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31 May 2022  
Eurex Clearing

# Amendments to the Clearing Conditions and FCM Regulations of Eurex Clearing AG

## Eurex Clearing Circular 042/22 Amendments to the Clearing Conditions and FCM Regulations of Eurex Clearing AG

### 1. Introduction

This circular contains information with respect to amendments to the Clearing Conditions of Eurex Clearing AG (Clearing Conditions) and the FCM Regulations of Eurex Clearing AG (FCM Regulations) regarding the following topics:

- A. Enhancement of the service offering regarding the clearing of OTC IRD and NDF transactions
- B. References made to 2006 ISDA Definitions and 2000 ISDA Definitions
- C. Clearing of SONIA-based OTC Interest Rate Derivative Transactions

The amendments to the Clearing Conditions and FCM Regulations will come into effect as of **27 June 2022**.

### 2. Required action

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

#### **A. Enhancement of the service offering regarding the clearing of OTC IRD and NDF transactions**

Eurex Clearing will enhance its service offering for the clearing of OTC IRD and NDF transactions to capture transactions concluded within the same legal entity. Launch of this service will be on 27 June 2022.

The service expansion will be conditionally activated by Eurex Clearing on request using the "EurexOTC Clear Interest Rate Derivatives Static Data Form". For further information or activation of the extended service, please contact your direct Key Account Manager under [client.services@eurex.com](mailto:client.services@eurex.com).

To reflect the changes, the following provisions will be amended as outlined in Attachment 1:

- ◆ Chapter VIII Part 1 Number 1.2.8 of the Clearing Conditions

#### **B. References made to 2006 ISDA Definitions and 2000 ISDA Definitions**

Eurex Clearing will update its references made to 2006 ISDA Definitions and 2000 ISDA Definitions in the Clearing Conditions or FCM Regulations to become static in accordance with ISDA communication that no further updates will be published to these documents.

To implement the changes, the following provisions will be amended as outlined in Attachments 1 and 2:

- ◆ Chapter VIII Part 1 Number 1.7 (9) of the Clearing Conditions
- ◆ Chapter II Part 1 Number 1.7 (6) of the FCM Regulations

rate derivative transactions that will be newly included into clearing, payments in GBP that were due under the original bilateral transaction on the day of novation will not become part of (and be owed under) the cleared transaction. This behavior now follows the general standard applied by Eurex Clearing when clearing OTC Interest Rate Derivative Transactions.

To implement this change, the following provisions will be amended as outlined in Attachments 1 and 2:

- ◆ Chapter VIII Part 2 Number 2.2.1 (3) of the Clearing Conditions
- ◆ Chapter II Part 2 Number 2.2.1 (3) of the FCM Regulations

## **Publication of amendments to the Clearing Conditions and the FCM Regulations**

As of the effective date, the full versions of the amended Clearing Conditions and FCM Regulations will be available for download on the Eurex Clearing website [www.eurex.com/ec-en/](http://www.eurex.com/ec-en/) under the following link:

### **Rules & Regs > Eurex Clearing Rules and Regulations**

The changes and 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 ten (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.

## Further information

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

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Target groups: Front Office/Trading, Middle + Backoffice

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Contact: [client.services@eurex.com](mailto:client.services@eurex.com)

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Web: [www.eurex.com/ec-en/](http://www.eurex.com/ec-en/)

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Authorized by: Matthias Graulich

## Further information

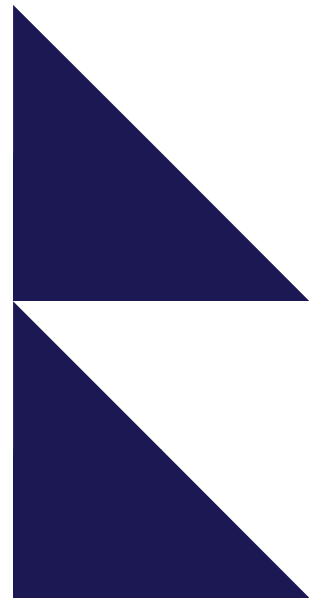
[!\[\]\(ec9132f1d27c8919987d92907322654d\_img.jpg\) Attachment 1 to Eurex Clearing circular 042/22](#)

[!\[\]\(05be7c7a8995decd503647c99211f7c2\_img.jpg\) Attachment 2 to Eurex Clearing circular 042/22](#)

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Chapter VIII of the Clearing Conditions of Eurex Clearing AG

## Clearing of OTC Interest Rate Derivative Transactions and OTC NDF Transactions

As of 27.06.2022



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AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED,

DELETIONS ARE CROSSED OUT.

\*\*\*\*\*

[...]

## Part 1 General Provisions

[...]

### 1.2 Conclusion of Transactions

[...]

#### 1.2.8 Specific Provisions with respect to the Novation of CCP Transactions resulting out of Original OTC Transaction concluded within the same legal entity

- (1) In deviation from Number 1.2.3 (1) Number 1, Eurex Clearing AG may also accept an Original OTC Transaction for inclusion in the Clearing if the Original OTC Transaction was entered within the same entity (it being understood that, depending on the applicable law, such Original OTC Transaction might not be brought to legal existence due to a confusion of rights or similar legal concepts), if (i) such entity is a Clearing Member or ISA Direct Clearing Member or (ii), with respect to such entity that is neither a Clearing Member nor a ISA Direct Clearing Member, the Original OTC Transaction was accepted by the relevant Clearing Member holding the relevant OTC Clearing License, as provided for in Number 1.2.1 Paragraph (2) (b) (i) or Number 1.2.1 Paragraph (2) (b) (ii).
- (2) The functionality set out in Paragraph (1) is activated by Eurex Clearing AG on request and Eurex Clearing AG may, in its free discretion, deactivate this functionality again by giving notice to the affected Clearing Member or ISA Direct Clearing Member. Unless waived by Eurex Clearing AG, the functionality will only be activated, if
- (i) neither the entity which has entered into the Original OTC Transaction nor (if different) the Clearing Member or ISA Direct Clearing Member which will become party to the relevant CCP Transaction as of novation is a United States person as defined in 26 U.S. Code § 7701 (a) (30), and
- (ii) the relevant Clearing Member, ISA Direct Clearing Member and/or Disclosed Direct Client has agreed that the CCP Transactions established under application

of Paragraph (1) do constitute 'Affiliated Transactions' as defined in and/or for the purposes of the Partnership Program Terms 2022 (so that, in particular, these CCP Transactions are not considered in the performance calculation under the Partnership Program Terms 2022).

[...]

## 1.7 Certain Definitions

In This Chapter VIII:

[...]

- (9) **"2006 ISDA Definitions"** shall mean the 2006 Definitions published by ISDA, as amended and supplemented from time to time until 31 December 2021. **"2000 ISDA Definitions"** shall mean the 2000 Definitions published by ISDA, as amended and supplemented from time to time until 31 December 2005. **"2021 ISDA Definitions"** shall mean the 2021 ISDA Interest Rate Derivatives Definitions published by ISDA, as amended and supplemented from time to time.

[...]

## Part 2 Clearing of OTC Interest Rate Derivative Transactions

[...]

### 2.2 Product-related terms for OTC Interest Rate Derivative Transactions

[...]

#### 2.2.1 Payment obligations

[...]

- (3) [...]

~~However, for Original OTC Interest Rate Derivative Transactions where payments are based on SONIA, payments that are due on the day of novation will be owed under the relevant OTC Interest Rate Derivative Transaction. Depending of the time when the respective Original OTC Interest Rate Derivative Transaction is accepted for clearing, these payments under the OTC Interest Rate Derivative Transaction will become due either on the day of novation or on the next Business Day after the day of novation. Any such payments will be reflected on the respective due day in the relevant Intraday Settlement Report.~~

[...]

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Chapter II: Special Provisions for Clearing of Interest Rate Derivative Transactions

## FCM Regulations of Eurex Clearing AG

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INSERTIONS ARE UNDERLINED,

DELETIONS ARE CROSSED OUT.

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[...]

## Part 1 General Provisions

[...]

### 1.7 Certain Definitions

[...]

- (6) **“2006 ISDA Definitions”** shall mean the 2006 Definitions published by ISDA, as amended and supplemented from time to time until 31 December 2021. **“2000 ISDA Definitions”** shall mean the 2000 Definitions published by ISDA, as amended and supplemented from time to time until 31 December 2005. **“2021 ISDA Definitions”** shall mean the 2021 ISDA Interest Rate Derivatives Definitions published by ISDA, as amended and supplemented from time to time.

[...]

## Part 2 Clearing of Interest Rate Derivative Transactions

[...]

### 2.2 Product-related terms for Interest Rate Derivative Transactions

[...]

#### 2.2.1 Payment Obligations

[...]

- (3) [...]

~~However, for Original Swap Transactions where payments are based on SONIA, payments that are due on the day of novation will be owed under the relevant Swap Transaction. Depending of the time when the respective Original Swap Transaction is accepted for clearing, these payments under the Swap Transaction will become due~~

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~~either on the day of novation or on the next Business Day after the day of novation.  
Any such payments will be reflected on the respective due day in the relevant  
Intraday Settlement Report.~~

[...]

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