

Eurex Clearing AG
ECAG Rule Certification 004-20
January 13, 2020

1. The text of the proposed amendments to the FCM Regulations (“**FCM Regulations**”) of Eurex Clearing AG (“**Eurex Clearing**”) is appended as Attachment A. Any additions are underlined and any deletions are struck through.
2. The date of intended implementation is February 3, 2020.
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. Introduction of a process to ensure that bookings resulting from the charge of negative interest rates do not result in a reduction of FCM customer funds on the relevant Cash Trust Account.
2. Introduction of the right for Eurex Clearing to charge negative interest. For transparency, in the event Eurex Clearing determines to charge negative interest, a publication on Eurex Clearing’s website is required, as well as currently available benchmark interests is required to be considered.
3. Clarification that variation settlement payments are considered in the calculation of the Difference Claim in case of a default of an FCM Clearing Member. Despite of the potential default or insolvency of an FCM Clearing Member, Eurex Clearing remains obliged to pay variation settlements under those transactions which are opposite the terminated transactions of the defaulted FCM Clearing Member.
4. Introduction of a right for Eurex Clearing to disclose the identity of FCM Clearing Members to investment agents. Due to regulatory requirements, Eurex Clearing needs to be able to disclose the identity of FCM Clearing Members to Eurex Clearing’s investments agents. This proposed

amendment prepares for the acceptance of US dollar as currency for initial margin payments, which is subject to final operational readiness and implementation of an investment scheme applying CFTC Rule 1.25. Eurex Clearing is currently in the process of finalization and will announce readiness for the acceptance of US dollar as initial margin currency with a separate Eurex Clearing circular.

5. For its KYC processes and requirements, Eurex Clearing is obliged to thoroughly check all direct contractual counterparties (i.e. FCM Clearing Members), in particular with regards to funding of terrorist activities and money laundering (KYC). In order to improve the underlying process, a new requirement will be added that direct contractual counterparties must without undue delay provide all information required to Eurex Clearing, which Eurex Clearing may reasonably request at any time in order to comply with applicable laws, rules and regulations by its competent supervisory authorities.
6. The description of the Swap Transaction Netting and Accumulation process will be clarified and aligned more closely with the operational handling by FCM Clearing Members.

Further information regarding the operation, purpose, and effect of the proposed amendments is discussed in the attached Eurex Clearing Circular 004/20, 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): The proposed amendments will comply with DCO Core Principle C because the amendments require all direct contractual counterparties to provide KYC-related information if reasonably requested and allow Eurex Clearing to disclose the identity of FCM Clearing Members to investment agents, and such amendments will be applied in compliance with this Core Principle.
2. DCO Core Principle F (Treatment of Funds): The proposed amendments will comply with DCO Core Principle F because the amendments, which introduce a process to ensure that bookings resulting from the charge of negative interest rates do not result in a reduction of FCM customer funds and which introduce the right for Eurex Clearing to charge negative interest, will continue to be designed to protect and ensure the safety of member funds and minimize the risk of loss or delay in the access by Eurex Clearing 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 clarify the calculation of the Difference Claim with respect to variation settlement payments, and Eurex Clearing’s default rules will continue to allow for the efficient, fair, and safe management of default events 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>.



By: Eric Seinsheimer

Title: US CCO, Eurex Clearing AG

Dated: January 13, 2020