to Paragraph (2). In the case of Original STM Eligible XCCY Transactions, the OTC XCCY Transactions created by way of novation pursuant to Part 1 Number 1.2.1 shall be converted into STM XCCY Transactions upon such novation pursuant to Paragraph (3) below
- (2) If an XCCY STM Election is made, all Existing STM Eligible XCCY Transactions shall be amended on the XCCY STM Effective Date as follows:

- (a) the additional primary payment obligations of the Clearing Member and Eurex Clearing AG set out in Number 4.2.1 Paragraph (5) shall arise under the relevant STM XCCY Transaction; and
- (b) Eligible Margin Assets actually delivered as Variation Margin by the relevant Variation Margin Provider with respect to the Existing STM Eligible XCCY Transaction and with respect to which a Redelivery Claim exists immediately prior to the XCCY STM Effective Date shall be rededicated as XCCY STM Amounts which were paid by the party that was the Variation Margin Provider to the party that was the Variation Margin Taker. Such rededication shall settle the outstanding exposure of the relevant STM XCCY Transaction as of the Business Day immediately preceding the XCCY STM Effective Date. The Redelivery Claim of the relevant Variation Margin Provider in relation to the Existing STM Eligible XCCY Transaction shall expire.
- (3) If an XCCY STM Election is made, the relevant Original STM Eligible XCCY Transaction shall be amended upon the effectiveness of the novation pursuant to Part 1 Number 1.2.1 (provided the point in time of such effectiveness falls on or after the XCCY STM Effective Date) so that the additional primary payment obligations of the Clearing Member and Eurex Clearing AG set out in Number 4.2.1 Paragraph (5) shall arise under the relevant STM XCCY Transaction.
- (4) For the avoidance of doubt, in the case of the occurrence of a Termination with respect to the 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 4.2.1 Paragraph (5) shall be taken into account when determining the Liquidation Price or CCP Market Price, respectively, of the relevant STM XCCY Transaction.
- (5) For the purposes of this Chapter VIII,
- (a) “**CTM XCCY Transaction**” means an OTC XCCY Transaction in respect of which the Variation Margin Requirement and XCCY PAI as set out in Number 4.1.7 Paragraphs (2) and (3) apply.
- (b) “**Existing STM Eligible XCCY Transaction**” means a CTM XCCY Transaction that is an Own Transaction and was created as a CTM XCCY Transaction between the Clearing Member and Eurex Clearing by way of novation prior to the XCCY STM Election.
- (c) “**Original STM Eligible XCCY Transaction**” means an Own Transaction that is an OTC XCCY Transaction and is created by way of novation pursuant to Part 1 Number 1.2.1.
- (d) “**XCCY STM Effective Date**” means the date agreed between Eurex Clearing AG and Clearing Member as effective date of the XCCY STM Election.
- (e) “**XCCY STM Election**” means the election by the Clearing Member that all (but not some only) of its Own Transactions which are OTC XCCY Transactions shall be Settled-to-Market.



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(f) **“STM Eligible XCCY Transactions”** means, with respect to a Clearing Member, all of its (i) Existing STM Eligible XCCY Transactions, (ii) Original STM Eligible XCCY Transactions and (iii) Own Transactions that are OTC XCCY Transactions and are created upon novation pursuant to Number 4.8.

#### **4.1.44.1.5 Novation Criteria and Process Regarding OTC XCCY Transactions**

With regard to the novation of OTC XCCY 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.

##### **4.1.44.1.5.1 Transaction Type Specific Novation Criteria**

The following Transaction Type specific novation criteria must be fulfilled for OTC XCCY Transactions (based on the trade record transmitted to Eurex Clearing AG via the ATS):

(1) Categories of OTC XCCY Transactions

The OTC XCCY Transaction must be a mark-to-market cross currency swap.

(2) Currency pairs

The Currency Pair (as defined in Part 3 Number 3.1.54.1 Paragraph (2)) must be either (i) EUR/USD or (ii) GBP/USD.

The initial exchange payments and final exchange payments of both parties must not be made in the same currency and the floating amounts payable by each party must be denominated in the same currency as the initial exchange payments made by the respective other party.

(3) Payment types

The initial exchange payments and the trade related fee payments to be made by the parties with respect to the relevant OTC XCCY Transaction are defined at the conclusion of the contract. Payments in respect of the MTM Amount (as defined in Section 10.5 of the 2006 ISDA Definitions) are determined in accordance with the terms of the relevant OTC XCCY Transaction and Number 4.2.6. The interest rate payments by the parties must be floating rate versus floating rate.

Payments of any interest amounts due under the OTC XCCY Transaction (other than fees) must be in arrears (and not prior to or at the beginning of a calculation period).

Fees relating to the termination are settled one Business Day after the termination date. In case of maturity, fees are settled on the maturity date.

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(4) Maximum remaining term

The remaining term of the OTC XCCY Transaction between the date of novation and the termination date must be no more than the sum of the Preliminary Remaining Term and the IMM Extension.

**"IMM Dates"** means the third Wednesday of March, June, September and December (i.e., between the 15<sup>th</sup> and 21<sup>st</sup>, whichever such day is a Wednesday), and IMM stands for the International Money Market.

**"IMM Extension"** means the period beginning immediately at the end of the Preliminary Remaining Term and ending on the date that is two IMM Dates following the end of the Preliminary Remaining Term.

**"Preliminary Remaining Term"** means the period between the date of novation and a date which is no more than 50 years following the date of novation.

(5) Minimum remaining term

The minimum period of an OTC XCCY Transaction between the date of novation and the termination date must be at least 3 months.

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

Any non-standard shortened or extended calculation period ("**XCCY Stub Period**"), if any, must meet the following criteria:

- (a) a short or long first calculation period ("**XCCY Front Stub Period**") and a short or long last calculation period ("**XCCY Back Stub Period**") may be specified for OTC XCCY Transactions, provided that the OTC XCCY Transaction can either have a XCCY Front Stub Period or a XCCY Back Stub Period. If both floating rate payment legs have a XCCY Stub Period, these have to be of the same type, *i.e.* both XCCY Front Stub Periods or both XCCY Back Stub Periods.
- (b) The minimum period length of short XCCY Stub Periods is one Business Day. The maximum period length for long XCCY Stub Periods is one year and one month for floating rate payments in EUR and GBP and seven months for floating rate payments in USD.
- (c) The floating rates for XCCY Stub Periods must be specified in the trade record submitted via the ATS as follows:
  - (aa) in case of a XCCY Front Stub Period, the applicable first fixed floating rate for the XCCY Stub Period is specified as such;
  - (bb) a floating rate index tenor is specified, which is used for the fixing in respect of the XCCY 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 and in case the currency is USD: 1W, 1M, 2M, 3M, 6M. Only

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neighbouring tenors of the XCCY Stub Period length are allowed (e.g. 2M or 3M for XCCY Stub Period length 2M+1W);

(cc) linear interpolation is specified, *i.e.* the floating rate for the relevant XCCY Stub Period is to be interpolated linearly between two specified rate index tenors. The interpolation tenors must be the two neighbours of the XCCY Stub Period length (e.g. 2M and 3M for XCCY Stub Period length 2M+1W). The eligible tenors are the same as for the method set out under lit. (bb) above; or

(dd) a floating rate index tenor is specified, which is used for the fixing in respect of the XCCY 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 and in case the currency is USD: 2W, 4M, 5M, 7M. In this case, a linear interpolation as laid out in lit. (cc) above will be applicable.

(7) Floating rate indices

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

- (a) EUR-EURIBOR-Reuters
- (b) GBP-LIBOR-BBA
- (c) USD-LIBOR-BBA

where the payment is between the period end date and the second Business Day following the period end date. The fixing is between ten Business Days prior to the period start date and the period start date.

(8) Floating rate spread

Spreads may apply to the floating rates under the OTC XCCY Transactions. Spreads can be positive, zero or negative. Spreads applicable to an OTC XCCY Transaction must be constant; floating rate spread schedules are not supported.

(9) Calculation periods

The calculation periods for payments of floating amounts under the relevant OTC XCCY Transaction must be three months (except for XCCY Stub Periods).

If a payment date for a 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.

The start and end dates of a calculation period have to be identical for each swap leg.

(10) Notional amount

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The minimum notional amount must be 0.01; the notional amount is denominated in USD.

(11) Day count conventions

The day count conventions applicable to the OTC XCCY Transactions must be as follows: for payments in EUR and USD: Act/360 and in GBP: Act/365.

(12) 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) or London (GBLO) must be provided.

(13) Business Day Convention

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

(14) Caps, floors, collars

OTC XCCY Transactions where one or both floating rates are subject to a cap, floor or a collar are not eligible.

(15) Start date

OTC XCCY Transactions may be spot starting, forward starting or starting in the past (backloading).

(16) Break Clauses

Break clauses (*Kündigungsrechte*) are not eligible for OTC XCCY Transactions. If Original OTC Transactions containing break clauses are submitted to Eurex Clearing AG for clearing, such break clauses will not be recognised in course of the novation.

**4.1.4.24.1.5.2 Documentation of Original OTC Transactions**

- (1) In the trade record submitted via the ATS in respect of OTC XCCY Transactions, one of the following master agreements may be specified as the contractual basis of an Original OTC Transaction: (i) the 1992 ISDA Master Agreement or the 2002 ISDA Master Agreement, (ii) the German Master Agreement for Financial Derivatives Transactions (*Rahmenvertrag für Finanztermingeschäfte*) or (iii) the AFB/FBF Master Agreement.
- (2) Irrespective of the documentation of the Original OTC Transaction, the specific product-related terms for OTC XCCY Transactions set out in Number 4.3 below shall apply to all OTC XCCY Transactions.
- (3) By entering into the relevant Clearing Agreement, the 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 Clearing Agreement.

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The 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.

#### **4.1.4.34.1.5.3 Bulk Backloading of Original OTC XCCY Transactions**

- (1) An Original OTC Transaction that has a Trade Date which falls more than ten Business Days prior to the date of submission to Eurex Clearing AG and in respect of which the initial exchange of payments has already been settled bilaterally will be considered as a backloaded trade ("**Bulk Backloaded Original OTC XCCY Transaction**").
- (2) The novation and clearing process for Bulk Backloaded Original OTC XCCY 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 OTC XCCY 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 OTC XCCY 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 OTC Bulk Backloaded Original 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. (Frankfurt am Main time) and 5:00 p.m. (Frankfurt am Main time) on each Business Day Eurex Clearing AG will make available to the Clearing Member a preliminary report indicating the Bulk Backloading Original OTC XCCY Transactions which have been received for Clearing and which fulfil the novation criteria pursuant to Number 4.1.54.1 and the Margin Requirement as well as any shortage in actually delivered Eligible Margin Assets.
- (6) Bulk Backloaded Original OTC XCCY Transactions which, on the day of submission, fulfil all novation criteria shall be novated on that Business Day. The novation will become effective when the respective OTC 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) For Bulk Backloaded Original OTC XCCY Transactions which, on the day of submission, fulfil all novation criteria except for the provision of the Eligible Margin Assets necessary to cover the margin requirement Eurex Clearing AG will debit the shortfall amount set forth in the OTC Margin Call Report produced and made available at 10:30 p.m. (Frankfurt am Main time) in the agreed Clearing Currency from the relevant Clearing Member Cash Account of the Clearing Member in accordance with the daily cash clearing procedure pursuant to Chapter I Part 1 Number 1.4.1. Such payment made by direct debit shall constitute cover in respect of the Margin to which the margin requirement referred to in the foregoing sentence

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relates and accordingly will constitute Elementary Proprietary Margin delivered by the Clearing Member pursuant to the Elementary Clearing Model Provisions. Eurex Clearing AG will make available an OTC Trade Novation Report on the Business Day following the day of submission at or around 9:30 a.m. (Frankfurt am Main time) to the Clearing Member.

- (8) A Clearing Member may subsequently cancel the submission with respect to any Bulk Backloading Original OTC 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
- (i) the cancellation request is entered by the Clearing Member into the system of, and received by, Eurex Clearing AG, and
  - (ii) the other Clearing Member that is a party to the relevant Transaction has given its prior consent in the system of Eurex Clearing AG.

#### **4.1.54.1.6 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 determined in accordance with Number 4.2.7 Paragraph (1) below and (ii) the raw market quotes underlying the discount and forecast curve provided by a recognised 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 4.2.7 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 4.2.7 Paragraph (5) below.

#### **4.1.64.1.7 Margin Requirements**

The basic provisions for the margin requirements are set forth in Chapter I Part 1 Number 3 together with Chapter I Part 2 Numbers 6 and 7. In addition thereto, the following provisions shall apply:

- (1) The applicable Margin Type with respect to CTM XCCY Transactions shall be the Additional Margin, Variation Margin and Settlement Compensation Margin (as defined in Part 3 Number 3.1.6-7 Paragraph (5)); Variation Margin shall be provided in USD cash amounts only. The applicable Margin Type with respect to STM XCCY Transactions shall be Additional Margin and Settlement Compensation Margin.
- (2) The Variation Margin Requirement and/or any Redelivery Amount (each as defined in Chapter I Part 2 Number 7), as the case may be, for CCP Transactions that are OTC XCCY Transactions shall equal the profit or loss amount determined on any Business Day on the basis of the daily evaluation price (as set out in Number 4.1.65) as follows: For each outstanding CCP 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 CCP Transaction on the relevant Business Day and the previous Business Day. For CCP Transactions concluded on the relevant Business Day, the relevant profit or loss amount shall be the difference between zero and the

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daily evaluation price for such Business Day. Additionally, the Variation Margin includes two correction terms for considering the time delay between its calculation and settlement. For this purpose, the trade related cash flows (including coupon payments, principal exchange payments, periodical resets and trade related fees) on the current Business Day are added and the trade related cash flows (including coupon payments, principal exchange payments, periodical resets and trade related fees (if any)) on the next Business Day of the respective currency are subtracted.

The Variation Margin Requirement and/or any Redelivery Amount shall be calculated in USD with respect to each CTM XCCY Transaction in accordance with the following formula:

$$VM_{\S}(t) = NPV_{\S}(t) - NPV_{\S}(t-1) + CF_{\S}(t) - CF_{\S}(t+1) + CF_{\text{€},\text{£}}(t) \cdot FX(t-1) - CF_{\text{€},\text{£}}(t+1) \cdot FX(t)$$

where:

$FX(t)$  denotes the FX spot rate at time t for EUR/USD or GBP/USD;

$CF(t)$  denotes trade related cash flows in the respective currency at time t; and

$NPV(t)$  denotes the net present value of the trade at time t.

- (3) In addition to Variation Margin, Eurex Clearing AG shall charge to the Clearing Member interest (the so-called price alignment interest (“**XCCY PAI**”)) at the applicable overnight interest rate. XCCY PAI corresponds to the overnight interest paid or received on the cumulative Variation Margin over the lifetime of the portfolio. The cumulative Variation Margin of the previous Business Day corresponds to the value of the XCCY portfolio on the previous Business Day.

If the overnight interest rates are positive and, from a Clearing Member’s perspective, the value of the XCCY portfolio is positive, Eurex Clearing AG will charge XCCY PAI to the Clearing Member. If the overnight interest rates are positive and from a Clearing Member’s perspective, the value of the XCCY portfolio is negative, Eurex Clearing AG will credit XCCY PAI to the Clearing Member. In case of negative overnight interest rates, Eurex Clearing AG will credit XCCY PAI to the Clearing Member if, from a Clearing Member’s perspective, the value of the XCCY portfolio is positive and will charge XCCY PAI to the Clearing Member if from a Clearing Member’s perspective, the value of the XCCY portfolio is negative.

XCCY PAI shall be calculated and payable on each Business Day with respect to each CTM XCCY Transaction in accordance with the formulas set out in Part 3 Number 3.1.6-7 Paragraph (3).

- (4) The rules on set-off of cash claims pursuant to Chapter I Part 1 Number 1.3.1 Paragraph (1) (a) Sentence 1 and Chapter I Part 1 Number 1.3.1 Paragraph (2) (a) (aa) apply.
- (5) In addition to Eurex Clearing AG’s right to demand Settlement Compensation Margin from a Clearing Member in accordance with Part 3 Number 3.1.6-7 Paragraph (5), Eurex Clearing AG shall also be entitled to demand, at any time during a Business

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Day, from a Clearing Member margin – as part of the Settlement Compensation Margin – in an amount determined by Eurex Clearing AG to be adequate to compensate Eurex Clearing AG for any costs and/or expenses which it has occurred or may incur in connection with entering into and performing its obligations under Number 4.4. Such margin shall also constitute Settlement Compensation Margin and the provisions of Part 3 Number 3.1.6-7 Paragraph (5) apply.

- (6) Any payments in respect of Variation Margin, XCCY PAI and trade related fees to be made by the Clearing Member to Eurex Clearing AG shall be made on a net basis and directly to the relevant CLS Central Bank Account (as defined in Part 3 Number 3.1.6-7 Paragraph (6)) through the CLS CCP Service. Where in this Part 4 a payment is specified to be made on a net basis, this shall relate to any payment made through the CLS CPP Service pursuant to Part 3 and this Part 4 which is also specified to be made on a net basis.

Any payments in respect of Variation Margin and XCCY PAI to be made by Eurex Clearing AG to the Clearing Member shall be made on a net basis and directly to relevant Currency Products Cash Account of the Clearing Member through the CLS CCP Service.

#### **4.1.74.1.8 Default Fund**

Contributions to the Default Fund are made in accordance with Chapter I Part 1 Number 6.

#### **4.1.84.1.9 Calculation Agent**

The Calculation Agent shall calculate the floating amounts (including the determination of the applicable floating rate) as well as any close-out amounts or cash settlement amounts that (a) are payable upon termination or novation of CCP Transactions and (b) are to be determined by the Calculation Agent pursuant to this Part 4. To the extent calculations, determinations or other action 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 purposes of CCP Transactions. 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 Part 1 Number 14.1.2 of the Clearing Conditions.

## **4.2 General product-related terms for OTC XCCY Transactions**

The following general product-related terms shall apply to the OTC XCCY Transactions provided for in Numbers 4.3 and 4.4.

### **4.2.1 Payment Obligations**

- (1) The relevant Clearing Member and Eurex Clearing AG shall pay the amounts payable under and in accordance with the terms of the relevant CCP Transaction as specified in the relevant OTC Trade Novation Report on the basis of the trade record



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submitted via the ATS in respect of OTC XCCY Transactions and which are as follows:

- (a) subject to Number 4.4 in connection with Part 3 Number 3.3.3.2, the relevant Clearing Member and Eurex Clearing AG each agree to pay to the respective other party the floating amounts as determined in accordance with Number 4.2.4 and as applicable to each of the parties on the relevant Floating Rate Payer Payment Dates;
- (b) subject to Number 4.4 in connection with Part 3 Number 3.3.3.2, (i) as regards the initial exchange of payments under the OTC XCCY Transaction, one party ("**XCCY Party A**") agrees to pay to the other party ("**XCCY Party B**") on the relevant Initial Exchange Date the Initial Exchange Amount 1 against the payment by XCCY Party B of the Initial Exchange Amount 2 and (ii) as regards the final exchange of payments under that OTC XCCY Transaction XCCY Party A agrees to pay XCCY Party B on the relevant Final Exchange Date the Final Exchange Amount 1 against the payment by XCCY Party B of the Final Exchange Amount 2; the obligation of both parties to make the initial exchange of payments and the obligation of both parties to make the final exchange of payments under the OTC XCCY Transactions are entered into simultaneously;
- (c) subject to Number 4.4 in connection with Part 3 Number 3.3.3.2, the relevant Clearing Member and Eurex Clearing AG each agree to pay – if, according to the terms of the relevant OTC XCCY Transaction and Number 4.2.6, they are the party required to do so – to the respective other party the MTM Amount (if any) with USD being the Variable Currency (as defined in Section 10.2 of the 2006 ISDA Definitions) on the relevant Floating Rate Payer Payment Dates; and
- (d) the Clearing Member shall pay the relevant Prefunding Amount, if any, to Eurex Clearing AG in accordance with Part 3 Number 3.2.1 Paragraphs (1)(d) and (2).

Subject to Number 4.2.2.3 and this Number 4.2.1 Paragraph (1)(d), any payments to be made by the Clearing Member to Eurex Clearing AG under this Number 4.2.1 (other than payments with respect to any Prefunding Amount) shall be made – with respect to each currency of the Currency Pairs – on a net basis and directly to the relevant CLS Central Bank Account through the CLS CCP Service no later than the CLS Cut-Off Time (as timing is of the essence). The provisions of Section 376 German Commercial Code (*Handelsgesetzbuch*) shall, however, not apply.

A payment to be made by the Clearing Member to Eurex Clearing AG in respect of (an) OTC XCCY Transaction(s) (including payments with respect to Variation Margin, XCCY PAI, XCCY STM Amounts, XCCY PAA and trade related fees but excluding payments with respect to any relevant Prefunding Amount, Investment Loss Shortage Amount, Margin or Settlement Compensation Margin) on a relevant payment date shall be referred to as the "**Relevant XCCY Payment**".

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Subject to Number 4.2.1 Paragraph (2) in connection with Number 3.2.1 Paragraph (2)(a), any payments to be made by Eurex Clearing AG to the Clearing Member under this Number 4.2.1 shall be made – with respect to each currency of the Currency Pairs – on a net basis and directly to the relevant Currency Products Cash Account of the Clearing Member through the CLS CCP Service.

- (2) The provisions with respect to Prefunding Amounts as set out in Part 3 Number 3.2.1 Paragraph (2) apply.
- (3) Payments of floating amounts due on the relevant next Floating Rate Payer Payment Date after the date on which novation of the relevant Original OTC Transaction has taken place shall be effected in accordance with the Clearing Conditions for the entire calculation period. This also applies if part of the calculation period has already elapsed at the day of novation.
- (4) Payments under the relevant OTC XCCY Transaction will not be owed under the relevant CCP Transaction and are not subject to these Clearing Conditions in case these payments were due on or before the day of novation.

(5) The following additional primary payment obligations apply under STM XCCY Transactions:

- (a) The Clearing Member or Eurex Clearing AG, as the case may be, shall pay an XCCY STM Amount on each Business Day (i) from (and including) the XCCY STM Effective Date (in case an STM XCCY Transaction was an Existing STM Eligible XCCY Transaction), the date of novation pursuant to Part 1 Number 1.2.1 (in case an STM XCCY Transaction was an Original STM Eligible XCCY Transaction) or the date of novation pursuant to Number 4.8.2, as relevant, (ii) to (and including) the earlier of the “Termination Date” of the STM XCCY Transaction (as specified in the relevant OTC Trade Novation Report), the date of the cancellation pursuant to Number 4.8.2, or the date of a termination pursuant to Number 4.10, as relevant (the relevant date under (ii) is the “XCCY Last STM Amount Payment Date”).

“XCCY STM Amount” means an amount which shall equal the profit or loss amount determined with respect to an outstanding STM XCCY Transaction on the relevant Business Day on the basis of the daily evaluation price (pursuant to Number 4.1.6) as follows: For STM XCCY 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 STM XCCY Transaction concluded (whether as STM XCCY Transaction or CTM XCCY Transaction) prior to the relevant Business Day, the relevant profit or loss amount shall be the difference between the daily evaluation prices of the STM XCCY Transaction on the relevant Business Day and the previous Business Day. On the XCCY Last STM Amount Payment Date, the relevant profit or loss amount shall be the difference between the daily evaluation price of the STM XCCY Transaction of the previous Business Day and zero. Additionally, the XCCY STM Amount includes two correction terms for considering the time delay between its calculation and settlement. For this

purpose, the trade related cash flows (including principal exchange payments and trade related fees (if any)) on the current Business Day are added and the trade related cash flows (including principal exchange payments and trade related fees) on the next Business Day are subtracted.

The XCCY STM Amount shall be calculated in USD with respect to each STM XCCY Transaction in accordance with the following formula:

$$\begin{aligned} XCCY\ STM\ Amount_{\$}(t) \\ = NPV_{\$(t)} - NPV_{\$(t-1)} + CF_{\$(t)} - CF_{\$(t+1)} + CF_{\$,€}(t) \cdot FX(t-1) \\ - CF_{\$,€}(t+1) \cdot FX(t) \end{aligned}$$

where:

$FX(t)$  denotes the FX spot rate at time t for EUR/USD or GBP/USD;

$CF(t)$  denotes trade related cash flows in the respective currency at time t; and

$NPV(t)$  denotes the net present value of the trade at time t.

- (b) A price alignment amount (“**XCCY Price Alignment Amount**” or “**XCCY PAA**”) shall be payable by the Clearing Member or Eurex Clearing AG, as the case may be, together with the XCCY STM Amount. The XCCY PAA corresponds to the overnight interest paid or received on the cumulative XCCY STM Amounts over the lifetime of the STM XCCY Transaction. The cumulative XCCY STM Amounts of the previous Business Day correspond to the value of the STM XCCY Transaction on the previous Business Day.

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

XCCY PAA shall be calculated on each Business Day with respect to each STM XCCY Transaction in accordance with the following formulas.

$$XCCY\ PAA(T) = -MtM\_exCF(T-1) * ONR(T-1, T) * YF(T, T+1)$$

where:

“ $MtM\_exCF(T-1) = MtM(T-1) - CF(T)$ ” is the present value of the previous Business Day excluding today's trade related cash flows;

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\_\_\_\_\_“ONR(T – 1, T)” is the overnight rate valid from the previous Business Day to today; and

\_\_\_\_\_“YF(T, T + 1)” the year fraction from today to the next Business Day.

(56) If after adjustment in accordance with the applicable Business Day Conventions:

- (a) in case of the Currency Pair EUR/USD, payments of any amount payable under the relevant CCP Transaction become due on a payment date which is not (i) a TARGET Settlement Day, (ii) a CLS Settlement Day and (iii) a New York Banking Day, such payments shall become payable on the Adjusted EUR/USD Payment Date; and
- (b) in case of the Currency Pair GBP/USD, payments of any amount payable under the relevant CCP Transaction become due on a payment date which is not (i) a TARGET Settlement Day, (ii) a CLS Settlement Day, (iii) a London Banking Day and (iv) a New York Banking Day, such payments shall become payable on the Adjusted GBP/USD Payment Date.

In case of (a) above, for the period from (and including) the scheduled payment date until (and excluding) the next Adjusted EUR/USD Payment Date, interest will be payable by the payer of the relevant amount payable at a rate equal to EONIA (in case of Euro payments) or FEDFUND (in case of USD payments).

In case of (b) above, for the period from (and including) the scheduled payment date until (and excluding) the next Adjusted GBP/USD Payment Date, interest will be payable by the payer of the relevant amount payable at a rate equal to SONIA (in case of GBP payments) or FEDFUND (in case of USD payments).

“**Adjusted EUR/USD Payment Date**” means with respect to a day which is not (i) a TARGET Settlement Day, (ii) a CLS Settlement Day and (iii) a New York Banking Day, the next day which is a TARGET Settlement Day, a CLS Settlement Day and a New York Banking Day.

“**Adjusted GBP/USD Payment Date**” means with respect to a day which is not (i) a TARGET Settlement Day, (ii) a CLS Settlement Day, (iii) a London Banking Day and (iv) a New York Banking Day, the next day which is a TARGET Settlement Day, a CLS Settlement Day, a London Banking Day and a New York Banking Day.

## **4.2.2 Discharge of payment obligations through CLS CCP Service**

### **4.2.2.1 Discharge of payment obligations of a Clearing Member**

As regards the discharge of any payment obligation of a Clearing Member arising under this Part 4 towards Eurex Clearing AG, the provisions of Part 3 Number 3.2.2.1 apply.

### **4.2.2.2 Discharge of payment obligations of Eurex Clearing AG**

Subject to Number 4.2.2.3, as regards the discharge of any payment obligation of Eurex Clearing AG arising under this Part 4 towards a Clearing Member, the provisions of Part 3 Number 3.2.2.2 apply.

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#### **4.2.2.3 Discharge of payment obligations in case of unavailability of CLS CCP Service**

If the CLS CCP Service is not available for settlement for any reason (including, but not limited to, insolvency of CLS Bank), the provisions of Part 3 Number 3.2.2.3 apply.

#### **4.2.2.4 Finality of payments processed through CLS CCP Service**

As regards the finality of Payment Transfer Orders given by or on behalf of a Clearing Member to one or more of its CLS Nostro Bank(s) or by Eurex Clearing AG to CLS Bank in respect of payment obligations arising under this Part 4, the provisions of Part 3 Number 3.2.2.4 apply.

#### **4.2.3 References to Market Standard OTC XCCY Documentation**

- (1) Notwithstanding any selection of the 2000 ISDA Definitions and/or the 2006 ISDA Definitions in the trade record to be transmitted via the ATS in respect of OTC XCCY Transactions and subject to Number 4.2.7 below, the 2006 ISDA Definitions as published by ISDA shall apply to all OTC XCCY Transactions.
- (2) All terms defined in the 2006 ISDA Definitions which are used in this Chapter VIII 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 Clearing Conditions on the other hand, the Clearing Conditions shall prevail.
- (3) For the purposes of this Part 4, references in the 2006 ISDA Definitions to a "Swap Transaction" and/or "Mark-to-Market Currency Swap" shall be considered to be references to a CCP Transaction that is an OTC XCCY Transactions. Any reference in the 2006 ISDA Definitions to a "Confirmation" shall be a reference to the Clearing Conditions in conjunction with the relevant OTC Trade Novation Report.
- (4) Notwithstanding the fact that the Clearing Conditions (including this Chapter VIII and the market standard documentation incorporated therein by reference) are governed by the laws of Germany, the terms and provisions of the 2006 ISDA Definitions shall be interpreted in accordance with international market practice for OTC XCCY Transactions and shall be given the same meaning as they would have in English law-governed OTC XCCY transactions entered into on the basis of documentation published by ISDA.

#### **4.2.4 Calculation of Floating Amounts**

- (1) Eurex Clearing AG will calculate the respective floating amounts on the basis of the following formulae:

Floating Amount 1 = Floating Rate Payer 1 Currency Amount x (Floating Rate 1 +/- Spread 1) x Floating Rate Day Count Fraction 1; and

Floating Amount 2 = Floating Rate Payer 2 Currency Amount x (Floating Rate 2 +/- Spread 2) x Floating Rate Day Count Fraction 2.

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If Floating Rate Payer 1 is the Variable Currency Payer, the Floating Rate Payer 1 Currency Amount for a relevant Calculation Period will be the Variable Currency Amount as determined in accordance with the provision set out below for that Calculation Period.

If Floating Rate Payer 2 is the Variable Currency Payer, the Floating Rate Payer 2 Currency Amount for a relevant Calculation Period will be the Variable Currency Amount as determined in accordance with the provision set out below for that Calculation Period.

**“Variable Currency Amount”** means, in respect of any Calculation Period, the Currency Amount in respect of the Variable Currency Payer, which will be:

- (i) for the first Calculation Period, the Currency Amount specified in respect of the Variable Currency Payer in the relevant OTC Trade Novation Report or, if such a Currency Amount is not specified, an amount equal to the Constant Currency Amount expressed in the Variable Currency by reference to the Currency Exchange Rate for such Calculation Period; and
  - (ii) for each subsequent Calculation Period, an amount equal to the Constant Currency Amount expressed in the Variable Currency by reference to the Currency Exchange Rate for such Calculation Period.
- (2) If the floating amount payable by a party on a Floating Rate Payer 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), then the floating amount payable by that party on that Floating Rate Payer 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.

#### 4.2.5 Rates for calculating the Floating Amounts

- (1) The applicable Relevant Rate applied by Eurex Clearing AG in calculating floating amounts will be set out in the OTC 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 the rate for a Reset Date which will be the rate for Euro deposits for a period until the Designated Maturity which appears on the Reuters Screen EURIBOR01 Page as of 11:00 a.m., Brussels time. If a corrected rate is delivered till 15:00 Brussels time, then this rate will be used.
  - (b) **“GBP-LIBOR-BBA”** means the rate for a Reset Date which will be the rate for deposits in GBP for a period until the Designated Maturity which appears on the Reuters Screen LIBOR01 Page as of 11:00 a.m., London time.
  - (c) **“USD-LIBOR-BBA”** means the rate for a Reset Date which will be the rate for deposits in USD for a period until the Designated Maturity which appears on the Reuters Screen LIBOR01Page as of 11:00 a.m., London time.

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- (d) Fallback index level: In case one of the rates under items (a) to (c) above is not published by the relevant body at the respective usual time, Eurex Clearing AG sets the relevant rate used for the calculation of floating amounts in its reasonable discretion.
- (e) 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.
- (2) “**Reset Date**” means, for an OTC XCCY Transaction or a party, each day specified as such in the OTC Trade Novation Report for the OTC XCCY Transaction or that party, subject to adjustment in accordance with the applicable business day convention specified in the OTC 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 OTC XCCY Transaction or a party, the period of time specified as index tenor in the OTC 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 in the trade record transmitted to Eurex Clearing AG via the ATS as applicable with respect to a Calculation Period, the Relevant Rate for a Reset Date shall be determined in accordance with Section 8.3 of the 2006 ISDA Definitions, 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 18 December 2009.

If a Floating Rate is to be determined with respect to a XCCY Stub Period and “Linear Interpolation” is not specified as applicable with respect to such determination, the floating rate for such XCCY Stub Period shall be determined pursuant to Number 4.1.54.1 Paragraph (6) (c) (aa), (bb) or (dd), as applicable.

- (5) Where the Relevant Rate 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.

#### 4.2.6 Calculation of MTM Amount

- (1) The MTM Amount will be determined by Eurex Clearing AG for each Calculation Period as an amount, if any, equal to (i) the Variable Currency Amount for the relevant Calculation Period minus (ii) the Variable Currency Amount for the immediately preceding Calculation Period.

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- (2) If the MTM Amount is positive, the Constant Currency Payer will pay such amount to the Variable Currency Payer. If the MTM Amount is negative, the Variable Currency Payer will pay the absolute value of that amount to the Constant Currency Payer.

#### 4.2.7 Day Count Conventions

The following Floating Rate Day Count Fractions conventions may be specified in the OTC Trade Novation Report based on the trade record transmitted via the ATS for determining the applicable day count fraction with respect to an OTC XCCY Transaction:

- (1) for EUR and USD: Act/360, which shall have the meaning given to “**Act/360**” in the 2006 ISDA Definitions; and
- (2) for GBP: Act/365, which shall have the meaning given to “**Act/365 (Fixed)**” in the 2006 ISDA Definitions.

#### 4.3 Specific product-related terms for OTC XCCY Transactions

The product-related terms set out below and the expressions defined in the 2006 ISDA Definitions are specified in the relevant OTC Trade Novation Report on the basis of the trade record transmitted via the ATS in respect of OTC XCCY Transactions.

In the case of OTC XCCY Transactions, the 2006 ISDA Definitions and, on their basis, the following terms shall apply:

##### (a) General Terms

- (i) Trade Date
- (ii) Effective Date
- (iii) Termination Date (subject to adjustment in accordance with any applicable Business Day Convention)
- (iv) Constant Currency Payer
- (v) Variable Currency Payer
- (vi) Constant Currency Amount in Constant Currency
- (vii) Currency Exchange Rate, as specified in the OTC Trade Novation Report for the initial Calculation Period and as determined in accordance with Section 10.2(g)(ii) of the 2006 ISDA Definitions for each subsequent Calculation Period.

##### (b) Floating Rate Payer 1

- (i) Floating Rate Payer 1
- (ii) Floating Rate Payer 1 Currency Amount, if Floating Rate Payer 1 is the Variable Currency Payer, the Floating Rate Payer 1 Currency Amount will, for each



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Calculation Period, be the Variable Currency Amount as determined in accordance with Number 4.2.4 Paragraph (1) for that Calculation Period

- (iii) Floating Rate Payer 1 Payment Dates (subject to adjustment in accordance with any applicable Business Day Convention)
  - (iv) Floating Rate 1 for initial Calculation Period, if applicable
  - (v) Floating Rate 1
  - (vi) Designated Maturity 1
  - (vii) Spread 1
  - (viii) Floating Rate Day Count Fraction 1
  - (ix) Reset Dates 1 (subject to adjustment in accordance with any applicable Business Day Convention)
- (c) Floating Rate Payer 2
- (i) Floating Rate Payer 2
  - (ii) Floating Rate Payer 2 Currency Amount, if Floating Rate Payer 2 is the Variable Currency Payer, the Floating Rate Payer 2 Currency Amount will, for each Calculation Period, be the Variable Currency Amount as determined in accordance with Number 4.2.4 Paragraph (1) for that Calculation Period
  - (ii) Floating Rate Payer 2 Payment Dates (subject to adjustment in accordance with any applicable Business Day Convention)
  - (ii) Floating Rate 2 for initial Calculation Period, if applicable
  - (iii) Floating Rate 2
  - (iv) Designated Maturity 2
  - (v) Spread 2
  - (vi) Floating Rate Day Count Fraction 2
  - (vii) Reset Dates 2 (subject to adjustment in accordance with any applicable Business Day Convention)
- (d) Initial and Final Exchange
- (i) Initial Exchange Date (subject to adjustment in accordance with any applicable Business Day Convention)
  - (ii) Initial Exchange Amount 1 and Initial Exchange Amount 2
  - (iii) Final Exchange Date (subject to adjustment in accordance with any applicable Business Day Convention)

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(iv) Final Exchange Amount 1, if XCCY Party A is the Variable Currency Payer, the Final Exchange Amount 1 will be the Variable Currency Amount as determined in accordance with Number 4.2.4 Paragraph (1) for the final Calculation Period

(v) Final Exchange Amount 2, if XCCY Party B is the Variable Currency Payer, the Final Exchange Amount 2 will be the Variable Currency Amount as determined in accordance with Number 4.2.4 Paragraph (1) for the final Calculation Period

(e) Further Terms

(i) Business Days for first currency of the Currency Pair and Business Days for second currency of the Currency Pair

(ii) Business Day Convention

#### **4.4 Failure to Pay with respect to an OTC XCCY Transaction**

If on a relevant Settlement Date the Late CM fails to make a Relevant XCCY Payment in full (taking into account any Prefunding Amount paid by the Late CM) by the CLS Cut-Off Time (this cut-off time also applies if the CLS CCP Service is not available for settlement and settlement is instructed outside CLS pursuant to Number 4.2.2.2), the provisions of Part 3 Number 3.3 shall apply.

#### **4.5 Investment Loss with respect to OTC XCCY Transactions**

An Investment Loss (as further set out in Chapter I Part 1 Number 3.4.6) may occur with respect to (i) a Prefunding Amount, (ii) a Late Payment Amount and/or (iii) a Corresponding Pay-In Amount, in each case denominated in a Commercial Bank Currency and in relation to an OTC XCCY Transaction. In such case, the provisions of Part 3 Number 3.4 shall apply.

#### **4.6 Step-In Process and Roll-Over in the case of a Termination**

In case a Termination Date has occurred with respect to a Clearing Member, the provisions of Part 3 Number 3.5 shall apply.

#### **4.7 Failure to Pay with respect to FX Swap Line**

If an FX Hedge Counterparty fails to perform its payment obligations under the relevant FX Hedging Transaction under the relevant FX Swap Line Agreement, the provisions of Part 3 Number 3.6 shall apply.

#### **4.8 Trade Netting and Accumulation**

Eurex Clearing AG may agree with a Clearing Member upon the mutual cancellation (“**netting**”) and the accumulation of CCP Transactions that are OTC XCCY Transactions provided that such CCP Transactions are part of the same Standard Agreement. 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 Clearing Member. Such agreement may be terminated by the Clearing Member with the effect on the Business Day following the receipt of the termination notice by Eurex Clearing AG.

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If (i) Eurex Clearing AG and a Clearing Member have agreed upon the netting and accumulation of CCP Transactions pursuant to this Number 4.8 and (ii) the relevant Clearing Member holds an Interest Rate Derivatives Clearing Licence, the netting and accumulation shall also be carried out with respect to OTC Interest Rate Derivative Transactions pursuant to Part 2 Number 2.6.

#### 4.8.1 Inclusion of CCP Transactions in the Netting and Accumulation Process

- (1) All CCP Transactions that are OTC XCCY Transactions are eligible for netting provided that the relevant XCCY Trade Criteria are identical.

“**XCCY Trade Criteria**” means the commercial terms of the relevant CCP Transactions, in particular:

- (i) the following basic criteria:

Currency Pairs, floating rate and rate index tenor, termination date, all future payment dates, current applicable floating rate that has been fixed, day count convention (for each of the relevant floating rate payment obligations of each party), reset date, business day convention; and

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

with respect to XCCY Stub Periods that have not expired:

stub period start date, stub period length, type of XCCY Stub Period, stub index tenors, manually provided first fixed floating rate.

- (2) With respect to the eligibility of CCP Transactions that are OTC XCCY Transactions for accumulation, Paragraph (1) applies *mutatis mutandis*.
- (3) CCP Transactions will be netted and/or accumulated if the CCP Transactions have been designated for netting and/or accumulation, as the case may be, by the respective Clearing Member in the system of Eurex Clearing AG (“**XCCY 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 XCCY Optional Netting, a Clearing Member may select that all Own Transactions are netted or accumulated, as the case may be, at the end of each Business Day.

#### 4.8.2 Netting and Accumulation Procedure

- (1) The CCP Transactions selected for netting shall be netted with each other to the maximum extent possible on each netting level. Upon closing of the netting, all CCP Transactions that were netted are cancelled.

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

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- (2) The CCP Transactions to be accumulated shall be novated to one or more CCP Transaction(s) with the aggregate notional amount of the accumulated CCP Transactions. The CCP Transactions that were accumulated shall be cancelled.
- (3) The netting or, if applicable, the accumulation of the CCP Transactions will become effective when the OTC Trade Daily Summary Report, in which such event is included, is made available to the Clearing Members.

#### **4.9 Trade Amendment**

A Clearing Member may, by means of an entry in Eurex Clearing AG's system, split CCP Transactions. As a result, new CCP Transactions will be created the aggregate nominal amount of which is equal to the nominal amount of the CCP Transaction that was split.

#### **4.10 Early Termination**

- (1) A CCP Transaction that is an OTC XCCY Transaction may be early terminated in accordance with Paragraphs (2) to (5) below.
- (2) Any early termination pursuant to this Number 4.10 shall take effect when a respective OTC Trade Daily Summary Report is made available to the relevant Clearing Members via Eurex Clearing AG's system.
- (3) Without prejudice to the early termination provisions set out in this Number 4.10 and any termination rights a Clearing Member may have pursuant to Chapter I, Clearing Members have no right to exercise any early termination option under any CCP Transaction and no mandatory early termination shall apply to a CCP Transaction. This paragraph shall not restrict the parties to a CCP Transaction 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 the CCP Transaction.
- (4) A CCP Transaction may only be early terminated (i) together with a CCP Transaction between Eurex Clearing AG and another Clearing Member and which has identical terms, (ii) against the payment of a cash settlement amount calculated by the Calculation Agent on the basis of the daily evaluation price (as set out in Number 4.1.6) and (iii) provided that:
  - (a) Eurex Clearing AG and both Clearing Members have given their consent to such termination;
  - (b) both Clearing Members were a party to the Original OTC Transaction; and
  - (c) none of the two CCP Transactions created upon novation of the Original OTC Transaction was subject to any netting or accumulation pursuant to Number 4.8.

If both Clearing Members have given their consent to the early termination request in accordance with Number 4.10 Paragraph (4) lit. (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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An early termination pursuant to this Number 4.10 may also be effected with respect to part of a CCP Transaction.

- (5) Any amounts payable under this Number 4.10 shall be paid directly through the CLS CCP Service.

#### **4.11 Acknowledgements by Clearing Members**

The Clearing Members acknowledges that:

- (i) if the CLS CCP Service becomes unavailable for settlement for any reason (including, but not limited to, insolvency of CLS Bank), (x) the Clearing Member will – in the circumstances set out in Number 4.2.2.3 in connection with Part 3 Number 3.2.2.3 – be required to discharge its payment obligation by making the relevant payment outside the CLS CCP Service to an account notified to it by Eurex Clearing AG for such purpose despite the fact that the Clearing Member may have already made a payment through the CLS CCP Service to the relevant CLS Central Bank Account and/or (y) the Clearing Member will – in the circumstances set out in Number 4.12 Paragraphs (2) and (3) – be required to indemnify Eurex Clearing AG by paying an amount equivalent to the relevant Prefunding Amount to an account notified to it by Eurex Clearing AG for such purpose despite the fact that the Clearing Member has already paid the Prefunding Amount to Eurex Clearing AG;
- (ii) it is under no obligation to submit Original OTC Transactions for Clearing which result in exceeding the USD Maximum Amount (and/or GBP Maximum Amount) (as applicable to it from time to time) on any Settlement Date and that it may reduce its portfolio size in order to avoid exceeding the USD Maximum Amount (and/or GBP Maximum Amount) (as applicable to it from time to time);
- (iii) to the extent Eurex Clearing AG is unable to source the Unavailable FX/XCCY Currency Amount through the exercise of its option(s) as set out in Number 4.4 in connection with Part 3 Number 3.3.3.1, Eurex Clearing AG shall be entitled to discharge its payment obligation with respect to the Unavailable FX/XCCY Currency Amount by paying a corresponding amount in the Available Currency as further set out in Number 4.4 in connection with Part 3 Number 3.3.3.2;
- (iv) in the case of Extraordinary Circumstances, Eurex Clearing AG shall be entitled to postpone its and all other Clearing Members' respective payment obligations under the relevant OTC Currency Transactions due for settlement on the relevant Settlement Date until the next Business Day as further set out in Number 4.4 in connection with Part 3 Number 3.3.3.3;
- (v) it shall pay the Prefunding Amount Investment Loss Shortage Amount or Late Payment Amount Investment Loss Shortage Amount (which can be an amount up to the relevant Prefunding Amount or Late Payment Amount, respectively) in the circumstances set out in Number 4.5 in connection with Part 3 Number 3.4.1;
- (vi) it shall pay the FX/XCCY Failure to Pay Costs if it fails to pay the relevant Investment Loss Shortage Amount in full by the relevant Investment Loss Shortage Cut-Off Time;

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- (vii) the obligations of Eurex Clearing AG under the Deferred Payment shall be reduced by an amount equal to the Corresponding Pay-In Amount Investment Loss Shortage Amount pursuant to Number 4.5 in connection with Part 3 Number 3.4.2 Paragraph (1); and
- (viii) Eurex Clearing AG is entitled to claim compensation from the Clearing Member for any Prefunding Amount Clearing Member-Related Investment Loss, Late Payment Amount Clearing Member-Related Investment Loss and Corresponding Pay-In Amount Clearing Member-Related Investment Loss, in each case as further set out in Chapter I Part 1 Number 3.4.6 (which may also be the case if an Investment Loss occurs with respect to an Investment Party which is unrelated to the actual holding of Prefunding Amounts, Late Payment Amounts or Corresponding Pay-In Amounts, respectively).

#### 4.12 Indemnity by Clearing Members

- (1) Each Clearing Member shall indemnify Eurex Clearing AG against any damages (*Schäden*) and losses (including, without limitation, any indemnity obligation towards CLS Bank and any properly incurred legal fees (as well as any applicable VAT)), which Eurex Clearing AG incurs as a result of the Clearing Member making or receiving any payments in connection with this Part 4 through any CLS Nostro Bank (including, but not limited, in case a CLS Nostro Bank fails to provide the Relevant Bank Information), provided that such indemnity obligation shall not apply to the extent such damages or losses result from Eurex Clearing AG's negligence (*Fahrlässigkeit*) or wilful misconduct (*Vorsatz*).
- (2) If on a Settlement Date the CLS CCP Service is not available for settlement for any reason (including, but not limited to, insolvency of CLS Bank) and Eurex Clearing AG has already transferred the relevant Prefunding Amount to the relevant CLS Central Bank Account, the Prefunding Amount Payer shall indemnify Eurex Clearing AG by paying on the Settlement Date an amount equivalent to the relevant Prefunding Amount to an account notified to the Prefunding Amount Payer by Eurex Clearing AG for such purpose. Provided that such amount has been paid to Eurex Clearing AG pursuant to the previous sentence, Part 3 Number 3.2.2.3 Paragraph (1) item (ii) and Paragraph (3) shall apply *mutatis mutandis* as if the Prefunding Amount Payer were an Affected Payer Clearing Member.
- (3) If on a Settlement Date the CLS CCP Service is not available for settlement for any reason (including, but not limited to, insolvency of CLS Bank) and Eurex Clearing AG has already transferred the relevant Late Payment Amount to the relevant CLS Central Bank Account, the Late Payment Amount Payer shall indemnify Eurex Clearing AG by paying on the Settlement Date an amount equivalent to the relevant Late Payment Amount to an account notified to the Late Payment Amount Payer by Eurex Clearing AG for such purpose. Provided that such amount has been paid to Eurex Clearing AG pursuant to the previous sentence, Part 3 Number 3.2.2.3 Paragraph (1) item (ii) and Paragraph (3) shall apply *mutatis mutandis* as if the Late Payment Amount Payer were an Affected Payer Clearing Member.

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#### **4.13 Use and Disclosure of Data**

##### **4.13.1 Use of data provided by Eurex Clearing AG**

A 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 complying with an obligation vis-à-vis a competent regulatory authority.

##### **4.13.2 Consent to disclose data to CLS Bank**

The Clearing Member consents to the disclosure, to the extent permitted by applicable law, by Eurex Clearing AG to CLS Bank of all data in respect of the Clearing Member that are required for the making and settlement of payments to and from such Clearing Member through the CLS CCP Service in connection with this Part 4.

#### **4.14 Limitation of liability**

Eurex Clearing AG shall only be liable for wilful misconduct (*Vorsatz*) or gross negligence (*grobe Fahrlässigkeit*) of CLS Bank, unless CLS Bank violates any of its essential obligations (*wesentliche Vertragspflichten*) in connection with providing the CLS CCP Service with respect to OTC XCCY Transactions. An essential obligation is an obligation, the performance of which is necessary for the execution of the contract and in which the Clearing Member trusts and may trust. In case of simple negligence (*einfache Fahrlässigkeit*), the liability of Eurex Clearing AG is restricted to damages typically foreseeable at the time of granting the Clearing License. This Number 4.14 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.

#### **4.15 Testing and trialling**

Each Clearing Member shall participate in the Testing and Trialling as set out in Part 3 Number 3.11. The Clearing Member shall induce its relevant CLS Nostro Bank(s) to also participate in the Testing and Trialling.

#### **4.16 Suspension of Clearing**

If one or more of a Clearing Member's CLS Nostro Banks (i) fail to (A) participate in the Testing and Trialling as set out in Number 4.15 in connection with Part 3 Number 3.11, (B) apply the standard customary for nostro banks in carrying out payment instructions received by the Clearing Member or (C) provide the Relevant Bank Information or (ii) become subject to any of the events set out in Chapter I Part 1 Number 7.2.1 Paragraphs (5), (7) or (8), then Eurex Clearing AG may one or more times suspend or limit the Clearing of new OTC XCCY Transactions of such Clearing Member in accordance with Chapter I Part 2 Number 8.2 which shall apply *mutatis mutandis*.

#### **4.17 CLS Nostro Bank**

(1) Each Clearing Member undertakes to ensure that its CLS Nostro Banks will provide any Relevant Bank Information.

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- (2) A Clearing Member is allowed to substitute one or more of its CLS Nostro Banks, if (i) Eurex Clearing AG has received at least 90 calendar days' prior written notice of such substitution and (ii) the substitute CLS Nostro Bank has been recognised and approved by Eurex Clearing AG (such recognition and approval is subject to the CLS Nostro Bank's successful participation in the Testing and Trialling). For the avoidance of doubt, if the recognition and approval process of the substitute CLS Nostro Bank takes longer than 90 calendar days, the substitution shall only become effective after such recognition and approval. Subject to the previous sentences, if the substitution of the CLS Nostro Bank(s) does not result in the reduction of the respective GBP Maximum Amount and USD Maximum Amount of any of the other Clearing Members applicable at the time of the proposed substitution, Eurex Clearing may agree to a shorter notice period.
- (3) If a Clearing Member's CLS Nostro Bank becomes subject to (i) any of the events set out in Chapter I Part 1 Number 7.2.1 Paragraphs (5), (7) or (8) or (ii) any recovery and resolution measures pursuant to the Act on the Recovery and Resolution of Institutions and Financial Groups (*Gesetz zur Sanierung und Abwicklung von Instituten und Finanzgruppen*), or any similar measure under foreign law, or Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund, or any similar measure under foreign law, then Eurex Clearing AG has the right to request the substitution of the Clearing Member's CLS Nostro Bank with a substitute CLS Nostro Bank recognised and approved by Eurex Clearing AG without undue delay.

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