

Eurex Clearing AG
ECAG Rule Certification 016-22
March 16, 2022

1. The text of the proposed amendments to the Clearing Conditions (“Clearing Conditions”) 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 of the proposed amendments is April 4, 2022.
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: <https://www.eurex.com/ecen/rules-regs/regulations/cftc-dco-filings>.
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 to Chapter II (Transactions Concluded at Eurex Deutschland (Eurex Exchange)) of the Clearing Conditions:

1. Amendments to the Clearing Conditions regarding daily settlement price determination provisions for futures contracts, including single stock dividend futures contracts

Eurex Clearing is proposing amendments to the Clearing Conditions to update the daily settlement price determination provisions for futures contracts in order to streamline terminology and clarify structure and references. Further, with respect to single stock dividend futures contracts, Eurex Clearing is proposing amendments to detail the daily settlement determinations procedures (waterfall) for single stock dividend futures contracts.

For avoidance of doubt, Eurex Clearing clears futures contracts outside the scope of its DCO license, which applies only to swaps. In addition, single stock dividend futures contracts are not available to U.S. Persons at this time.

Further information regarding the operation, purpose and effect of the proposed amendments is discussed in the attached Eurex Clearing Circular 016-22, which is appended as Attachment A.

Eurex Clearing has identified the following DCO Core Principles as potentially being relevant to the above amendments:

1. DCO Core Principles C (Participant and Product Eligibility) and E (Settlement Procedures): The proposed amendments will comply with DCO Core Principles C and E because they relate to the daily settlement price determination provisions for futures contracts, which Eurex Clearing clears outside the scope of its DCO license. All products cleared by Eurex Clearing under its DCO license will continue to be subject to appropriate standards in compliance with these Core Principles.

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: <https://www.eurex.com/ec-en/rules-regs/regulations/cftc-dco-filings>.

/s/ Eric Seinsheimer

By: Eric Seinsheimer

Title: US CCO, Eurex Clearing AG

Dated: March 16, 2022

10 Mar 2022
Eurex Clearing

Amendments to the Clearing Conditions of Eurex Clearing AG: Update of the daily settlement price determination provisions for Futures Contracts, including SSDFs

Eurex Clearing Circular 016/22 Amendments to the Clearing Conditions of Eurex Clearing AG: Update of the daily settlement price determination provisions for Futures Contracts, including SSDFs

1. Introduction

This circular contains information with respect to the service offering of Eurex Clearing AG (Eurex Clearing) and introduces amendments to the Clearing Conditions of Eurex Clearing AG (Clearing Conditions) regarding the following topic:

- ◆ Update of the daily settlement price determination provisions for Futures Contracts, especially Single Stock Dividend Futures Contracts (SSDFs)

The amendments will become effective as of **4 April 2022**.

2. Required action

As this change does not create any direct technical impact for Clearing Members and their clients, no action is required.

3. Details

Eurex Clearing is updating its daily settlement price determination provisions for Futures Contracts in order to streamline terminology and clarify structure and references. Further, with respect to Single Stock Dividend Futures Contracts (SSDFs), the daily settlement price determination procedures (waterfall) have been detailed in Chapter II Part 2 Number 2.1.2 (2) (c) (ii) of the Clearing Conditions, as described in the following summary (please note

that this summary is simplified, for the legally binding price determination provisions, please see the Attachment).

SSDF daily settlement price determination waterfall

1. **VWAP primary interval:** Volume weighted average price (VWAP) of all relevant exchange transactions of the last minute before the Reference Time; if less than five exchange transactions > step 2
2. **VWAP secondary interval:** VWAP of all relevant exchange transactions of last 15 minutes before the Reference Time; if less than five exchange transactions > step 3
3. **Theoretical Price:** Taking into account, inter alia, the following inputs to determine the expected dividend(s) (if they reflect the true market conditions): (i) bid-ask spreads and/or relevant transactions in SSDFs concluded via the order book, (ii) relevant transactions in SSDFs concluded off-book, (iii) dividends declared, (iv) implied dividends as they may be derived from relevant options contracts and/or (v) third party dividend forecasts. For the avoidance of doubt, the listing in the foregoing sentence shall not constitute an order of priority of the relevant inputs.

To reflect the changes, the following provision will be amended as outlined in the Attachment:

- ◆ Chapter II Part 2 Number 2.1.2 of the Clearing Conditions

The amendments to the legal framework of Eurex Clearing AG published by this circular are deemed accepted by each affected contractual party of Eurex Clearing AG, unless the respective contractual party objects by written notice to Eurex Clearing AG within the first 10 Business Days after publication. Any ordinary right of Eurex Clearing AG to terminate the respective contract (including a Clearing Agreement, if applicable) shall remain unaffected.

Unless the context requires otherwise, terms used and not otherwise defined in this circular shall have the meaning ascribed to them in the Clearing Conditions or FCM Clearing Conditions of Eurex Clearing AG, as applicable.

Attachment:

- ◆ Updated sections of the Clearing Conditions

Further information

Recipients: All Clearing Members, Basic Clearing Members, Disclosed Direct Clients of Eurex Clearing AG and vendors

Target groups: Front Office/Trading, Middle + Back Office

Contact: client.services@eurex.com

Web: www.eurex.com/ec-en/

Authorized by: Dmitrij Senko

Further information

[!\[\]\(d3fb9f94af8b26d1c844efa9a98805b0_img.jpg\) Attachment to Eurex Clearing circular 016/22](#)

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Chapter II of the Clearing Conditions of Eurex Clearing AG

Transactions Concluded at Eurex Deutschland

(Eurex Exchange)

As of 04.04.2022

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

[...]

Part 2 Clearing of Futures Contracts

[...]

2.1 General Provisions

[...]

2.1.2 Daily Settlement Price

[...]

- (2) Eurex Clearing AG determines the daily settlement price according to the true market conditions of the respective contract and under consideration of its risk assessment in its reasonable discretion (*billiges Ermessen*).
- (a) When determining the daily settlement prices pursuant to Sentence 1 for contracts of the current expiry month, the following procedure shall apply (unless provided otherwise below).
 - 1. For contracts with respect to which a closing price in the closing auction pursuant to Section 64 of the Eurex Exchange Rules is determined before 7 p.m. (CE(S)T), Eurex Clearing AG shall determine the daily settlement price according to based on the respective closing price ~~respectively determined for the contract~~.
 - 2. ~~With~~ For all other contracts, the daily settlement price shall be determined ~~from based on~~ the volume-weighted average of the prices of all relevant exchange transactions of the last minute before the respective reference point in time in the respective contract, provided that more than five exchange transactions have been settled within this period. In case a minimum of five transactions have not been concluded in the last minute before the respective reference point in time Reference Time, the daily settlement price shall be determined ~~from based on~~ the volume-weighted average of the prices of the last five exchange transactions concluded before the Reference Time ~~reference point in time~~ in the respective

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contract, provided that those exchange transactions are not concluded more than 15 minutes before the Reference Time~~reference point in time~~.

3. In case no price can be determined according to the aforementioned procedure, the daily settlement price shall be determined ~~on the basis of the procedure described~~ as set out in limb (b) below.
- (b) For all other contract terms, the following procedures apply to the determination of the daily settlement price (unless provided otherwise below).
1. The daily settlement price for a contract shall be determined ~~according to~~ based on the average bid-ask spread of the combination order book.
 2. In case there is no spread in the combination order book, Eurex Clearing AG shall base the determination on the average bid-ask spread of the respective expiry month of the relevant Futures Contract.
 3. In case there is no average bid-ask spread for the respective expiry month, the daily settlement price shall be determined ~~according to~~ based on the theoretical price based on the price of the underlying.

(c) Exceptions

The following exceptions shall apply:

(aa) The daily settlement price for the following micro and/or mini Futures Contracts that have a smaller value per contract as the corresponding main Futures Contracts shall be determined based on the basis of the daily settlement price of the following corresponding Futures Contracts:

[...]

(bb) The daily settlement price for Futures Contracts on exchange-traded index fund shares and on shares shall be determined by Eurex Clearing AG ~~according to~~ based on the closing price of the respective future determined in the closing auction of the underlying plus the respective costs of carry. For index fund shares, the closing price in the electronic trade on the Frankfurter Wertpapierbörse/SWX shall be relevant; for shares, the closing price according to the regulation in Number 2.7.2 shall be relevant.

(cc) The daily settlement price for Futures Contracts with assigned group ID BR01, CA01, or US01 (Annex A of the Eurex Contract Specifications) shall be determined ~~by~~ based on the volume-weighted average of the last three prices of the underlying before the Reference Time~~reference point in time (Paragraph (5))~~; Eurex Clearing AG shall hereby collect the prices via the data provider Reuters AG. The calculated value shall respectively be added to the (costs of carry).

(~~fd~~) The daily settlement price for the Commodity Index Futures Contracts shall be determined on the basis of the mean bid/ask spread in the order book before the Reference Time~~reference point in time~~.

(~~ee~~) The daily settlement price for Eurex-KOSPI-Daily Futures Contracts shall also be the final settlement price (Number 2.15.2).

(~~ff~~) The daily settlement price for

- FX Futures Contracts,
- Index Dividend Futures Contracts, and
- Volatility Index Futures Contracts

shall be determined according to the procedures described in lit. (a) No. 1.-2. In the case that no daily settlement price can be determined according to ~~the~~ mentioned ~~these~~ procedures, the daily settlement price shall be determined on the basis of the mean bid-ask spread in the orderbook before the Reference Time~~reference point in time~~.

(~~gg~~) The daily settlement price for Variance Futures contracts shall be determined according to the specification in Number 1.20.7 of the Eurex Contract Specifications.

[...]

(~~hh~~) The daily settlement price for Index Total Return Futures Contracts shall be determined according to Number 2.22.2.

(ii) The daily settlement price for Single Stock Dividend Futures Contracts (both for contracts of the current expiry month and further expiry months) shall be determined according to the procedures described in lit. (a) No. 1.-2. If no daily settlement price can be determined according to these procedures, the daily settlement price shall be determined by Eurex Clearing AG on the basis of the theoretical price, taking into account, inter alia, the following inputs to determine the expected dividend(s) as the underlying (if and to the extent these inputs reflect in the reasonable opinion of Eurex Clearing AG the true market conditions): (i) bid-ask spreads and/or relevant transactions in Single Stock Dividend Futures Contracts concluded via the order book, (ii) relevant transactions in Single Stock Dividend Futures Contracts concluded off-book, (iii) dividends declared, (iv) implied dividends as they may be derived from relevant options contracts and/or (v) third party dividend forecasts. For the avoidance of doubt, the listing in the foregoing sentence shall not constitute an order of priority of the relevant inputs.

[...]

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(4) Reference times

The scheduled reference times for the determination of the daily settlement prices for the respective Futures Contracts (each a "Reference Time") are set out in the table below:

Contract	Reference Time (CE(S)T)
[...]	
RDX® USD Futures Contracts	17:30
<u>Single Stock Dividend Futures Contracts</u>	<u>17:30</u>
[...]	

The management board of Eurex Clearing AG may on a case by case basis determine in its reasonable discretion (billiges Ermessen) that a different reference time shall apply for the determination of a daily settlement price, if it so deems appropriate under prevailing circumstances, in particular in case of a closure of the spot market of the underlying of the respective contract prior to the scheduled reference time. Eurex Clearing AG will publish any reference times so determined.

[...]

2.7 Clearing of Single Stock Futures Contracts~~Futures Contracts on Shares~~

The following provisions shall apply to the Clearing of Futures Contracts in shares specified in Number 1.6 of the Eurex Contract Specifications (Single Stock Futures Contracts). Certificates representing shares (depository receipts) shall be handled as shares.

[...]

2.14 Clearing of Single Stock Dividend Futures~~Futures Contracts on the dividends of Shares~~

[...]

2.14.2 Final Settlement Price

[...]

Where:

Number of Shares (N) means the number of shares relating to the Futures Contracts listed in Annex D of the Eurex Contract Specifications, subject to any subsequent adjustments made.

t means each Business Day in the relevant Futures annual dividend period;

d: means, in respect of the reference shares relating to the Futures Contracts listed and each Business Day in the relevant Futures annual dividend period:

| _____ If such a day is an Ex-Dividend date in respect of the reference shares then an
| amount equal to the Relevant Dividend (pursuant to Number 1.13.9 (1) of the
| Eurex Contract Specifications) in relation to that Ex-Dividend date in respect of
| the number of shares relating to the Futures Contracts listed in Annex D of the
| Eurex Contract Specifications, subject to any subsequent adjustments made;
| otherwise zero.

| _____ Where a dividend payment date (ex-dividend) date falls due on a non-business
| day then the Business Day immediately following shall be regarded as the Ex-
| Dividend date in respect of the final settlement price calculation.

[...]

[...]
