

Chapter VIII of the Clearing Conditions of Eurex Clearing AG

Clearing of OTC Derivative Transactions

As of 02.10.2017

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

[...]

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.

In accordance with Chapter I Part 2 Number 2.1.1 or Chapter I Part 6 Number 4.1.1, as the case may be, 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 ~~FCM Clearing Member~~OTC IRS FCM Clearing Members) with a respective Clearing License, their Non-Clearing Members, Registered Customers, ICM Clients and ~~FCM Client~~OTC IRS FCM Clients, (ii) Basic Clearing Members with a respective Basic Clearing Member Clearing Licence and their Clearing Agents as well as (iii) all Interim Participants (if applicable).

[...]

Part 1 General Provisions

[...]

1.1 Clearing License

1.1.1 Granting of the Clearing License

In order to participate in the Clearing of OTC Derivative Transactions, a clearing license for the relevant Transaction Types 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), an OTC Clearing License, 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, Customer-Related Transactions and RC-Related

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Transactions (all as defined in Chapter I Part 1 Number 1.2.3) or, in respect of ~~U.S. Clearing Member~~OTC IRS ~~U.S. Clearing Members~~, Own Transactions and, if the ~~U.S. Clearing Member~~OTC IRS ~~U.S. Clearing Member~~ is an ~~FCM Clearing Member~~OTC IRS ~~FCM Clearing Member~~, also ~~FCM Client~~OTC IRS ~~FCM Client~~ Transactions or

[...]

1.2 Conclusion of Transactions

OTC Derivative Transactions pursuant to this Chapter VIII are concluded by way of novation in accordance with the following provisions:

1.2.1 Novation

[...]

(2) Whenever:

- (i) the trade record of an Original OTC Transaction is transmitted to Eurex Clearing AG via an Approved Trade Information Provider; and
- (ii) (A) the parties to the Original OTC Transaction are Clearing Members or Basic Clearing Members, each holding the relevant OTC Clearing License or ~~FCM Client~~OTC IRS ~~FCM Clients~~; or

[...]

- (iii) Eurex Clearing AG accepts such Original OTC Transaction for inclusion in the Clearing Procedures by making an OTC Novation Report available to the Clearing Member (in the case of an ~~FCM Clearing Member~~OTC IRS ~~FCM Clearing Member~~, acting on behalf of the relevant ~~FCM Client~~OTC IRS ~~FCM Client~~) or Basic Clearing Member (or the Clearing Agent acting on behalf of the Basic Clearing Member) electronically via its system,

OTC Derivative Transactions will be concluded by way of novation (i) in accordance with Chapter I Part 1 Number 1.2.2 Paragraph (2), (ii) in the case of CCP-~~FCM Client~~OTC IRS ~~FCM Client~~ Transactions, Chapter I Part 5 Number 1.4, or (iii) in case of a Basic Clearing Member Transaction, Chapter I Part 6 Number 1.3, within a daily or weekly novation process as provided for with respect to the Transaction Type in Part 2.

- (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-~~FCM Client~~OTC IRS ~~FCM Client~~ Transactions, Chapter I Part 5 Number 1.4, and, in case of a Basic Clearing Member Transaction, Chapter I Part 6 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 provided by the Approved Trade Information Provider 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 transmitted and is neither able nor obliged to verify whether the trade

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record received properly reflects the terms of the Original OTC Transaction entered into by the relevant parties.

- (4) Under the CCP Transactions created upon novation, the relevant Clearing Member or 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 the Registered Customer (in case of RC-Related Transactions) or other customer (in case of Customer-Related Transactions) of the Clearing Member had under the Original OTC Transaction. The same principle applies to CM-RC Transactions *mutatis mutandis*. Under the CCP-~~FCM-Client~~OTC IRS FCM Client Transactions created upon novation, the relevant ~~FCM-Client~~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 ~~FCM-Client~~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 ~~an FCM-Client~~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.

[...]

- (7) For the purposes of this Chapter VIII,

[...]

- (b) “**CCP-~~FCM-Client~~OTC IRS FCM Client Transaction**” means with respect to a Clearing Agreement with an ~~an FCM-Client~~OTC IRS FCM Client in the form appended to the Clearing Conditions as Appendix 10, an OTC Derivative Transaction established between Eurex Clearing AG and the relevant ~~FCM-Client~~OTC IRS FCM Client pursuant to Paragraph (2) and Chapter I Part 5 Number 1.4.
- (c) “**CCP Transaction**” means any OTC Derivative Transaction between Eurex Clearing AG and the relevant Clearing Member created pursuant to Chapter I Part 1 Number 1.2.2 Paragraph (2) or between Eurex Clearing AG and the relevant Basic Clearing Member created pursuant to Chapter I Part 6 Number 1.3 Paragraph (2) or a CCP-~~FCM-Client~~OTC IRS FCM Client Transaction between Eurex Clearing AG and the relevant ~~FCM-Client~~OTC IRS FCM Client.

[...]

- (f) “**CM-Customer Transaction**” means a transaction corresponding to a CCP Transaction and which has been created between the Clearing Member and any customer (other than a Registered Customer or ~~FCM-Client~~OTC IRS FCM Client) of the Clearing Member in accordance with the contractual arrangements between them. A CM-Customer Transaction shall exclusively be

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subject to the contractual arrangements between the relevant Clearing Member and its customer, which may refer to these Clearing Conditions.

[...]

1.2.2 Legal Effectiveness of Novation

The novation becomes legally effective at the point of time when Eurex Clearing AG accepts the relevant OTC Derivative Transaction for Clearing by making the relevant OTC Novation Report available to the relevant Clearing Member (and, in the case of a ~~an~~ CCP-~~FCM-Client~~OTC IRS FCM Client Transactions, to the ~~FCM-Clearing Member~~OTC IRS FCM Clearing Member acting on behalf of the relevant ~~FCM-Client~~OTC IRS FCM Client) or, as the case may be, 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 daily or weekly novation process, as applicable, if the following novation criteria are fulfilled:

[...]

2. The trade record transmitted to Eurex Clearing AG via an Approved Trade Information Provider 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 ~~an~~ FCM-ClientOTC IRS FCM Client, the ~~FCM-Clearing Member~~OTC IRS FCM Clearing Member of such ~~FCM-Client~~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 ;

[...]

7. No ~~FCM-Client~~OTC IRS FCM Client Termination Date has occurred with respect to an ~~an~~ FCM-ClientOTC IRS FCM Client that is a party to the Original OTC Transaction;

[...]

9. The Clearing Member(s) (including, in the case of OTC Derivative Transactions that are ~~FCM-Client~~OTC IRS FCM Client Transactions, the relevant ~~FCM-Clearing Member~~OTC IRS FCM Clearing Member(s) acting for the account of the relevant ~~FCM-Client~~OTC IRS FCM Client(s)) and Basic Clearing Member(s) seeking to clear the relevant OTC Derivative Transaction must have delivered Eligible Margin Assets to Eurex Clearing AG as required pursuant to Chapter I Part 1 Number 3, the Elementary Clearing Model Provisions, the Individual

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Clearing Model Provisions, the Net Omnibus Clearing Model Provisions, the U.S. Clearing Model Provisions and the Basic Clearing Member Clearing Provisions, to cover the calculated risks resulting from all Transactions and the CCP Transaction to be created;

[...]

- (2) If a novation criterion is not fulfilled but the relevant OTC 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 FCM-Client~~OTC IRS FCM Client~~ is a party, the relevant FCM-Clearing-Member~~OTC IRS FCM Clearing Member~~ acting on behalf such FCM-Client~~OTC IRS FCM Client~~) and 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 2.5 or (ii) a transfer or trade amendment pursuant to Part 2 Number 2.6.

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 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

[...]

- (2) By entering into the Clearing Agreement in the form appended to the Clearing Conditions as Appendix 10, the FCM-Client~~OTC IRS FCM Client~~ (i) authorises Eurex Clearing AG to capture and maintain records vis-à-vis the respective Approved Trade Source System and (ii) confirms that it has appointed the relevant Approved Trade Source System 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.

[...]

- (4) The FCM-Client~~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 Approved Trade Source System to Eurex Clearing AG on behalf of such FCM-Client~~OTC IRS FCM Client~~ (or the FCM-Clearing-Member~~OTC IRS FCM Clearing Member~~ acting for the account of such FCM-Client~~OTC IRS FCM Client~~) pursuant to Number 1.2.1, a Transaction will be concluded between Eurex Clearing AG and the FCM-Client~~OTC IRS FCM Client~~ on terms based on the trade record pursuant to Number 1.2.1 in

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conjunction with Number 1.4 of the U.S. Clearing Model Provisions. The FCM ClientOTC 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 FCM ClientOTC IRS FCM Client at the time of the conclusion of such transaction.

- (5) The Clearing Member, the FCM ClientOTC 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 Number 4.6 of the General Clearing Provisions.
- (6) Eurex Clearing AG does not assume any liability vis-à-vis the FCM Clearing MemberOTC IRS FCM Clearing Member or the FCM ClientOTC 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 FCM ClientOTC IRS FCM Client.

[...]

1.3 Transaction Accounts

- (1) With regard to the accounts of the Clearing Member or, as relevant, the FCM ClientOTC IRS FCM Client or the Basic Clearing Member Chapter I Part 1 Number 4 together with Part 2 Number 4, Part 3 Subpart A Number 4, Part 4 Number 4 or Part 5 Number 3, or, in the case of a Basic Clearing Member, together with Chapter I Part 6 Number 5 apply in addition to the following provisions.
- (2) In deviation to Chapter I Part 1 Number 4 together with Part 2 Number 4, Part 3 Subpart A Number 4 and Part 4 Number 4 Eurex Clearing AG opens and maintains with respect to each Clearing Member (other than an FCM Clearing MemberOTC 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 Own Transactions and Customer-Related Transactions: one Own Account and, upon request, additional Customer Accounts; and
 - (b) with respect to RC-Related Transactions: one Own Account and, upon request, additional Customer Accounts.

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

If a Clearing Member, an FCM ClientOTC 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 FCM ClientOTC IRS FCM Client or a Basic Clearing

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

[...]

Part 2 Clearing of OTC Interest Rate Derivative Transactions

2.1 General Provisions

[...]

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

[...]

- (3) Eurex Clearing AG will determine those product types of OTC Interest Rate Derivative Transactions that may be cleared by ~~FCM Clearing Member~~ OTC IRS FCM Clearing Members (acting for the account of ~~FCM Client~~ OTC IRS FCM Client(s)) pursuant 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).

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 ~~U.S. Clearing Member~~ OTC IRS U.S. 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.

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

~~FCM Clearing Member~~ 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).

[...]

2.1.3 License for the Clearing of OTC Interest Rate Derivative Transactions

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

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

[...]

2.1.4.2 Documentation of Original OTC Transactions

[...]

- (3) By entering into the relevant Clearing Agreement, the Clearing Member and the Registered Customer, the ~~FCM-Client~~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 the International Swaps and Derivatives Association, Inc. (“ISDA”), and any supplements issued thereto as of the date of such Clearing Agreement.

The Clearing Member, the Registered Customer, the ~~FCM-Client~~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.

2.1.4.3 Daily Novation Process

[...]

- (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. Between 8:00 CET and 22:00 CET on each Business Day, Original OTC Transactions which fulfil all novation criteria at or prior to 22:00 CET on a Business Day will be included in the Daily Novation on such Business Day. An OTC Trade Novation Report will be made available to the relevant Clearing Member (in respect of an ~~FCM-Client~~OTC IRS FCM Client Transaction, to the relevant ~~FCM-Clearing Member~~OTC IRS FCM Clearing Member acting on behalf of the relevant ~~FCM-Client~~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 23:00 CET.

[...]

- (4) A Clearing Member, a Registered Customer, an ~~FCM-Client~~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:
- (a) any Original OTC Transactions submitted to Eurex Clearing AG via an Approved Trade Source System and intended to be novated within the Daily

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Novation if the relevant Original OTC Transactions have not been novated;
and/or

- (b) any CCP Transaction intended to be transferred pursuant to Number 2.6, to be terminated pursuant to 2.7,

provided that (i) the cancellation request is entered by the Clearing Member (and, in respect of an ~~FCM Client~~ OTC IRS FCM Client Transaction, by the relevant ~~FCM Clearing Member~~ OTC IRS FCM Clearing Member acting on behalf of the relevant ~~FCM Client~~ OTC IRS FCM Client), the Registered Customer, the ~~FCM Client~~ 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 ~~FCM Clearing Member~~ OTC IRS FCM Clearing Member (acting on behalf of the relevant ~~FCM Client~~ OTC IRS FCM Client), in case the request is entered on behalf of its ~~FCM Client~~ 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.

2.1.4.4 Scheduled Intraday Margin Calls

- (1) 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 requirement (as set forth in Number 2.1.6) also taking into account all Original OTC Transactions which are to be novated in the course of the Daily Novation as well as all CCP Transactions pursuant to Numbers 2.6, 2.7 and Number 2.8. (any such shortfall the “**Shortfall Margin Requirement**”), Eurex Clearing AG will require from the Clearing Member (in the case of CCP-~~FCM Client~~ OTC IRS FCM Client Transactions, from the relevant ~~FCM Clearing Member~~ OTC IRS FCM Clearing Member acting for the account of the relevant ~~FCM Client~~ OTC IRS FCM Client) or from the Basic Clearing Member intraday to provide additional Eligible Margin Assets in an amount up to the Shortfall Margin Requirement in accordance with the following provisions.

[...]

- (3) 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 Clearing Member Cash Account, relevant Basic Clearing Member Cash Account or relevant ~~U.S. Clearing Member~~ 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).
- (4) 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

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at 13:00 CET, 15:00 CET and 19:00 CET shall constitute cover in respect of the Margin to which the margin requirement pursuant to Number 2.1.6 relates and accordingly will constitute (i) Elementary Proprietary Margin or Elementary 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) Net Omnibus Margin delivered by the Clearing Member pursuant to the Net Omnibus Clearing Model Provisions, (iv) ~~FCM Client~~OTC IRS ~~FCM Client~~ Margin delivered by the relevant ~~FCM Clearing Member~~OTC IRS ~~FCM Clearing Member~~ for the account of the relevant ~~FCM Client~~OTC IRS ~~FCM Client~~ pursuant to the U.S. Clearing Model Provisions or (v) Basic Clearing Member Margin delivered by the Basic Clearing Member pursuant to the Basic Clearing Member Provisions. 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 22:30 CET shall be treated accordingly and shall constitute cover either in respect of (i) the Elementary Proprietary Margin or Elementary 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 Net Omnibus Margin delivered by the Clearing Member pursuant to the Net Omnibus Clearing Model Provisions, (iv) the ~~FCM Client~~OTC IRS ~~FCM Client~~ Margin delivered by the ~~FCM Clearing Member~~OTC IRS ~~FCM Clearing Member~~ for the account of the relevant ~~FCM Client~~OTC IRS ~~FCM Client~~ pursuant to the U.S. Clearing Model Provisions or (v) the Basic Clearing Member Margin delivered by the Basic Clearing Member pursuant to the Basic Clearing Member Provisions .

[...]

2.1.4.5 Bulk Backloading of Original OTC Transactions

[...]

- (5) At 15:00 CET and 17:00 CET on each Business Day Eurex Clearing AG will make available to the Clearing Member (in the case of an ~~an FCM Client~~OTC IRS ~~FCM Client~~ Transaction, to the ~~FCM Clearing Member~~OTC IRS ~~FCM Clearing Member~~ acting on behalf of the relevant ~~FCM Client~~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 2.1.4.1, the Margin Requirement as well as any shortage in actually delivered eligible Margin Assets.

[...]

- (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 Asset 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 22:30 CET in the agreed Clearing Currency from the relevant Clearing Member Cash Account, relevant ~~U.S. Clearing Member~~OTC IRS ~~U.S. Clearing Member~~ Cash

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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) Elementary Proprietary Margin or Elementary 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) Net Omnibus Margin delivered by the Clearing Member pursuant to the Net Omnibus Clearing Model Provisions, (iv) ~~FCM Client~~OTC IRS FCM Client Margin delivered by the ~~FCM Clearing Member~~OTC IRS FCM Clearing Member for the account of the relevant ~~FCM Client~~OTC IRS FCM Client pursuant to the U.S. Clearing Model Provisions or (v) 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 CET to the Clearing Member (in the case of an ~~FCM Client~~OTC IRS FCM Client Transaction, to the ~~FCM Clearing Member~~OTC IRS FCM Clearing Member acting on behalf of the relevant ~~FCM Client~~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 ~~FCM Client~~OTC IRS FCM Client Transaction, the ~~FCM Clearing Member~~OTC IRS FCM Clearing Member acting on behalf of the relevant ~~FCM Client~~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 Approved Trade Source System and intended to be novated by the latest by 17:00 CET on a Business Day, provided that
- (i) the cancellation request is entered by the Clearing Member (or ~~FCM Clearing Member~~OTC IRS FCM Clearing Member acting on behalf of the relevant ~~FCM Client~~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 ~~FCM Clearing Member~~OTC IRS FCM Clearing Member (acting on behalf of the relevant ~~FCM Client~~OTC IRS FCM Client), in case the request is entered on behalf of its ~~FCM Client~~OTC IRS FCM Client, and the other Clearing Member or the other 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.

[...]

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2.1.6 Margin Requirements

[...]

- (3) The Variation Margin Requirement or ~~FCM Client~~OTC IRS ~~FCM Client~~ Variation Margin Requirement and/or any Redelivery Amount (each as defined in Chapter I Part 2 Number 7, Part 3 Subpart A Number 6, Part 4 Number 7 or Part 5 Number 6, as applicable), as the case may be, for CCP Transactions that are OTC 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 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 and 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 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.
- (4) Eurex Clearing AG will charge the price alignment interest (“PAI”) to the Clearing Member, the ~~FCM Clearing Member~~OTC IRS ~~FCM Clearing Member~~ (for the account of the ~~FCM Client~~OTC IRS ~~FCM Client~~) or the Basic Clearing Member together with the Variation Margin, the ~~FCM Client~~OTC IRS ~~FCM Client~~ Variation Margin or the Basic Clearing Member Variation Margin, as the case may be. It corresponds to the overnight interest paid or received on the cumulative Variation Margin, ~~FCM Client~~OTC IRS ~~FCM Client~~ Variation Margin or Basic Clearing Member Variation Margin over the lifetime of the portfolio. The cumulative Variation Margin, ~~FCM Client~~OTC IRS ~~FCM Client~~ Variation Margin or Basic Clearing Member Variation Margin, respectively, of the previous Business Day corresponds to the present value of the IRS portfolio on the previous Business Day.

If the overnight interest rates are positive and a Clearing Member, an ~~FCM Client~~OTC IRS ~~FCM Client~~ or a Basic Clearing Member has a positive portfolio value, Eurex Clearing AG will charge PAI from the Clearing Member, the ~~FCM Client~~OTC IRS ~~FCM Client~~ or the Basic Clearing Member. If the overnight interest rates are positive and a Clearing Member, an ~~FCM Client~~OTC IRS ~~FCM Client~~ or a Basic Clearing Member has a negative portfolio value, Eurex Clearing AG will credit PAI to the Clearing Member, the ~~FCM Client~~OTC IRS ~~FCM Client~~ or Basic Clearing Member. In case of negative overnight interest rates, Eurex Clearing AG will credit PAI to a Clearing Member, an ~~FCM Client~~OTC IRS ~~FCM Client~~ or Basic Clearing Member if it has a positive portfolio value and will charge PAI from the Clearing Member, the ~~FCM Client~~OTC IRS ~~FCM Client~~ or the Basic Clearing Member if the Clearing Member, ~~FCM Client~~OTC IRS ~~FCM Client~~ or Basic Clearing Member has a negative portfolio value.

[...]

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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, ~~FCM Clearing Member~~ OTC IRS FCM Clearing Member (for the account of the ~~FCM Client~~ 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. 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 5 Number 4).

[...]

2.6 Trade Netting and Accumulation

- (1) Eurex Clearing AG may agree with a Clearing Member (including an ~~FCM Clearing Member~~ OTC IRS FCM Clearing Member, acting on behalf of the relevant ~~FCM Client~~ OTC IRS FCM Client, with respect to the relevant ~~FCM Client~~ 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 ~~FCM Clearing Member~~ OTC IRS FCM Clearing Member, acting on behalf of the relevant ~~FCM Client~~ 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 ~~FCM Clearing Member~~ OTC IRS FCM Clearing Member, acting on behalf of the relevant ~~FCM Client~~ 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.

[...]

- (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 Customer-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 ~~FCM Client~~ OTC IRS FCM Client Transactions, it is a matter of the relevant ~~FCM Clearing Member~~ OTC IRS FCM Clearing Member and the relevant ~~FCM Client~~ OTC IRS FCM Client to agree, whether as a result of such netting or accumulation, any corresponding

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arrangements between the ~~FCM Clearing Member~~ OTC IRS FCM Clearing Member and the ~~FCM Client~~ OTC IRS FCM Client shall be subject to netting or accumulation.

- (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, ~~FCM Client~~ OTC IRS FCM Client or other customer to the Clearing Member.

2.6.1 Inclusion of CCP Transactions in the Netting and Accumulation Process

[...]

- (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 ~~FCM Clearing Member~~ OTC IRS FCM Clearing Member, acting on behalf of the relevant ~~FCM Client~~ 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 (“**Optional Netting**”). Such designation shall be submitted no later than by 22:00 CET on the relevant Business Day.
- (4) Instead of 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 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 ~~FCM Clearing Member~~ OTC IRS FCM Clearing Member (acting on behalf of the relevant ~~FCM Client~~ OTC IRS FCM Client) may select that all ~~FCM Client~~ OTC IRS FCM Client Transactions under the relevant ~~FCM Client~~ 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-~~FCM Client~~ OTC IRS FCM Client Transactions may only be netted with CCP-~~FCM Client~~ OTC IRS FCM Client Transactions that form part of the same ~~FCM Client~~ 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-~~FCM Client~~ OTC IRS FCM Client Transactions may only be accumulated with CCP-~~FCM Client~~ OTC IRS FCM Client Transactions that form part of the same ~~FCM Client~~ OTC IRS FCM Client Standard Agreement). The CCP Transactions that were accumulated shall be cancelled.

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[...]

2.7 Transfer of CCP Transactions and Account Transfer

- (1) A CCP Transaction (other than a CCP-~~FCM Client~~OTC IRS FCM Client Transaction) or a CM-RC Transaction, if applicable, may be transferred in accordance with Paragraphs (3) to (8) and Number 2.7.1 and 2.7.2 below, as applicable.

[...]

- (9) The provisions of Chapter I Part 5 on the replacement of a ~~FCM Clearing Member~~OTC IRS FCM Clearing Member by a ~~FCM Client~~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-~~FCM Client~~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 CM-Customer-Related Transactions, Number 2.7 Paragraphs (5) and (6) apply.

[...]

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-~~FCM Client~~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).

[...]

2.7.2.1 Account Management in case of Own Transactions and Customer-Related Transactions

Upon request of a Clearing Member (other than an ~~FCM Clearing Member~~OTC IRS FCM Clearing Member), Eurex Clearing AG may book (a) an Own Transaction from its Own

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Account pursuant to Chapter I Part 1 Number 4.2.1 Paragraph (1) to the Clearing Member's Customer Account pursuant to Chapter I Part 1 Number 4.2.1 Paragraph (1) (thereby becoming a Customer-Related Transaction) or (b) a Customer-Related Transaction from its Customer Account pursuant to Chapter I Part 1 Number 4.2.1 Paragraph (1) to the Clearing Member's Own Account pursuant to Chapter I Part 1 Number 4.2.1 Paragraph (1) (thereby becoming an Own Transaction).

[...]

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-~~FCM Client~~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.

[...]

2.11 Use of Data provided by Eurex Clearing AG

A Clearing Member, Registered Customer, ~~FCM Client~~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.
