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Eurex Clearing

# Amendments to the legal framework of Eurex Clearing AG with respect to the introduction of the ISA Direct Indemnified Model (legal term: “ISA Direct Indemnified Provisions”) – Consultation

**Eurex Clearing Circular 034/22 Amendments to the legal framework of Eurex Clearing AG with respect to the introduction of the ISA Direct Indemnified Model (legal term: “ISA Direct Indemnified Provisions”) – Consultation**

## 1. Introduction

This circular contains information with respect to the service offering of Eurex Clearing AG (Eurex Clearing) and introduces amendments to the legal framework of Eurex Clearing regarding the introduction of the ISA Direct Indemnified provisions as well as naming harmonization from Basic Clearing Member provisions to ISA Direct provisions. Further, a clarification has been added in Chapter I Part 1 Number 14.1 of the Clearing Conditions to reflect mandatory statutory liabilities of Eurex Clearing pursuant to Art. 82 of Regulation (EU) 2016/679 and in case of

Appendices 5, 7, 10 and 11

**B. Amendments to the FCM Default Rules, FCM Regulations Chapter I and Chapter II**

**C. Amendments to the Price List of Eurex Clearing AG**

**D. Amendments to Ancillary Clearing Documents:**

i. Statutes for the EMIR Risk Committee

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ii. Default Management Committee Rules

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iii. Default Management Auction Rules

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iv. Statutes for the FIC Board Advisory Committee

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v. Statutes for the Disciplinary Committee

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vi. Disciplinary Procedures Rules Chapter I

**E. Amendments to General Terms and Conditions to the Agreement on Technical Connection to the Clearing EDP of Eurex Clearing AG**

The amendments to the legal framework of Eurex Clearing as aforementioned fall within the scope of Special Provisions of the Clearing Conditions and are hence subject to a consultation process (Consultation). The Consultation will end with the expiry of **13 June 2022** (Consultation Period). The planned effective date of these amendments

The amendments to the legal framework of Eurex Clearing outlined in part 1 and attached to this circular are subject to a Consultation which will end with the expiry of **13 June 2022**.

**Eurex Clearing herewith invites all Affected Customers to submit comments on the proposed changes and amendments within the Consultation Period.**

### **3. Details of the initiative**

Eurex expands client scope of direct buy-side access to cleared repo market by introducing the ISA Direct Indemnified model which allows for additional clients, in particular mutual funds beyond already eligible clients under the ISA Direct model, access to the centrally cleared European repo business. With the extension of Eurex Clearing's direct buy-side access models, a naming harmonization will be introduced and legal terminology is changed from Basic Clearing Member provisions to ISA Direct provisions.

The ISA Direct Indemnified Model which complements Eurex Clearing's buy-side offering uses core elements of the ISA Direct Model with an indemnity provided by a clearing agent (cf. illustration below) with admission criteria and risk management framework being adapted to reflect the characteristics of the model.

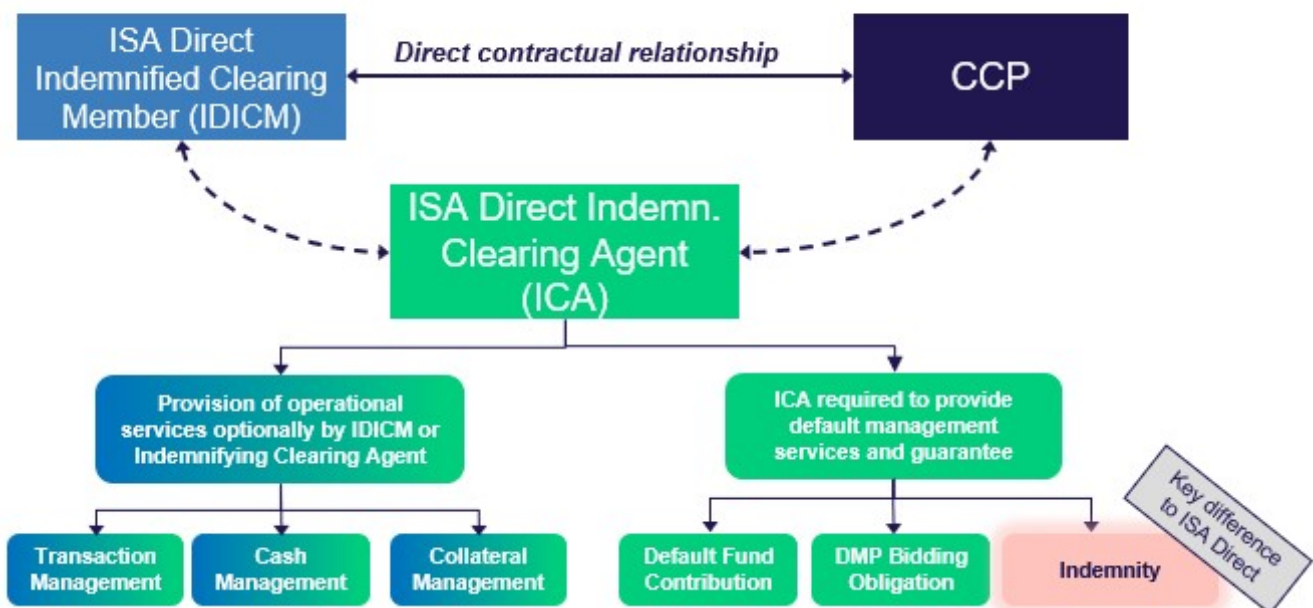
Firms accessing Eurex Clearing under the ISA Direct Indemnified Model, and their counterparty dealer banks, will now be able to benefit to an even larger degree from the capital, risk management and operational advantages that come through direct access to repo clearing at Eurex.

Alongside the introduction of the ISA Direct Indemnified Model, Eurex has recently published a whitepaper on "**Capital efficiencies through direct access repo clearing models for the buy-side**". This paper provides a case study that explores how Eurex' repo clearing models

The upcoming launch of ISA Direct Indemnified is just the latest stage in Eurex' efforts to widen access to its established and highly liquid secured funding and financing markets. Giving a greater range of market participants direct CCP access delivers tangible efficiencies to those involved, and stable cleared repo markets also support broader financial stability and monetary policy transmission objectives.

## Overview of the ISA Direct Indemnified Model:

**ISA Direct Indemnified Model uses core elements of ISA Direct with an indemnity provided by a Clearing Agent**



The ISA Direct Indemnified Model uses core elements of the ISA Direct Model with an indemnity provided by a Clearing Agent and brings the buy-side firm ("ISA Direct Indemnified Clearing Member") in a direct contractual relationship with the CCP (Eurex Clearing) facilitated by an Indemnifying Clearing Agent. The model will be initially introduced for the clearing of Repo transactions concluded at Eurex Repo GmbH according to Chapter IV of the Clearing Conditions and the prerequisite for a firm to act as a Clearing Agent is to be a General Clearing Member for the clearing of Repo transactions.

Member.

Further information on the ISA Direct Indemnified Model will also be published on the Eurex Clearing website **ISA Direct – Direct Clearing membership for the buy side**.

For further information on the ISA Direct Indemnified Model please contact your direct Key Account Manager under [client.services@eurex.com](mailto:client.services@eurex.com).

### Overview of Access Model Naming Harmonization:

Status Quo		New Naming Convention	Product Scope					
Legal Model Name	Legal Member Name		Legal Model Name	Legal Member Name	GC Pooling	Repo	OTC IRD	ETD
Basic Clearing Member License	Basic Clearing Member	ISA Direct	ISA Direct Clearing Member *	✓	✓	✓		
Specific Repo License	Specific Repo License Holder	ISA Direct Light	ISA Direct Light License Holder	✓				
n/a	n/a	ISA Direct Indemnified	ISA Direct Indemnified Clearing Member	✓	✓			

\* The term "ISA Direct Clearing Member" will also be used as an umbrella term to refer to both "ISA Direct Clearing Member" under the ISA Direct and "ISA Direct Indemnified Clearing Member".

With the introduction of the ISA Direct Indemnified Model, naming conventions related to Basic Clearing Member provisions and Specific Repo License will be renamed to ISA Direct provisions and ISA Direct Light provisions including all related terms.

To implement the ISA Direct Indemnified provisions into the legal framework of Eurex Clearing, the following documents will be amended as outlined in the Attachments 1 – 18:

- A. Clearing Conditions Chapters I, IV, VIII, Appendices 5, 7, 10 and 11
- B. FCM Default Rules, FCM Regulations Chapter I and Chapter II
- C. Price List of Eurex Clearing AG
- D. Ancillary Clearing Documents:

ii. Default Management Committee Rules

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iii. Default Management Auction Rules

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iv. Statutes for the FIC Board Advisory Committee

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v. Statutes for the Disciplinary Committee

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vi. Disciplinary Procedures Rules Chapter I

## E. General Terms and Conditions to the Agreement on Technical Connection to the Clearing EDP of Eurex Clearing AG

Pursuant to Chapter I Part 1 Number 17 of the Clearing Conditions, the proposed changes and amendments to the legal framework of Eurex Clearing outlined in part 1 and introduced in the Attachments 1 – 18 are subject to a Consultation which will end with the expiry of 13 June 2022.

**Eurex Clearing herewith invites all Affected Customers to submit comments on the proposed changes and amendments within the Consultation Period.**

During the Consultation Period, comments on proposed changes or amendments shall be only submitted through a web-based commenting service for which a registration form is available on the Eurex Clearing website [www.eurex.com/ec-en/](http://www.eurex.com/ec-en/) under the following link:

**[Find > Forms > Clearing Derivatives > Consultation form](#)**

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

The currently envisaged effective date of the changes is 15 July 2022. However, after the Consultation Period, Eurex Clearing will issue a separate circular to announce the concrete date on which the proposed changes (as the case may be, implementing comments received during the Consultation) will come into effect.

This announcement will be made with at least 15 Business Days' notice (Regular Notification Period). However, if Eurex Clearing should receive a request for a Prolonged Notification Period from more than two Affected Customers during the Consultation Period, a Prolonged Notification Period as set out in the Clearing Conditions will be applied and Eurex Clearing will notify all affected parties accordingly.

## **Publication of amendments to the legal framework of Eurex Clearing**

As of the effective date, the full version of the amended documents will be available for download on the Eurex Clearing website under the following link:

### **[Rules & Regs > Rules and Regulations > 1. 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.



#### Clearing Conditions

- ◆ 2 – Amended sections of Chapter IV of the Clearing Conditions
- ◆ 3 – Amended sections of Chapter VIII Part 2, Part 3 and Part 4 of the Clearing Conditions
- ◆ 4 – Amended sections of Appendix 5 to the Clearing Conditions
- ◆ 5 – Amended sections of Appendix 7 to the Clearing Conditions
- ◆ 6 – Amended sections of Appendix 10 to the Clearing Conditions
- ◆ 7 – Amended sections of Appendix 11 to the Clearing Conditions
- ◆ 8 – Amended sections of the FCM Default Rules
- ◆ 9 – Amended sections of the FCM Regulations Chapter I
- ◆ 10 – Amended sections of the FCM Regulations Chapter II
- ◆ 11 – Amended sections of the Price List of Eurex Clearing AG
- ◆ 12 – Amended sections of the Statutes for the EMIR Risk Committee
- ◆ 13 – Amended sections of the Default Management Committee Rules
- ◆ 14 – Amended sections of the Default Management Auction Rules
- ◆ 15 – Amended sections of the Statutes for the FIC Board Advisory Committee
- ◆ 16 – Amended sections of the Statutes for the Disciplinary Committee
- ◆ 17 – Amended sections of the Disciplinary Procedures Rules Chapter I
- ◆ 18 – Amended sections of the General Terms and Conditions to the Agreement on Technical Connection to the Clearing EDP of Eurex Clearing AG

## Further information

Recipients: All Clearing Members, Basic Clearing Members, Disclosed Direct Clients of Eurex Clearing AG and vendors, all FCM Clearing Members and other affected contractual parties

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Web: **ISA Direct – Direct Clearing membership for the buy side,  
Capital efficiencies through direct access repo clearing models for the buy-side**

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Authorized by: Matthias Graulich

## Further information

- [!\[\]\(38441ceaa711016e0bf2ad46ad394ff4\_img.jpg\) Attachment 1 to Eurex Clearing circular 034/22](#)
- [!\[\]\(6e027340d4263908f264926b1ad81c5e\_img.jpg\) Attachment 2 to Eurex Clearing circular 034/22](#)
- [!\[\]\(781510d64f329bf3c880acf086e884d6\_img.jpg\) Attachment 3 to Eurex Clearing circular 034/22](#)
- [!\[\]\(93cdf5b84f2bfec404f7441e84b6ba5c\_img.jpg\) Attachment 4 to Eurex Clearing circular 034/22](#)
- [!\[\]\(0f0f932ce3b5577a82f34ad23239a6e5\_img.jpg\) Attachment 5 to Eurex Clearing circular 034/22](#)
- [!\[\]\(eae2be0f6c865f0a2febc97c99fc2475\_img.jpg\) Attachment 6 to Eurex Clearing circular 034/22](#)
- [!\[\]\(beb73fa08c38b910d1745a8873b27d81\_img.jpg\) Attachment 7 to Eurex Clearing circular 034/22](#)
- [!\[\]\(b5401e964162c76526213b8e70b40c2e\_img.jpg\) Attachment 8 to Eurex Clearing circular 034/22](#)

[↓ Attachment 11 to Eurex Clearing circular 034/22](#)

[↓ Attachment 12 to Eurex Clearing circular 034/22](#)

[↓ Attachment 13 to Eurex Clearing circular 034/22](#)

[↓ Attachment 14 to Eurex Clearing circular 034/22](#)

[↓ Attachment 15 to Eurex Clearing circular 034/22](#)

[↓ Attachment 16 to Eurex Clearing circular 034/22](#)

[↓ Attachment 17 to Eurex Clearing circular 034/22](#)

[↓ Attachment 18 to Eurex Clearing circular 034/22](#)

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