

Chapter I of the Clearing Conditions of Eurex Clearing AG

General Provisions

As of 05.02.2018

	Eurex04e
Clearing Conditions of Eurex Clearing AG	As of 05.02.2018
	Page 2

AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED,

DELETIONS ARE CROSSED OUT.

Clearing Conditions of Eurex Clearing AG

Preamble

Eurex Clearing AG, having its registered office in Frankfurt am Main, acts as central counterparty for (a) (i) transactions in securities and *Wertrechte*, including German book-entry securities (*Gutschriften in Wertpapierrechnung*) and Swiss intermediated securities (*Schweizer Bucheffekten*) (hereinafter together the “**Securities**”) and (ii) futures, options and other derivative transactions, which, in each case, result from either matching orders and quotes of trading participants (the “**Matching**”) on the markets Eurex Deutschland, Eurex Zürich, ~~Eurex Bonds~~, Eurex Repo, Frankfurter Wertpapierbörse and Irish Stock Exchange (hereinafter collectively referred to as “**Markets**” and each a “**Market**”, each Transaction resulting from Matching a “**Market Transaction**”), (b) novations of transactions executed over-the-counter (each transaction resulting from an over-the-counter transaction an “**OTC Transaction**”) or (c) novations of executed over-the-counter securities or cash lending transactions or securities lending transactions executed on Eurex Repo (each transaction resulting from a novation of any such **securities** (or cash) **lending transaction** a “**Securities Lending Transaction**”, and each Market Transaction, OTC Transaction and Securities Lending Transaction, a “**Transaction**”).

Hereinafter (i) the conclusion by Eurex Clearing AG as central counterparty of Transactions of one or more Transaction Types (as defined in Number 1.1.2), (ii) the processing by Eurex Clearing AG of such Transactions in preparation for the fulfilment of all obligations resulting therefrom, and (iii) the related services rendered by Eurex Clearing AG, in each case as set out in Chapters I–IX (the “**Clearing Conditions**”), shall together be referred to as “**Clearing**”.

This Chapter I forms an integral part of the Clearing Conditions and respective references in any other rules or documents to the Clearing Conditions also apply to this Chapter I.

[...]

	Eurex04e
Clearing Conditions of Eurex Clearing AG	As of 05.02.2018
	Page 3

Part 1 General Clearing Provisions

1 General Rules

[...]

1.1 Scope of Application

[...]

1.1.2 The Clearing Procedures refer to the following types of Transactions (each a “**Transaction Type**”): Transactions resulting from:

[...]

~~(2) the matching of orders and quotes regarding securities in the trading system of Eurex Bonds GmbH (“**Eurex Bonds**”) pursuant to Chapter III (the resulting Transactions being referred to as “**Eurex Bonds Transactions**”);~~

[...]

[...]

1.2.4 Certain Definitions and Interpretation

In these Clearing Conditions:

(1) “**Business Days**” means

[...]

~~(b) for the Clearing of Eurex Bonds Transactions (Chapter III): the trading days determined by the management board of Eurex Bonds;~~

[...]

1.3.1 Set-off of claims between the Clearing Member or Basic Clearing Member and Eurex Clearing AG

[...]

(1) **Set-off Procedure within Standard Agreements**

[...]

(b) **Set-off of Settlement Claims**

Settlement Claims against a Clearing Member or Basic Clearing Member under a specific Standard Agreement can only be set off by Eurex Clearing AG

	Eurex04e
Clearing Conditions of Eurex Clearing AG	As of 05.02.2018
	Page 4

against Settlement Claims of that Clearing Member or Basic Clearing Member arising under that Standard Agreement in accordance with the following:

- (aa) only Settlement Claims arising from the same Transaction Type may be set off; and
- (bb) only Settlement Claims being part of the same Set-Off Cluster (as defined below) may be set off.

Notwithstanding Paragraph (aa) above, Eurex Clearing AG and the Clearing Member may agree in advance to include in a Set-Off Cluster Settlement Claims arising from different Transaction Types in accordance with the following provisions:

- (A) Settlement Claims pursuant to Chapter II and Settlement Claims pursuant to Chapter V Part 2;
- (B) Settlement Claims ~~pursuant to Chapter III and Settlement Claims~~ pursuant to Chapter IV.

[...]

[...]

7.5 Default Management Process

Eurex Clearing AG maintains a default management process to reduce the risks following a default by a Clearing Member or a Basic Clearing Member and the occurrence of in case of a (i) Clearing Member, a Termination Event or Insolvency Termination Event (as defined in Number 7.2.1 and 7.2.2) resulting in a Termination or (ii) a Basic Clearing Member, a Basic Clearing Member Insolvency Termination Event or Basic Clearing Member Termination Event (as defined in Part 6 Number 10.2 and 10.1) resulting in a Basic Clearing Member Termination (as defined in Part 6 Number 10.4), and, in each case, the calculation of one or more Difference Claims, as described in these Clearing Conditions. Eurex Clearing AG establishes default management committees (each a “**DMC**”) for the purpose of advising and assisting the Executive Board of Eurex Clearing AG with respect to the consequences of a Termination or Basic Clearing Member Termination and all other matters specified in the Clearing Conditions, as further set out in this Number 7.5.

Where in this Number 7.5 reference is made to “**Terminated Transactions**”, such reference shall refer to (i) all terminated Transactions of the Affected Clearing Member (as defined in Number 6.2) in accordance with Number 8.4.1 of the Elementary Clearing Model Provisions, Subpart A Number 7.3.1 of the Individual Clearing Model Provisions (excluding Transactions which have been subject to a re-establishment pursuant to Subpart A Number 11 of the Individual Clearing Model Provisions) and Number 8.3.1 of the Net Omnibus Clearing Model Provisions, (ii) if the Affected Clearing Member is an OTC IRS FCM Clearing Member, all terminated Transactions of its OTC IRS FCM Client(s) pursuant to Numbers 8.6 or 9.6 of the U.S. Clearing Model Provisions or (iii)

	Eurex04e
Clearing Conditions of Eurex Clearing AG	As of 05.02.2018
	Page 5

following a Basic Clearing Member Termination, all terminated Basic Clearing Member Transactions of the Basic Clearing Member(s) pursuant to Number 10.5 of the Basic Clearing Member Provisions for which the Affected Clearing Member acts as Clearing Agent.

Each Clearing Member shall appoint one of its employees as DMP-coordinator and as DMP-deputy, respectively, as a central contact for Eurex Clearing AG for all general matters relating to the default management process and register these vis-à-vis Eurex Clearing AG.

Each Clearing Member shall provide Eurex Clearing AG with a completed form as published by Eurex Clearing AG on its website www.eurexclearing.com in which the relevant Clearing Member provides an overview on its trading capabilities with respect to all bonds underlying ~~Eurex Bonds Transactions and~~ Eurex Repo Transactions ("**Bonds Trading Sheet**"). Each Clearing Member shall provide Eurex Clearing AG with a new Bonds Trading Sheet whenever any of the determinations made in the Bonds Trading Sheet changes.

[...]

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

(1) [...]

- (ii) If it is deemed appropriate by Eurex Clearing AG in consultation with the relevant DMC(s), Eurex Clearing AG may conduct one or more auctions with respect to one or several Liquidation Groups (in whole or in part the "**DM Auctions**" or each a "**DM Auction**") to establish new Transactions specified by Eurex Clearing AG which are – taken as a whole – equivalent to Terminated Transactions of the Affected Clearing Member (or, if the Affected Clearing Member is an OTC IRS FCM Clearing Member, the Terminated Transactions of the relevant OTC IRS FCM Client) or the relevant Basic Clearing Member and/or reciprocal to DM Hedging Transactions (together the "**DM Auction Transactions**" and each a "**DM Auction Transaction**"). With respect to ~~Eurex Bonds Transactions and~~ Eurex Repo Transactions, Eurex Clearing AG may, if it is deemed appropriate by Eurex Clearing AG in consultation with the relevant DMC (s), conduct one or more auctions, to sell the bonds underlying the ~~Eurex Bonds Transactions and~~ Eurex Repo Transactions Transactions and to establish new Transactions being reciprocal to DM Hedging Transactions ("**DM Bonds Auctions**").

[...]

	Eurex04e
Clearing Conditions of Eurex Clearing AG	As of 05.02.2018
	Page 6

- (5) Special provisions relating to ~~Eurex Bonds Transactions, under which the Affected Clearing Member acted as buyer, and~~ Eurex Repo Transactions, under which the Affected Clearing Member acted as Cash Taker
- (i) With respect ~~to terminated Eurex Bonds Transactions under which the Affected Clearing Member acted as buyer, and with respect~~ to terminated Eurex Repo Transactions under which the Affected Clearing Member acted as Cash Taker, Eurex Clearing AG may conduct DM Bonds Auctions with respect to bonds underlying these Transactions, if Eurex Clearing AG could not sell the relevant bonds via independent trades.
- (ii) The DM Bonds Auctions will generally be conducted separately for all bonds with the same ISIN underlying all terminated ~~Eurex Bonds Transactions and~~ Eurex Repo Transactions within the relevant Liquidation Group and with respect to one or several Bonds Auction Unit(s). In individual cases, Eurex Clearing AG is entitled to combine bonds with different ISINs in the same DM Bonds Auction after consultation of the relevant DMC. **“Bonds Auction Units”** means, with respect to DM Bonds Auctions, one unit or several identically composed units of the relevant bonds underlying the terminated ~~Eurex Bonds Transactions and~~ Eurex Repo Transactions, and the Transactions being reciprocal to DM Hedging Transactions as specified by Eurex Clearing AG after consultation with the relevant DMC.
- (iii) A Bonds Mandatory Participant shall be obliged to participate in DM Bonds Auctions in accordance with the DM Auction Rules.

A Clearing Member qualifies as **“Bonds Mandatory Participant”** with respect to the relevant DM Bonds Auction, if (i) it holds a Clearing License for ~~Eurex Bonds Transactions or~~ Eurex Repo Transactions, (ii) within 3 months prior to the relevant Termination or Basic Clearing Member Termination at least one ~~Eurex Bonds Transaction or~~ Eurex Repo Transaction with an underlying bond which falls under the same Bonds Cluster as the bond auctioned in the relevant DM Bonds Auction (x) has been booked on a respective account, or (y) has been booked as a Basic Clearing Member Transaction of a Basic Clearing Member of such Clearing Member (acting as Clearing Agent) on a respective account, and (iii) with respect to which no Termination Event or Insolvency Termination Event has occurred and is continuing.

A Clearing Member which only entered into GC Pooling Transactions, under which it only acted as Cash Provider, shall only be obliged to participate as Bonds Mandatory Participant in the relevant DM Bonds Auction with respect to bonds for which the relevant Clearing Member determined its trading capacities in the Bonds Trading Sheet.

A Bonds Mandatory Participant is not required to participate in a DM Bonds Auction, if the Clearing Member's chief compliance officer proves to Eurex Clearing AG that a participation in the relevant DM Bonds Auction cannot be reasonably expected for compliance reasons.

	Eurex04e
Clearing Conditions of Eurex Clearing AG	As of 05.02.2018
	Page 7

Eurex Clearing AG assigns each bond underlying ~~a Eurex Bonds Transaction or~~ a Eurex Repo Transaction to a group of bonds predefined by Eurex Clearing (each a “**Bonds Cluster**”).

[...]

(v) [...]

The amount of the Contributions to the Default Fund of the Bonds Mandatory Participant, which shall be realised prior to the Contributions to the Default Fund of the other Non-Affected Clearing Members, shall be calculated as follows: the product of (i) the fraction of (a) the sum of all Credits minus the sum of all Debits and Non-Bidding Debits and (b) the sum of the Additional Margin requirements for all Bonds Auction Units, for which the Bonds Mandatory Participant has submitted a Mandatory Bid and for which the Bonds Mandatory Participant should have submitted a Mandatory Bid, but failed to submit, and (ii) the parts of the Contributions to the Default Fund of the Bonds Mandatory Participant which is allocated to the Liquidation Group comprising ~~the Eurex Bonds Transactions and~~ the Eurex Repo Transactions.

[...]

(6) Special provisions relating to ~~Eurex Bonds Transactions and~~ FWB Transactions, under which the Affected Clearing Member acted as seller, and Eurex Repo Transactions, under which the Affected Clearing Member acted as Cash Provider

(i) With respect to terminated ~~Eurex Bonds Transactions and~~ FWB Transactions under which the Affected Clearing Member acted as seller, and with respect to terminated Eurex Repo Transactions under which the Affected Clearing Member acted as Cash Provider, Eurex Clearing AG shall purchase bonds and securities (as applicable) underlying these Transactions via independent trades.

[...]

(iii) If Eurex Clearing AG is not able to purchase a bond or a security (as applicable) via independent trades, Eurex Clearing AG is entitled to determine a cash settlement regarding such bond or security (as applicable) with respect to one or more other Clearing Member(s), to which the relevant bond or security (as applicable) shall be delivered under a Eurex Bond Transaction, a Eurex Repo Transaction, or a FWB Transaction.

The cash settlement amount is the product of (i) the relevant Maximum Price and (ii) the relevant number of bonds or securities (as applicable) which were not delivered under the relevant ~~Eurex Bonds Transaction,~~ Eurex Repo Transaction, or FWB Transaction due to the cash settlement. If there are more than one Clearing Member to which the relevant bond or security (as applicable) shall be delivered under a Eurex Bond Transaction, a Eurex Repo

	Eurex04e
Clearing Conditions of Eurex Clearing AG	As of 05.02.2018
	Page 8

Transaction or a FWB Transaction, the relevant cash settlement shall be performed between such Clearing Members on a pro rata basis.

Upon determination of the cash settlement, the claims of the relevant Clearing Member against Eurex Clearing AG for the delivery of the owed bonds or securities (as applicable) expire with debt-discharging effect to the extent equalling the number of bonds or securities (as applicable) owed and not delivered by Eurex Clearing AG to the relevant Clearing Member. Eurex Clearing shall instead pay the cash settlement amount to the relevant Clearing Member or set off such amount with payment claims Eurex Clearing AG may have against the relevant Clearing Member.

[...]

8.1.1 Conditions of a Change of a Clearing Member

By entering into a Clearer Change Agreement and as per the end of the Business Day as specified therein (in this Number 8.1 and the Clearer Change Agreement the “**Change Date**”), the Non-Clearing Member/Registered Customer changes the Current Clearing Member with the New Clearing Member with effect as of the beginning of the Business Day immediately following the Change Date (in this Number 8.1 and the Clearer Change Agreement the “**Transfer Effective Date**”) and the Current Clearing Member transfers to the New Clearing Member all its Transactions with Eurex Clearing AG that are NCM-Related Transactions, RC-Related Transactions or Covered Transactions, as applicable, of the Transactions Types as specified in the Clearer Change Agreement, in each case under their relevant Standard Agreement (in this Number 8.1 “**Respective Transactions**”), as well as the relevant (i) corresponding Transactions, (ii) Corresponding Covered Transactions or (iii) Client Clearing Transactions, as applicable, (in this Number 8.1 “**Respective Corresponding Transactions**”), together with all (i) Redelivery Claims or (ii) Relevant Redelivery Claims that relate to the Eligible Margin Assets specified by the Non-Clearing Member/Registered Customer in a notice to Eurex Clearing AG with a copy to the other parties of the Clearer Change Agreement no later than on the Change Date (in this Number 8.1 “**Respective Redelivery Claims**”). However, all claims resulting from such Respective Transactions or such Respective Corresponding Transactions, respectively, and such Respective Redelivery Claims which, in each case, are due and payable but not satisfied between Eurex Clearing AG and the Current Clearing Member or between the Current Clearing Member and the Non-Clearing Member/Registered Customer, respectively, until and including the Transfer Effective Date, shall be fulfilled under the terms of the relevant Clearing Agreement or, as applicable, the Client Clearing Agreement relating to the Clearing Agreement and shall not be transferred or amended hereunder (together with transactions of the Current Clearing Member with Eurex Clearing AG that are NCM-Related Transactions, RC-Related Transactions or Covered Transactions, respectively, of the Transactions Types ~~(i) Chapter III Transactions at Eurex Bonds GmbH (Eurex Bonds) and (ii) pursuant to Chapter V Part 2 Transactions Concluded at the Frankfurter Wertpapierbörse the “Excluded Claims”~~ for the purpose of Number 8.1).

	Eurex04e
Clearing Conditions of Eurex Clearing AG	As of 05.02.2018
	Page 9

9 Termination Rules with respect to Eurex Clearing AG

[...]

9.2 By signing the Clearing Agreement, or in the case of Part 3 Subpart A Number 11.1.5, by the Clearing Agreement to be established between the Interim Participant and Eurex Clearing AG, a difference claim of either party to the relevant Standard Agreement between Eurex Clearing AG and the relevant Clearing Member, OTC IRS FCM Client or Basic Clearing Member, as relevant, is created. This difference claim shall become unconditional and immediately due against the respective other party upon the expiry of the primary obligations and delivery obligations, respectively, referred to in Number 9.1, and shall be determined on the basis of the CCP Exchange Prices applicable with respect to the relevant terminated Transactions or Redelivery Claims on the second Business Day following (i) the Failure to Pay Event or (ii) the Insolvency Event (“**CCP Valuation Date**”). Numbers 7.3.1 and 7.3.3 shall apply *mutatis mutandis*.

“**CCP Exchange Price**” means, in case of a Failure to Pay Event or an Insolvency Event with respect to Eurex Clearing AG:

(a) with respect to a Transaction:

[...]

(3) with respect to Transactions described in Chapter ~~III~~ and IV the applicable market price (*Marktpreis*) as of the CCP Valuation Date determined in the Market in which it has been concluded;

[...]

17.2.4 “**Special Provisions**” are

- Numbers 1.5, 6, 7, 9, 16.1, 17.2 and 17.3,
- Subpart C Number 2.1.2 and 3.3 of the Individual Clearing Model Provisions,
- ~~Chapter III Part 2 Number 2.4 Paragraph (1),~~
- Chapter IV Part 2 Number 2.6 Paragraph (1) (b),
- Chapter V Part 2 Number 2.2.1 Paragraph (4),
- Chapter VIII Part 2 Number 2.2.5 Paragraph (7),
- Chapter IX Part 2 Number 2.6.4 Paragraph (4),
- Chapter IX Part 2 Number 2.7.2 Paragraph (2),
- each of the Appendices to the Clearing Conditions to the extent that clauses in such Appendices relate to the granting of powers of attorney, the granting of margin or the creation of security interests,

	Eurex04e
Clearing Conditions of Eurex Clearing AG	As of 05.02.2018
	Page 10

- the Procedures Manual to the extent the issues contained therein may have an impact on the risk management of Eurex Clearing AG, the Clearing Members, Non-Clearing-Members, Registered Customers, OTC IRS FCM Clients and Basic Clearing Members,
- the DMC Rules and the DM Auction Rules and
- any newly added provisions relating to the subject matter of these provisions.

Rules or Agreements (except for those set forth in the preceding sentence), which are referred to in these provisions, do not qualify as Special Provisions.

[...]

Part 6 Basic Clearing Member Provisions

[...]

1.3 Basic Clearing Member Transactions may only be Market Transactions (except for Eurex Transactions, ~~Eurex Bonds Transactions~~, FWB Transactions and ISE Transactions) or OTC Interest Rate Derivative Transactions. Market Transactions and OTC Transactions are concluded in accordance with the following provisions:

[...]

[...]
