

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 02.07.2018

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AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED

DELETIONS ARE CROSSED OUT

Part 1 General Provisions

[...]

1.6 Certain Definitions

[...]

- (8) “**SONIA**” is a reference rate equal to the overnight rate ~~as calculated by the Wholesale Markets Brokers’ Association~~ as provided by the administrator of SONIA to, and published by, authorized distributors of the rate in respect of the relevant day, 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.

[...]

2.1.7 Margin Requirements

[...]

- (4) In addition to Variation Margin, Eurex Clearing AG shall charge the Clearing Member, or the Basic Clearing Member, as the case may be, interest (the so-called 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 portfolio. The cumulative Variation Margin, or 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

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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 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 and GBP, the OIS rate valid from T to T+1 is published not before T+1. Therefore, a modified definition of PAI is required:

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

[...]

2.2.1 Payment Obligations

[...]

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

[...]

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

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

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

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

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

where:

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

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

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

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

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

[...]

[...]

2.5.1 Interest Rate Derivatives Compression Run

[...]

- (7) The Interest Rate Derivatives CSP will provide information on termination fees related to an Interest Rate Derivatives Compression Run to Eurex Clearing AG on ~~trade level 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.

[...]
