
CHAPTER I WILL BE AMENDED
AMENDMENTS ARE MARKED AS FOLLOWS
INSERTIONS ARE UNDERLINED
DELETIONS ARE CROSSED OUT

Chapter I General Conditions

[...]

Part 1 General Clearing Provisions

[...]

7 Termination Rules with respect to the Clearing Member

[...]

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

- (1) At any time after the Termination Time (with respect to the relevant Affected Clearing Member), Eurex Clearing AG may in its discretion
 - (a) enter into independent trades to establish new Transactions equivalent to Terminated Transactions and/or reciprocal to DM Hedging Transactions, as deemed appropriate by Eurex Clearing AG in consultation with the relevant DMC(s), and/or
 - (b) if it is deemed appropriate by Eurex Clearing AG in consultation with the relevant DMC(s), conduct one or more auctions with respect to one or several Liquidation Groups (in whole or in part the “**DM Auctions**” or each a “**DM Auction**”) to establish new Transactions specified by Eurex Clearing AG which are – taken as a whole – equivalent to Terminated Transactions of the Affected Clearing Member and/or reciprocal to DM Hedging Transactions (together the “**DM Auction Transactions**” and each a “**DM Auction Transaction**”).

Prior to a DM Auction, Eurex Clearing AG shall enter into independent trades pursuant to paragraph (a) against the recommendation of the relevant DMC(s)

only if the entering into such trades does not result in a realisation of Contributions of the Non-Affected Clearing Members in accordance with Chapter I Part 1 Number 6.2.1 and if the terms and conditions of the resulting Transactions are fixed prior to entering into the respective trades. If Eurex Clearing AG does not enter into independent trades pursuant to paragraph (a) with respect to particular Terminated Transactions, one or more DM Auctions shall be held with respect to such Terminated Transactions.

- (2) DM Auctions are governed by the rules set forth in the default management auctions rules, as published by Eurex Clearing AG on its website www.eurexclearing.com (the “**DM Auction Rules**”). The DM Auctions Rules form part of these Clearing Conditions.
- (3) Unless the relevant DM Auction Transactions qualify as OTC Interest Rate Derivative Transactions (as defined in Chapter VIII Part 3), DM Auctions will be conducted with regard to one unit or several identically composed units of DM Auction Transactions of the relevant applicable Liquidation Group (or, in consultation with the relevant DMC(s), parts thereof), as specified by Eurex Clearing AG for each DM Auction after consultation with the relevant DMC(s) (the “**Auction Units**” or each an “**Auction Unit**”). If the relevant DM Auction Transactions qualify as OTC Interest Rate Derivative Transactions, DM Auctions will be conducted with regard to one Auction Unit per currency in which the relevant DM Auction Transactions are denominated. Each Auction Unit will generally consist of all DM Auction Transactions denominated in the same currency.
- (4) Clearing Members (i) holding a Clearing License with respect to all DM Auction Transactions comprised in the relevant Auction Unit, (ii) having the necessary account structure to settle all DM Auction Transactions comprised in the relevant Auction Unit, (iii) with respect to which within 3 months prior to the relevant Termination with respect to the relevant Affected Clearing Member at least one Transaction with respect to each Relevant Liquidation Group has been booked on a respective account, and (iv) with respect to which no Termination Event or Insolvency Termination Event has occurred and is continuing (each a “**Mandatory Participant**”) shall be obliged to participate in DM Auctions in accordance with the DM Auction Rules. Subject to certain restrictions, as set forth in the DM Auctions Rules, Non-Clearing Members, Registered Customers and other customers of Clearing Members may participate in DM Auctions in accordance with the DM Auction Rules through their Clearing Members.
- ~~(5) Each~~ (5) Unless the relevant DM Auction Transactions qualify as OTC Interest Rate Derivative Transactions, each Mandatory Participant is obliged to bid in accordance with Paragraph (7) for such minimum number of Auction Units specified by Eurex Clearing AG for such Mandatory Participant in accordance with the DM Auction Rules during a DM Auction (each a “**Mandatory Bid**”). Each Mandatory Participant that does not submit a valid e for an Auction Unit in accordance with the DM Auction Rules during such DM Auction (a “**Non-Bidding**

Participant) shall be subject to the following single contractual penalty which shall be paid in accordance with Number 1.4.1:

- (a) the Non-Bidding Participant shall, subject to a Residual Settlement (as defined below), pay to Eurex Clearing AG, in accordance with instructions received from Eurex Clearing AG, an amount which shall be calculated by Eurex Clearing AG as follows: the fraction of (i) the number of the Auction Units for which the Non-Bidding Participant has not submitted a valid Mandatory Bid in such DM Auction (numerator) and (ii) the total number of Auction Units offered in such DM Auction (denominator), such fraction, multiplied by 100 and further multiplied by EUR 500,000 (or the corresponding equivalent in any other Clearing Currency as determined by Eurex Clearing AG); but subject to a maximum aggregate amount of EUR 5,000,000 (or the corresponding equivalent in any other Clearing Currency as determined by Eurex Clearing AG) per DM Auction; and
- (b) if, following a Realisation Event with respect to the relevant Affected Clearing Member (but not with respect to any other Realisation Event) the Contributions of the Non-Affected Clearing Members to the General Clearing Fund are realised, the Contributions of the Non-Bidding Participant shall in such DM Auction, in accordance with Number 6.2.1, be realised prior to the Contributions of the other Non-Affected Clearing Members to the General Clearing Fund; and
- (c) if during the DM Auction only some (but not all) Auction Units have been successfully auctioned in accordance with the DM Auction Rules (each e which has not been so auctioned a **“Residual Auction Unit”**), the Non-Bidding Participant shall (i) pay to Eurex Clearing AG on the relevant due dates of the relevant DM Auction Transactions the amounts (subject to a maximum aggregate amount of EUR 1,000,000,000 (or the corresponding equivalent in any other Clearing Currency as determined by Eurex Clearing AG) per DM Auction) equal to the Pro Rata Share (as defined below) of the exposure of Eurex Clearing AG as at the relevant due date to such Residual Auction Units (for which the Non-Bidding Participant failed to provide a valid Mandatory Bid) and (ii) provide collateral to Eurex Clearing AG for its obligations arising under (i) above, where Number 3 shall apply *mutatis mutandis* to the collateral.

If paragraph (c) applies, the Non-Bidding Participant shall have no obligation pursuant to paragraph (a).

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

- (aa) Eurex Clearing AG shall offer to each Non-Bidding Participant to enter with it into its respective Pro Rata Share of the DM Auction

Transactions of the relevant Residual Auction Units without undue delay after the DM Auction, at its Pro Rata Share of the highest Auction Price (as defined in the DM Auction Rules) for any Auction Unit that was accepted by Eurex Clearing AG for an Auction Unit in the respective DM Auction (the "**Residual Auction Unit Price**").

- (bb) Thereafter Eurex Clearing AG may offer any Residual Auction Units outstanding at the time of such offer to each Non-Bidding Participant at a price determined by Eurex Clearing AG on the basis of the then prevailing market conditions. If a Non-Bidding Participant accepts any offer under (aa) or (bb) (each a "**Residual Settlement**"), no contractual penalty pursuant to paragraph (a) and (c) above shall be payable by such Non-Bidding Participant, provided that any contractual penalty pursuant to paragraph (a) and (c) above which has already been received by Eurex Clearing AG from such Non-Bidding Participant shall not be re-paid by Eurex Clearing AG. If the Residual Settlement results in a split of the relevant DM Auction Transactions in accordance with the relevant Pro Rata Share of any Non-Bidding Participant, Eurex Clearing AG shall, in its reasonable discretion, be entitled to allocate rumps to Non-Bidding Participants as part of a Residual Settlement.

Any amount received by Eurex Clearing AG under paragraph (a) above shall be added to, and forthwith be part of, the Dedicated Amounts of Eurex Clearing AG in accordance with Number 6.1.3.

Each Non-Bidding Participant is required to take all such steps, to make all further statements and to comply with all such formalities as may be reasonably required or desirable to perfect or more fully evidence the Residual Settlement made in accordance with this Paragraph (5).

- (6) If the relevant DM Auction Transactions qualify as OTC Interest Rate Derivative Transactions, the following shall apply:

Each Mandatory Participant is obliged to submit one Mandatory Bid for the respective Auction Unit with respect to all currencies such mandatory Participant holds a Clearing Licence for, subject to the DM Auction Rules.

Eurex Clearing AG will classify the Mandatory Bids into one of the following categories:

- (a) The Mandatory Bid qualifies as "**Sufficient Bid**", if the difference between such Mandatory Bid and the winning Bid with respect to the relevant Auction Unit (the "**Sufficient Bid Threshold**") is equal to or smaller than the product of (i) 0.5 and (ii) the Initial Margin requirement for all OTC Interest Rate Derivative Transactions in the relevant Auction Unit (the "**Auction Unit Margin Amount**")

- (b) The Mandatory Bid qualifies as "**Insufficient Bid**", if the difference between such Mandatory Bid and the winning Bid with respect to the relevant Auction

Unit (the “Insufficient Bid Threshold”) is larger than the product of (i) 1.5 and (ii) the Auction Unit Margin Amount.

- (c) The Mandatory Bid qualifies as “Medium Bid”, if the difference between such Mandatory Bid and the winning Bid with respect to the relevant Auction Unit is (i) larger than the Sufficient Bid Threshold and (ii) equal to or smaller than the Insufficient Bid Threshold.

Each Mandatory Participant that does not submit a Sufficient Bid for the relevant Auction Unit in accordance with the DM Auction Rules during the relevant DM Auction shall be subject to the following contractual penalty:

- (i) If the Mandatory Participant submits an Insufficient Bid and if, following a Realisation Event with respect to the relevant Affected Clearing Member (but not with respect to any other Realisation Event), the Contributions of the Non-Affected Clearing Members to the General Clearing Fund are realised, the Contributions of the Mandatory Participants submitting an Insufficient Bid shall in such DM Auction, in accordance with Number 6.2.1, be realised prior to the Contributions of the other Non-Affected Clearing Members.
- (ii) If the Mandatory Participant submits a Medium Bid and if, following a Realisation Event with respect to the relevant Affected Clearing Member (but not with respect to any other Realisation Event), the Contributions of the Non-Affected Clearing Members to the General Clearing Fund are realised, the Contributions of the Mandatory Participants submitting a Medium Bid shall in such DM Auction, in accordance with Number 6.2.1, be realised prior to the Contributions of the other Non-Affected Clearing Members, but simultaneously to the Contributions of those Mandatory Participants, who have submitted Insufficient Bids in such DM Auction, up to an amount which shall be calculated by Eurex Clearing AG as follows: the difference between (i) the winning Bid minus the product of 0.5 and the Auction Unit Margin Amount and (ii) the respective Medium Bid, such difference divided by the Auction Unit Margin Amount and subsequently multiplied by the relevant Mandatory Participant’s Contributions . Any remainder of the Contributions of the Mandatory Participant submitting a Medium Bid shall be considered as Contributions of a Non-Affected Clearing Member.

If a Mandatory Participant does not submit a Mandatory Bid for any relevant Auction Unit in accordance with the DM Auction Rules during such DM Auction (an “IRS Non-Bidding Participant”), the IRS-Non-Bidding Participant shall pay to Eurex Clearing AG in accordance with Number 1.4.1, an amount which shall be calculated by Eurex Clearing AG as follows: the fraction of (i) the IRS-Non-Bidding Participant’s Contributions with respect to the Relevant Liquidation Group and in the relevant currency (numerator) and (ii) the aggregate sum of all Clearing Members’ Contributions with respect to the Relevant Liquidation Group and in the relevant currency (denominator), such fraction, multiplied by 100 and further multiplied by EUR 500,000 (or the corresponding equivalent in any other

Clearing Currency as determined by Eurex Clearing AG), but subject to a maximum aggregate amount of EUR 5,000,000 (or the corresponding equivalent in any other Clearing Currency as determined by Eurex Clearing AG) per DM Auction. If, upon the occurrence of a Realisation Event, any Contributions of the IRS Non-Bidding Participant are realised, the amount calculated in accordance with the preceding sentence shall be reduced by the sum of the realised Contributions (but shall in no case be a negative amount). The provisions under Number 6.2.1 (5) and (6) shall apply accordingly with respect to the Contributions to the General Clearing Fund of the relevant IRS Non-Bidding Participant. Any amount received by Eurex Clearing AG from the relevant IRS Non-Bidding Participant shall be added to, and forthwith be part of, the Dedicated Amounts of Eurex Clearing AG in accordance with Number 6.1.3.

The provisions under Number 7.5.3 (6) (i) and (ii) above shall apply accordingly in relation to the realisation of the Further Contributions of the Mandatory Participant submitting an Insufficient Bid or a Medium Bid. The provisions under Number 6.2.1 (9) and (10) shall apply accordingly with respect to the IRS Non-Bidding Participants.

(7) If the applicable Auction Format (as defined in the DM Auction Rules) is “Multi Unit – Pay as you bid” or “Single Unit – Pay as you bid” in accordance with the DM Auction Rules, Eurex Clearing AG shall, with respect to any particular Auction Unit, be obliged to accept the highest valid Bid.

(7) A(8) Unless the relevant DM Auction Transactions qualify as OTC Interest Rate Derivative Transactions, a (Mandatory) Bid is only valid, if such Bid is economically reasonable (taking into account the current market conditions on the Acceptance Date), irrespective of whether Bids were submitted for all Auction Units of the respective DM Auction.

A Bid is generally economically reasonable if the relevant bidder participating in a DM Auction provides, in respect of the relevant Auction Unit, two bids on the following basis: (a) one bid for an Auction Unit based on the portfolio comprising the DM Auction Transactions and (b) one bid for an auction unit based on a portfolio comprising transactions opposite to the DM Auction Transactions, and (c) if the spread between the two Bids for the respective Auction Unit does not exceed the initial margin requirement of this Auction Unit, as indicated **Maximum Spread Value. The “Maximum Spread Value” will be determined** by Eurex Clearing AG in the Specific Terms applicable to either (i) based on the recommendation of the relevant DMC, or (ii), in case Eurex Clearing AG does not follow such Auction Unit recommendation, by calculating the average of all received Maximum Spread Values recommended by Mandatory Participants (Eurex Clearing AG will request such recommendations from all Mandatory Participants).

—Eurex Clearing AG will not disclose to the bidders which of the two portfolios comprises the DM Auction Transactions and which comprises the opposite transactions. The binding Bid only relates to the Auction Unit.

Bids which are not valid are deemed not to have been provided and will not be accepted by Eurex Clearing AG.

If the relevant DM Auction Transactions qualify as OTC Interest Rate Derivative Transactions, each (Mandatory) Bid submitted in accordance with the DM Auction Rules is generally valid.

(9) Before Eurex Clearing AG may terminate any Transaction in accordance with No. 7.5.4, Eurex Clearing AG shall ask all Mandatory Participants to provide offers for some or all DM Auction Transactions comprised in the Auction Units.

7.5.4 Eurex Clearing AG's right to terminate Transactions

- (1) If (a) Eurex Clearing AG determines in its reasonable discretion that none of the default management measures described above in this Number 7.5 was or will be successful or suitable to fully mitigate its risks resulting from a Termination; and (b) in a DM Auction there was no valid Bid for any DM Auction Unit in accordance with the DM Auction Rules^{7.1}, Eurex Clearing AG may terminate (*kündigen*) Transactions with Clearing Members (in whole or in part) in accordance with the requirements set out in this Number 7.5.4 by giving a notice to the respective Clearing Member specifying the date on which the termination shall become effective.

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