

## Eurex Clearing Circular 032/18

# Amendments to the Clearing Conditions and the Price List of Eurex Clearing AG; Consultation on amendments to Special Provisions

### Summary

This circular contains information with respect to Eurex Clearing's service offering and corresponding amendments to the Clearing Conditions of Eurex Clearing AG (Clearing Conditions) and the Price List of Eurex Clearing AG (Price List) regarding the following topics:

1. Extension of the Individual Clearing Model for Specified Clients
2. Clarifications regarding the amended provisions of the Pledge Agreement

Both contemplated amendments fall within the scope of Special Provisions and, hence, are subject to a Consultation Process (Consultation).

The Consultation will start on **23 March 2018** and shall end on **23 April 2018** at midnight (Consultation Period).

This circular contains the updated sections of the Clearing Conditions and the Price List, as decided by the Executive Board of Eurex Clearing.

Terms used and not otherwise defined in this circular shall have the meanings ascribed to them in the Clearing Conditions.

### Attachments:

1. Amended sections of the Clearing Conditions
2. Amended sections of the Price List
3. Form for appointment of individuals entitled to submit comments

**Date:** 22 March 2018

**Recipients:** All Clearing Members, Basic Clearing Members, OTC IRS FCM Clients, Non-Clearing Members and Registered Customers of Eurex Clearing AG

**Authorized by:**  
Heike Eckert

**Target group:**  
All departments

**Contact:**  
Your Group Client Key Account Manager Clearing,  
clearing.services-admission@eurexclearing.com



## Amendments to the Clearing Conditions and the Price List of Eurex Clearing AG; Consultation on amendments to Special Provisions

### 1. Extension of the Individual Clearing Model for Specified Clients

The Individual Clearing Model for Specified Clients (ICM for SCs) is an individual client segregation model which is in line with the requirements under Article 39 (3) of the European Market Infrastructure Regulation (EMIR). It provides for the segregation of SC-related transactions of the Clearing Member, including transactions of clients of the SC (ICM SC Transactions).

Clearing Members can opt for the individual segregation of Eurex Transactions and OTC Derivatives Transactions relating to an SC. UK-based Clearing Members have the option to clear ICM SC Transactions in accordance with the rules of the Client Asset Sourcebook (CASS Rules) of the United Kingdom Financial Conduct Authority.

If a Clearing Member opts for the ICM for SCs, Eurex Clearing establishes and maintains accounts for the Clearing Member per each individually segregated SC (Clearing Member account per SC), on which only transactions, cash amounts and margins (i.e. cash collateral and/or securities) are held for the account of the individually segregated SC including its indirect clients, if applicable. An SC is not required to enter into a clearing agreement with its Clearing Member and Eurex Clearing. Eurex Clearing treats the Clearing Member as its principal counterparty who remains responsible for all transactions cleared for the respective SC with Eurex Clearing.

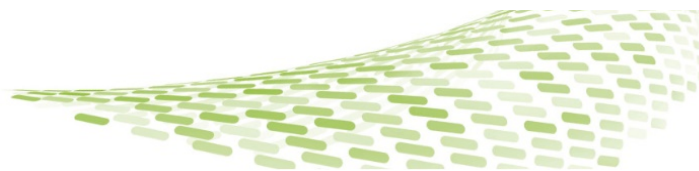
The assets and positions held for the account of one individually segregated SC will not be commingled with:

- assets and positions held for the account of another client of this Clearing Member,
- assets and positions held for the own accounts of the Clearing Member, or
- assets and positions held for the account of another Clearing Member or Eurex Clearing.

In case of a Termination Event with respect to a Clearing Member, a porting process will be initiated during which the SC's positions and margin assets, as well as the transactions referring to clients of the SC (Indirect Clients), are transferred to a new non-defaulting Clearing Member. If the SC chooses not to port or the conditions for porting are not met within the applicable porting period, close-out netting will take place.

If a close-out netting occurs, all payment and delivery obligations under the ICM SC Standard Agreement between Eurex Clearing and the Clearing Member, including any Redelivery Claims in respect of margin, will be combined into a separate Difference Claim. Any Difference Claim amount owed by Eurex Clearing and/or any margin assets not used during the default management process will be directly returned in accordance with the requirements under Article 48 (6) and (7) EMIR.

Furthermore, in order to give Clearing Members more flexibility with regard to the bilateral arrangements with their clients acting as Non-Clearing Members and/or Registered Customers in the Elementary Clearing Model (ECM), which is an omnibus clearing model, Eurex Clearing will amend the Clearing Conditions to allow for deviations from the (mandatory) conclusion of transactions between a Clearing Member and its Non-Clearing Member/Registered Customers.



To implement the changes, the following provisions of the Clearing Condition and the Price List will be amended as outlined in attachments 1 and 2:

- Chapter I Part 1;
- Chapter I Part 2, in particular Number 2.1;
- Chapter I Part 3;
- Chapter I Part 4 (Individual Clearing Model for Specified Clients) be added; the numbering of the subsequent sections will be amended accordingly;
- Chapter I Part 5 (U.S. Clearing Model);
- Chapter II and Chapter IV;
- Chapter VIII in particular Subpart 2 Number 1.2.1 Paragraph (7) (d);
- Appendix 1 and Appendix 2 to the Clearing Conditions;
- Appendix 7 to the Clearing Conditions;
- Number 9 of the Price List of Eurex Clearing AG.

## 2. Clarifications regarding the amendment provisions of the Pledge Agreement

With respect to the Pledge Agreement (Appendix 7 to the Clearing Conditions), Eurex Clearing further includes some clarifications regarding the amendment provisions in order to avoid legal uncertainty in case of a new execution of the Pledge Agreement by a Clearing Member (in particular in case pledged securities accounts are added to the Pledge Agreement). The new provisions foresee that a new execution of the Pledge Agreement leads to the granting of new pledges with respect to all securities accounts enlisted in the new Pledge Agreement.

To reflect the afore-mentioned amendments, the following provision of the Clearing Conditions shall be amended as outlined in attachment 1:

- Appendix 7 to the Clearing Conditions.

In order to implement the amendments outlined under items 1 and 2 above, Eurex Clearing has decided to change or amend certain Special Provisions that requires a consultation process (Consultation).

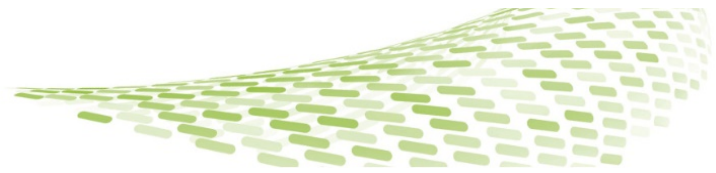
Such Consultation will commence on **23 March 2018** and shall end on **23 April 2018** at midnight (Consultation Period).

**Eurex Clearing herewith invites all Affected Customers to submit comments on the proposed changes or amendments of Special Provisions (i.e. Chapter I Part 1 Number 6, Number 7, Number 9 and Appendix 7, see amended sections in attachment 1 of this circular) within the Consultation Period.**

It is planned that a Regular Notification Period of fifteen (15) Business Days immediately follows such Consultation period, after which all proposed changes mentioned in this circular will come into effect on **18 May 2018**, provided that in total no more than two Affected Customers request a Prolonged Notification Period (three months).

If Eurex Clearing receives such request for a Prolonged Notification Period from more than two Affected Customers during the Consultation, Eurex Clearing will notify all affected parties promptly upon the receipt of such requests in an additional electronic circular.

To the extent Eurex Clearing decides to implement any comments of Affected Customers, the so-amended version will be published again applying the initial notification period, i.e. either the Regular Notification or the Prolonged Notification Period, as applicable.



During the Consultation period, comments on proposed changes or amendments of Special Provisions shall be submitted through a web-based commenting service provided by Eurex Clearing, only. Any Affected Customer intending to submit comments are requested to appoint one or more individuals for the Consultation who may submit comments on behalf of the respective Affected Customer using the form in attachment 3 to this circular.

The form has to be duly signed and returned to Eurex Clearing via e-mail to [SpecialProvisions@eurexclearing.com](mailto:SpecialProvisions@eurexclearing.com) in order to obtain a User ID and Password together with a Link for accessing the web-based commenting service.

When the amendments come into effect, they will be available for download on the Eurex Clearing website [www.eurexclearing.com](http://www.eurexclearing.com) under the following link:

**Resources > Rules and Regulations**

When the amendments of the Price List come into effect, they will be available on the Eurex Clearing website [www.eurexclearing.com](http://www.eurexclearing.com) under the following link:

**Resources > Rules and Regulations > Price list**

Terms used and not otherwise defined in this circular shall have the meanings ascribed to them in the Clearing Conditions of Eurex Clearing AG.

If you have any questions or need further information please contact your Group Client Key Account Manager Clearing, [clearing.services-admission@eurexclearing.com](mailto:clearing.services-admission@eurexclearing.com).

22 March 2018