

Eurex Clearing AG
ECAG Rule Certification 123-19
January 7, 2020

1. The text of the proposed amendments to the Clearing Conditions (“**Clearing Conditions**”) of Eurex Clearing AG (“**Eurex Clearing**”), Price List (“**Price List**”) of Eurex Clearing, FCM Regulations (“**FCM Regulations**”) of Eurex Clearing, Default Management Committee Rules (“**DMC Rules**”), and other related documents is appended as Attachment A. Any additions are underlined and any deletions are struck through.
2. The dates of intended implementation are February 3, 2020 for Amendments Nos. 1-5 below, February 17, 2020 for Amendment No. 6 below, and March 2, 2020 for Amendments Nos. 7-8 below. Amendments Nos. 7-8 below fall within the scope of Special Provisions of the Clearing Conditions and are thus subject to a consultation process. The consultation will end on January 23, 2020. The planned effective date is March 2, 2020, depending on the outcome of the consultation, which will be communicated in a separate Eurex Clearing circular.
3. Attached please find a certification that: (1) these amendments comply with the Commodity Exchange Act (the “Act”), and the Commission’s regulations thereunder; and (2) concurrent with the filing of this submission, Eurex Clearing is posting a copy of this filing to its website at: <http://www.eurexclearing.com/clearing-en/resources/cftc-dco-filing>.
4. A concise explanation and analysis of the operation, purpose, and effect of the amended rule appears below.
5. There were no opposing views expressed regarding these amended rules.
6. Confidential treatment is not requested.

CONCISE EXPLANATION AND ANALYSIS OF THE OPERATION, PURPOSE, AND EFFECT OF THE PROPOSED RULE AND ITS COMPLIANCE WITH APPLICABLE PROVISIONS OF THE ACT, INCLUDING CORE PRINCIPLES AND THE COMMISSION’S REGULATIONS THEREUNDER

Eurex Clearing is proposing the following amendments:

1. Eurex Clearing is proposing amendments to Chapters IV (Clearing of Repo Transactions) and IX (Clearing of Securities Lending Transactions) of the Clearing Conditions to align the tax-related provisions in the Clearing Conditions for repo transactions more closely with tax-related provisions that are applied in the bilateral repo market. Specifically, the proposed amendments clarify that all payments under a repo transaction will be made without deduction or withholding of any tax, and, if any tax-related deduction or withholding is required by law, the payment to the recipient will be increased by an additional amount equalling the deduction or withholding. If Eurex Clearing is required to pay any such additional amount to the recipient, Eurex Clearing will be reimbursed by the respective clearing member acting as payer in relation to Eurex Clearing. The provisions that are to be introduced mirror the existing provisions applicable for securities

lending transactions. Lastly, a new provision is being introduced that stipulates an obligation to disclose information needed for tax purposes of the requesting party.

2. Eurex Clearing is proposing amendments to Chapter IX of the Clearing Conditions to introduce a new provision that stipulates an obligation to disclose information needed for tax purposes of the requesting party. Among other things, Eurex Clearing requires certain information from its counterparties to fulfil its requirements for the deduction and withholding of tax on payments to foreign persons under 26 CFR § 1.1441-1. Further minor amendments are also being introduced to other tax-related provisions applicable to securities lending transactions to align their wording with the newly introduced provisions for repo transactions.
3. Eurex Clearing is proposing amendments to the Price List to provide that volume resulting from the standardised Inter-Product-Spread strategies in Interest Rate Futures will be considered eligible for volume rebate calculations. Previously, at launch on September 16, 2019, the traded volume resulting from the standardised Inter-Product-Spread strategies was considered as not eligible for volume rebate calculations in interest rate futures.
4. Eurex Clearing is proposing amendments to Chapter I (General Provisions) of the Clearing Conditions and the General Terms and Conditions to the Agreement on Technical Connection to the Clearing EDP of Eurex Clearing to provide that direct contractual counterparties shall, without undue delay, provide all information (in particular KYC information) to Eurex Clearing, which Eurex Clearing may reasonably request at any time to comply with applicable laws, rules, regulations or orders by its competent supervisory authorities. Eurex Clearing is proposing these amendments as, within the scope of legal requirements, Eurex Clearing is obliged to thoroughly verify its direct contractual counterparties (i.e. Clearing Members, Disclosed Clients With System Access) with regards to money laundering/KYC obligations.
5. In accordance with the Clearing Conditions, Eurex Clearing may determine to pay interest or charge negative interest on Eligible Margin Assets in the form of cash actually delivered to Eurex Clearing. Such interest is calculated on the basis of collateral balance that is held with Eurex Clearing at a certain point in time (cut-off time). The proposed amendments change the existing cut-off times to determine the credit balance for the interest calculation on cash balances held in USD and GBP. The reason for these amendment is feasibility of investments. The proposed deadlines to determine the credit balance for the interest calculation on the collateral pool are:

British pound:

Current cut-off time: 18:00 CET

New cut-off time (as of 3 February 2020): 14:00 CET

US dollar: 22:00 CET

Current cut-off time New cut-off time (as of 3 February 2020): 20:00 CET

6. Eurex Clearing is planning to support all master agreement types (i.e. ISDA, DRV, AFB/FBF, EMA, "Österreichischer Rahmenvertrag für Finanztermingeschäfte", etc.) for original OTC Interest Rate Derivative Transactions and XCCY Transactions in order to allow novation of such transactions. Eurex Clearing will validate if the field on the source of specifications (i.e. the field "Contractual Definitions") applicable to the submitted transaction in the trade record submitted by the respective ATS specifies any of the following as the source of specifications applicable to the original transaction:

- the contractual definitions issued by ISDA (in particular, the 2000 ISDA Definitions and the 2006 ISDA Definitions)
- the German Master Agreement for Financial Derivatives Transactions ("Rahmenvertrag für Finanztermingeschäfte", the "DRV") or
- the AFB/FBF Master Agreement

If the field containing the source of specifications applicable to the original transaction is left blank, Eurex Clearing will accept original transactions that are submitted as based on any of the following master agreements: an ISDA Master Agreement, the 2017 ISDA/FIA Clearing Derivatives Execution Agreement, the 2006 Definitions, the DRV or the AFB/FBF Master Agreement.

7. In line with the continuous development and improvement of the default management process, Eurex Clearing decommissioned the predefined fixed DMC term and rotation process for participation in the Default Management Committee ("DMC"). The proposed amendments to the DMC Rules seek to provide clarifications with respect to the DMC assignment phase and predefined timelines with regards to the DMC member selection process. Specifically, Eurex Clearing decided to:

- clarify that the DMC Assignment Phase starts with the distribution of the Assignment Phase Notice and ends with the signature of the Agreement for the Participation in the DMC
- update timelines referencing to Assignment Phase to referencing to the point in time of Assignment Phase Notice distribution
- outline that the selected clearing member should sign the DMC Participation Agreement without undue delay and that with the signature the DMC assignment starts
- decommission the fixed DMC Term and the predefined rotation process
- decommission the mandatory chairman and deputy chairman election process and its function
- clarify that each DMC Member Institution and the designated DMC Member is selected for an indefinite period of time until either the Participating DMC Member Institution or Eurex Clearing terminates the agreement respectively the Participating DMC Member Institution's clearing agreement with Eurex Clearing is terminated.

8. The Clearing Conditions require amendments due to recently implemented amendments to the Default Management Auction Rules effective December 2, 2019, in particular with respect to the options for clearing members (not qualifying as Mandatory Participants), Basic Clearing Members, Disclosed Direct Client, other customers of clearing members and Selected Auction Participants to participate in Default Management Auctions.

Further information regarding the operation, purpose, and effect of the proposed amendments is discussed in the attached Eurex Clearing Circular 123/19, which is appended as Attachment A.

Eurex Clearing has identified the following derivatives clearing organization ("DCO") Core Principles as potentially being relevant to the above amendments:

1. DCO Core Principle C (Participant and Product Eligibility): First, the proposed amendments will comply with DCO Core Principle C because the amendments change volume rebates for a listed futures product, and all fees and rebates applied to products cleared under Eurex Clearing's DCO Core Principle will continue to comply with this Core Principle. Second, the proposed amendments requires all direct contractual counterparties to provide KYC-related information if

requested, and such requirement will be applied in compliance with this Core Principle. Third, the proposed amendments support all master agreement types for original OTC Interest Rate Derivative Transactions, and such support will be offered in compliance with this Core Principle.

2. DCO Core Principle D (Risk Management): The proposed amendments will comply with DCO Core Principle D because the amendments change cut-off times that go to determining interest on cash margin, and Eurex Clearing's margining methodology will continue to be subject to appropriate standards in compliance with this Core Principle.
3. DCO Core Principle G (Default Rules and Procedures): The proposed amendments will comply with DCO Core Principle G because the amendments provide clarifications with respect to the DMC assignment phase and predefined timelines with regards to the DMC member selection process, and Eurex Clearing's default fund methodology will continue to be subject to appropriate standards in compliance with this Core Principle.

CERTIFICATIONS PURSUANT TO SECTION 5c OF THE COMMODITY EXCHANGE ACT, 7
U.S.C. §7a-2 AND COMMODITY FUTURES TRADING COMMISSION RULE 40.6, 17 C.F.R. §40.6

I hereby certify that:

- (1) the amendments comply with the Commodity Exchange Act, and the Commission's regulations thereunder; and
- (2) concurrent with the filing of this submission, Eurex Clearing is posting a copy of this filing to its website at: <http://www.eurexclearing.com/clearing-en/resources/cftc-dco-filing>.



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Title: US CCO, Eurex Clearing AG

Dated: January 7, 2020