



Eurex Clearing Resources Circulars & Mailings

Release date: 24 Jun 2020 | Eurex Clearing

No. 052/2020

# Amendments to the Clearing Conditions of Eurex Clearing AG

Eurex Clearing Circular 052/20

## 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) and the FCM Regulations of Eurex Clearing AG (FCM Regulations) regarding the following topics:

**A. Introduction of an obligation to publish the Termination of a Clearing Member, Basic Clearing Member or FCM Clearing Member on Eurex Clearing's website**

**B. Amendments with regards to the Termination and Porting requirements in the FCM Regulations**

**C. Introduction of a Buy-In Cost Reclaim Procedure to the Securities Lending Market**

**D. Representation by Clearing Members and FCM Clearing Members with regards to Eurex Clearing's status as a Recognised Clearing House (RCH) in Singapore**

**E. Admission of Disclosed Direct Clients from the People's Republic of China (PRC) with a Clearing Member outside the PRC**

The amendments under items A. to E. will become effective as of **1 September 2020**.

The amendments under item A. with regards to Chapter I Part 1 Number 7.2 of the Clearing Conditions and the amendments under item C. are subject to a Consultation. The Consultation will end on **24 July 2020**. The planned effective date of these amendments is **1 September 2020**, depending on the outcome of the Consultation which will be communicated in a separate Eurex Clearing circular.

## 2. Required action

The amendments to Chapter I Part 1 Number 7.2 of the Clearing Conditions under item A. and the amendments under item C. are subject to a Consultation which will end with the **expiry of 24 July 2020 ("Consultation Period")**.

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

## 3. Details

**A. Introduction of an obligation to publish the Termination of a Clearing Member, Basic Clearing Member or FCM Clearing Member on Eurex Clearing's website**

The Commodity Futures Trading Commission (CFTC) published new rules with respect to Derivatives Clearing Organizations (DCO) requiring DCOs to communicate the Termination of a Clearing Member, Basic Clearing Member or FCM Clearing Member as soon as possible on its website. This amendment will be included in both rulebooks of Eurex Clearing.

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

- Chapter I Part 1 Number 7.2 of the Clearing Conditions
- Chapter I Part 6 Number 10.5 of the Clearing Conditions
- Chapter I Number 9.2.3 of the FCM Regulations

## **B. Amendments with regards to the Termination and Porting requirements in the FCM Regulations**

Eurex Clearing amends certain provisions in the FCM Regulations as follows:

- Certain legal consequences of the Termination of an FCM Clearing Member shall be effective as of the "FCM Clearing Member Termination Time", instead of the issuance of the Declaration of Termination;
- Eurex Clearing can determine whether the "FCM Clearing Member Replacement Requirements" are fulfilled at its own discretion;
- Eurex Clearing is now entitled to waive certain "FCM Clearing Member Replacement Requirements" to facilitate the porting process;
- Some clarifications regarding the scope of the participation in the non-default losses.

To reflect the amendments, the following provisions will be amended as outlined in Attachment 2:

- Chapter I Numbers 3.1.6, 9.2.3 and 9.4.3 of the FCM Regulations

## **C. Introduction of a Buy-In Cost Reclaim Procedure to the Securities Lending Market**

Eurex Clearing is currently processing buy-ins on request of the lender as part of its late delivery management actions for securities lending transactions. With the introduction of settlement discipline measures under the Central Securities Depository Regulation (CSDR) in 2021, counterparties will be required to process buy-ins on a mandatory basis.

Although central counterparty (CCP) buy-in procedures have been proven as effective, late deliveries are often part of a broader fails chain. To avoid having multiple and sometimes even unnecessary buy-ins in the bilateral market, buy-ins are typically processed only at the end of the fails chain and resulting costs are passed on towards the ultimate party causing the settlement fail. However, under the CSDR framework it is not possible to process buy-ins against a CCP.

To increase settlement efficiency and streamline procedures of the bilateral and cleared market, Eurex Clearing will introduce a buy-in cost reclaim process. This will allow the lender to pass on costs from buy-ins through the CCP vis-à-vis the borrower. It shall be noted that the buy-in process will not replace the buy-in process of the Lending CCP, but provides an additional option for the lender to use the buy-in cost reclaim instead of such buy-in process of the Lending CCP.

To reflect the amendments, the following provisions will be amended as outlined in Attachment 3:

- Chapter IX Part 1 Numbers 1.1.3 (5), (8), (9); 1.1.4 (4); 1.4; Part 2 Numbers 2.1.2 (3); 2.1.5 (2); 2.2.2. (1), (4), (6), (8), (9), (10), (11), (12), (13), (14); 2.4; 2.4.1 (4); 2.4.2 (4); 2.6.1; 2.6.4 (1), (2), (3), (4), (5), (6), (7), (8), (9); 2.6.5 (1), (2); 2.6.6 (1), (2), (3), (4), (5), (6); 2.7.2 (4), (7) and 2.7.4 of the Clearing Conditions

## **D. Representation by Clearing Members and FCM Clearing Members with regards to Eurex Clearing's status as a Recognised Clearing House (RCH) in Singapore**

In its capacity as an RCH in Singapore, Eurex Clearing may only provide clearing services to participants that are not retail investors incorporated in Singapore. The Clearing Conditions as well as the FCM Regulations will therefore be amended accordingly by adding a provision stating that any Clearing Member or FCM Clearing Member that

- is a bank or financial institution domiciled and/or incorporated in Singapore pursuant to the Singapore Companies Act Chapter 50 or
- is or acts through a Singapore-registered branch of a foreign bank or financial institution holding the requisite capital markets services license issued by the Monetary Authority of Singapore under the Securities and Futures Act

represents and warrants to Eurex Clearing that any Direct Clients and Indirect Clients of the Clearing Member or FCM Clearing Member, respectively, that are domiciled and/or incorporated in Singapore, are accredited investors, institutional investors and/or expert investors for the purposes of the Singapore Securities and Futures Act.

To reflect the changes, the following provisions will be amended as outlined in Attachment 4:

- Chapter I Part 1 Number 1.13 of the Clearing Conditions
- Appendix 1 to the Clearing Conditions
- Chapter I Number 1.7.2 of the FCM Regulations

## **E. Admission of Disclosed Direct Clients from the People's Republic of China (PRC) with a Clearing Member outside the PRC**

Eurex Clearing will offer clearing services for exchange-traded derivatives (ETD) and over-the-counter (OTC) products to Clearing Members and FCM Clearing Members not located in the PRC for Disclosed Direct Clients located in the PRC. The Clearing Conditions as well as FCM Regulations will be amended accordingly by adding a provision whereby for OTC products, Clearing Members and FCM Clearing Members represent to Eurex Clearing that any entities domiciled in the PRC that they on-board as Disclosed Direct Clients and/or FCM Clients qualify as eligible investors under the relevant PRC laws.

Additionally, the affected Clearing Members or FCM Clearing Members must ensure by obtaining representation from the respective Disclosed Direct Client and/or FCM Client that the original bilateral transaction was not concluded OTC or off-book between two entities located in the PRC. These requirements will be reflected in representations in the Clearing Conditions.

Eurex Clearing does not hold any license under PRC laws and cannot provide services in the PRC.

To reflect the amendments, the following provisions will be amended as outlined in Attachment 4:

- Chapter I Part 1 Number 1.14 of the Clearing Conditions
- Appendix 1 to the Clearing Conditions
- Chapter I Number 1.7.2 of the FCM Regulations

#### **Consultation with respect to the amendments proposed under A. and C.**

Pursuant to Chapter I Part 1 Number 17 of the Clearing Conditions, the proposed changes and amendments to Chapter I Part 1 Number 7.2 of the Clearing Conditions under A. and the amendments under C. are subject to a Consultation which will end with the **expiry of 24 July 2020 (Consultation Period)**.

#### **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.eurexclearing.com](http://www.eurexclearing.com) under the following link:

[Resources > Forms > Data Forms Subject: Consultation Form](#)

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.

To the extent that Eurex Clearing decides to implement any comments received during the Consultation, the so-amended version of the Clearing Conditions will be published after the Consultation.

The currently envisaged effective date of the changes is **1 September 2020**. 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 other amendments as outlined under A. and amendments as outlined under B., D. and E.**

As of the effective date, the full versions of the amended Clearing Conditions and FCM Regulations of Eurex Clearing AG 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](#)

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 the Default Management Auction Rules or the Default Management Committee Rules of Eurex Clearing AG, as applicable.

#### **Attachments:**

- 1 – Amended sections of  
Chapter 1 Part 1 Number 7.2 of the Clearing Conditions  
Chapter 1 Part 6 Number 10.5 of the Clearing Conditions
- 2 – Amended sections of Chapter I Numbers 3.1.6, 9.3.2 and 9.4.3 of the FCM Regulations
- 3 – Amended sections of Chapter IX Part 1 Numbers 1.1.3 (5), (8), (9); 1.1.4 (4); 1.4; Part 2 Numbers 2.1.2 (3); 2.1.5 (2); 2.2.2 (1), (4), (6), (8), (9), (10), (11), (12), (13), (14); 2.4; 2.4.1 (4); 2.4.2 (4); 2.6.1; 2.6.4 (1), (2), (3), (4), (5), (6), (7), (8), (9); 2.6.5 (1), (2); 2.6.6 (1), (2), (3), (4), (5), (6); 2.7.2 (4), (7) and 2.7.4 of the Clearing Conditions
- 4 – Amended sections of  
Chapter I Part 1 Numbers 1.13 and 1.14 of the Clearing Conditions

Appendix 1 to the Clearing Conditions  
Chapter I Number 1.7.2 of the FCM Regulations

**Further information**

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

---

Target groups: Front Office/Trading, Middle + Backoffice, IT/System Administration, Auditing/Security Coordination

---

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

---

Web: [www.eurexclearing.com](http://www.eurexclearing.com)

---

Authorised by: Heike Eckert

---

---

**Further information**

[Attachment 1 to Eurex Clearing circular 052/20](#)

[Attachment 2 to Eurex Clearing circular 052/20](#)

[Attachment 3 to Eurex Clearing circular 052/20](#)

[Attachment 4 to Eurex Clearing circular 052/20](#)

[Navigate to Eurex News](#)

---

© Eurex Clearing AG

Chapter I of the Clearing Conditions of Eurex Clearing AG

## General Provisions

As of 01.09.2020

\*\*\*\*\*

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

\*\*\*\*\*

[...]

## Part 1 General Clearing Provisions

[...]

### 7 Termination Rules with respect to the Clearing Member

[...]

#### 7.2 Termination Events

7.2.1 [...]

A Termination with respect to the Proprietary Standard Agreement occurs (a) in the case of item (i) above, on the date and time specified in the Grace Period Termination Notice, or (b) in the case of item (ii) above on the date and time specified in the Termination Notice (the date of such Termination being the “**Clearing Member Termination Date**” and the respective termination time being the “**Clearing Member Termination Time**”). The occurrence of a Termination with respect to an Omnibus Standard Agreement and an ISA Standard Agreement is regulated under the Elementary Clearing Model Provisions and the ISA Provisions.

As soon as reasonably practicable, Eurex Clearing AG shall publish the occurrence of a Termination with respect to the Clearing Member on on its website ([www.eurexclearing.com](http://www.eurexclearing.com)).

Where Eurex Clearing has commenced Disciplinary Procedures against a Clearing Member with respect to an Alleged Breach (as defined in the Disciplinary Procedures Rules), Eurex Clearing AG shall for as long as such Disciplinary Procedures are continuing, refrain from delivering a Termination Notice to such Clearing Member on the basis of those facts that have led to the determination of the Alleged Breach by Eurex Clearing AG.

The following events constitute Termination Events under the Clearing Conditions:

[...]

[...]

## **Part 6 Basic Clearing Member Provisions**

[...]

### **10.5 Basic Clearing Member Termination**

A termination with respect to the Basic Clearing Member Standard Agreement (“**Basic Clearing Member Termination**”) occurs

[...]

(the relevant date under (a) to (c) being the “**Basic Clearing Member Termination Date**” and the relevant time being the “**Basic Clearing Member Termination Time**”).

As soon as reasonably practicable, Eurex Clearing AG shall publish the occurrence of a Basic Clearing Member Termination with respect to the Clearing Member on on its website ([www.eurexclearing.com](http://www.eurexclearing.com)).

[...]

\*\*\*\*\*

Chapter I: Clearing Model Related Provisions

# FCM Regulations of Eurex Clearing AG

As of 01.09.2020



|   |                  |
|---|------------------|
|   | Eurex05e         |
| FCM Regulations of Eurex Clearing AG        | As of 01.09.2020 |
|   | Page 2           |
| Chapter I Clearing Model Related Provisions |                  |

\*\*\*\*\*

AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED

DELETIONS ARE CROSSED OUT

\*\*\*\*\*

[...]

## Chapter I Clearing Model Related Provisions

[...]

### 3 General Provisions regarding Margin and Variation Settlement

#### 3.1 General Provisions

[...]

#### 3.1.6 Participation of FCM Clearing Members in non-default losses

(1) If an FCM Clearing Member pays Eligible Margin Assets in the form of cash, denominated in a Commercial Bank Currency, to Eurex Clearing AG:

(a) to meet an FCM Clearing Member Proprietary Margin Requirement or an FCM Client Margin Requirement,

(b) and Eurex Clearing AG either (X) holds such cash amounts in an account maintained with a commercial bank ("**Deposit**") or (Y) invests such cash amounts, partly or in whole, for purposes of liquidity management and liquidity generation ("**Investment**"); and or

~~(b) to meet an FCM Client Margin Requirement, and Eurex Clearing AG holds such cash amounts on an account maintained with a commercial bank (also a "**Deposit**"),~~

~~(c) and~~ Eurex Clearing AG suffers a Loss with respect thereto,

Eurex Clearing AG is entitled to claim compensation for the Loss in accordance with the provisions of this Number 3.1.6.

|   |                  |
|---|------------------|
|   | Eurex05e         |
| FCM Regulations of Eurex Clearing AG        | As of 01.09.2020 |
|   | Page 3           |
| Chapter I Clearing Model Related Provisions |                  |

[...]

## 9 Termination Rules with respect to the FCM Clearing Member

[...]

### 9.2 Termination Events, Insolvency Termination Event, Suspension of Clearing, and Declaration of Termination

[...]

#### 9.2.3 Declaration of Termination

##### (1) Submission of Declaration of Termination

If

[...]

- (b) a Termination Event has occurred and is continuing with respect to the FCM Clearing Member and Eurex Clearing AG determines in its discretion that it would be unreasonable to set a Grace Period or if the relevant Termination Event cannot be remedied,

Eurex Clearing AG shall be entitled to issue a declaration of termination (the **“Declaration of Termination”**) with respect to the FCM Clearing Member (the **“Affected FCM Clearing Member”**) (the **“Declaration of Termination”**) specifying the termination date and time (**“FCM Clearing Member Termination Time”**) with respect to the FCM Clearing Member ~~shall occur~~.

In case of the occurrence of an Insolvency Termination Event with respect to the FCM Clearing Member, Eurex Clearing AG shall issue a Declaration of Termination immediately after acquiring knowledge of the occurrence of the Insolvency Termination Event with respect to the FCM Clearing Member and specifying the **FCM Clearing Member Termination Time** with respect to the FCM Clearing Member. ~~The FCM Clearing Member Termination Time shall be effective immediately upon issuance of the Declaration of Termination relating to the Insolvency Termination Event.~~

As soon as reasonably practicable, Eurex Clearing AG will publish that it has submitted a Declaration of Termination with respect to the FCM Clearing Member on its website ([www.eurexclearing.com](http://www.eurexclearing.com)).

##### (2) Consequences for Own Transactions of the FCM Clearing Member

|   |                  |
|---|------------------|
|   | Eurex05e         |
| FCM Regulations of Eurex Clearing AG        | As of 01.09.2020 |
|   | Page 4           |
| Chapter I Clearing Model Related Provisions |                  |

~~Upon the Declaration of a Termination with respect to an FCM Clearing Member (the “Affected FCM Clearing Member”)~~ As of the FCM Clearing Member Termination Time, the following consequences apply to the Affected FCM Clearing Member with respect to its Own Transactions:

[...]

(3) Consequences for FCM Client Transactions

(a) ~~If Eurex Clearing AG issues a Declaration of Termination against an FCM Clearing Member~~ As of the FCM Clearing Member Termination Time, the following consequences apply to the Affected FCM Clearing Member with respect to the FCM Client Transactions:

[...]

(b) ~~Upon issuance of a Declaration of Termination against an FCM Clearing Member~~ As of the FCM Client Termination Time, Eurex Clearing AG may separately for each FCM Client Netting Set exercise one of the following rights:

[...]

[...]

**9.4 Porting of FCM Client Transactions**

[...]

**9.4.3 Transfer of FCM Client Transactions**

(1) If a potential FCM Clearing Member is willing to accept the transfer of FCM Client Transactions in one or more FCM Client Transaction Accounts, and Eurex Clearing AG determines that all FCM Clearing Member Replacement Requirements in respect of the relevant FCM Client Transactions are fulfilled by the end of the Replacement Cut-Off Time, the FCM Client Transactions, and all rights and obligations of the Affected FCM Clearing Member arising from such FCM Client Transactions, shall be transferred (a “**Transfer**”) to the new FCM Clearing Member (the “**Replacement FCM Clearing Member**”).

[...]

(2) “**FCM Clearing Member Replacement Requirements**” means all of the following requirements:

[...]

(d) the Replacement FCM Clearing Member has (a) provided Eurex Clearing AG with sufficient Eligible Margin Assets to cover any shortfall in Eligible Margin Assets or in any Variation Settlement Amount in respect of all FCM Client

|   |                  |
|---|------------------|
|   | Eurex05e         |
| FCM Regulations of Eurex Clearing AG        | As of 01.09.2020 |
|   | Page 5           |
| Chapter I Clearing Model Related Provisions |                  |

Transactions to which the Transfer relates or (b) committed itself to Eurex Clearing AG to provide the relevant amount of Eligible Margin Assets or Variation Settlement Amounts without undue delay following the Transfer; and

- (e) if the Affected FCM Clearing Member is the subject of an Insolvency Termination Event, the CFTC or bankruptcy trustee (or comparable party administering the proceeding) has consented (or not disapproved) the Transfer.

Eurex Clearing AG may, in its free discretion, waive any of the FCM Clearing Member Replacement Requirements in whole or in part to the extent alternative arrangements have been agreed on with the relevant Replacement FCM Clearing Member with respect to the relevant FCM Client Transactions to be transferred.

[...]

[...]

\*\*\*\*\*

Chapter IX of the Clearing Conditions of Eurex Clearing AG

## Clearing of Securities Lending Transactions

As of 01.09.2020

\*\*\*\*\*

AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED,

DELETIONS ARE CROSSED OUT.

\*\*\*\*\*

[...]

## Part 1 General Provisions

[...]

### 1.1 Clearing License

[...]

#### 1.1.3 Specific Lender License

[...]

(5) The prerequisites to be fulfilled for the granting of the Specific Lender License are the following:

- (a) the applicant is (i) (1) licensed as a credit institution, (2) licensed as a financial institution, (3) licensed as an insurance undertaking, (4) licensed as a reinsurance undertaking, (5) licensed as an investment firm, (6) a pension fund, pension scheme or similar arrangement, (7) an Incorporated Fund, (8) an Unincorporated Fund or (9) a Sub-Fund, provided that in case of (1) to (6) above, each of the applicants and, in case of (7) to (9) above, the Authorised Manager (if any) of the Incorporated Fund, the Unincorporated Fund or the Sub-Fund, as the case may be, must be supervised in accordance with legislation of the European Union relating to the prudential supervision of regulated entities, or (ii) subject to equivalent supervision in its jurisdiction of incorporation as determined by Eurex Clearing AG, provided that the competent supervisory authority is a signatory to Appendix A of the IOSCO Multilateral Memorandum of Understanding or has signed a bilateral memorandum of understanding with the Federal Financial Services Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht – “BaFin”*), or (iii) a governmental entity or supranational organisation pursuant to Chapter I Part 1 Number 2.1.3 Paragraph (1); provided that in each case of (i) to (iii) above admittance will only be granted by Eurex Clearing AG upon request and upon the sole risk assessment of Eurex Clearing AG;

[...]

[...]

(8) With respect to a holder of a Specific Lender License that is an Unincorporated Fund or a Sub-Fund, Chapter I Part 1 Number 1.1.12 (except for Chapter I Part 1 Number 1.1.12 (2)) shall apply *mutatis mutandis*, provided that

(i) each reference to a “**Basic Clearing Member**” in Chapter I Part 1 Number 1.1.12 Paragraph (5) shall be read as a reference to a “**Holder of a Specific Lender License**”,

[...]

(iii) for the purpose of Chapter I Part 1 Number 1.1.12~~7~~ Paragraph (5) (i) and (j) (applied *mutatis mutandis*), the Authorised Manager is required to submit an amended Annex to the Clearing Agreement in the form appended hereto as Appendix 6 to Eurex Clearing AG only, and

[...]

(9) A holder of a Specific Lender License that is an Incorporated Fund or another legal entity may elect to act through an Authorised Manager by submitting the relevant details in the Annex to the Clearing Agreement in the form appended hereto as Appendix 6 in accordance with Paragraph (8), which applies *mutatis mutandis*. Following such election the holder of a Specific Lender License shall qualify as a Relevant Fund for the purpose of Paragraph (8) in conjunction with Chapter I Part 1 Number 1.1.12 (both applied *mutatis mutandis*). However, such holder of a Specific Lender License shall itself (acting through the Authorised Manager) make the representations and warranties in accordance with (i) Chapter I Part 1 Number 1.1.12 Paragraph (5) (f) (which apply in connection with Paragraph (8)) each time it enters (acting through the Authorised Manager) into a Clearing Agreement in the form appended hereto as Appendix 6 or a Securities Lending Transaction and (ii) Chapter I Part 1 Number 1.7.

#### 1.1.4 Participation of Agent Lenders

[...]

(4) Chapter I Part 1 Numbers 15.2.3~~2~~ ~~Sentence 4~~, 15.2.5, 15.2.4 (7)~~6~~, ~~and~~ 15.2.6~~7~~ and 15.2.7 shall apply *mutatis mutandis* to the use of the services of an Agent Lender by a Lender Clearing Member.

[...]

[...]

#### 1.4 Set-Off

(1) A set-off in relation to the following claims is excluded:

[...]

- (c) cash claims pursuant to Number 2.6.4 Paragraphs ~~(3), (5) or (6)~~~~(7), (8), (9) or (10)~~, Number 2.6.5 Paragraph (2) and Number 2.6.6 Paragraphs ~~(2), (4) or (5)~~~~(4), (5), (6) or (7)~~, provided that a cash claim pursuant to Number 2.6.4 Paragraphs ~~(3), (5) or (6)~~~~(7), (8), (9) or (10)~~ or pursuant to Number 2.6.6 Paragraphs ~~(2), (4) or (5)~~~~(6) or (7)~~ may be set off with a cash claim pursuant to Number 2.6.5 Paragraph (2).

[...]

[...]

## **Part 2 Terms and Conditions of Securities Lending Transactions**

[...]

### **2.1 General Provisions of Securities Lending Transactions**

[...]

#### **2.1.2 Eligible Principal Collateral Assets and Principal Collateral Redelivery Claim**

[...]

- (3) Unless Number 2.1.5 Paragraph (2) applies, the purpose of the delivery of Principal Collateral is to cover the claim for (i) delivery of Equivalent Loaned Assets on the Maturity Date (including in the case of a transformed Securities Lending Transaction pursuant to Number 2.7.4 Paragraph (1) (c)) or (ii) payment of the applicable cash amount in the event of a cash settlement pursuant to Number 2.4.1 Paragraph (2) (c) and (d) (ii), Number 2.4.2 Paragraph (1) (a), Number 2.4.5, Number 2.6.4 Paragraph ~~(3), (5) and (6)~~~~(8), (9) and (10)~~ as well as Number 2.7.2 Paragraph (4) (b) and (c), Number 2.7.3 Paragraph (2) and Number 2.7.4 Paragraph (1) (c) (iii). If Non-Cash Principal Collateral is provided with respect to an Exposure Netting Unit, the purpose of the delivery of such Non-Cash Principal Collateral is to cover the claims referred to in the preceding sentence in relation to all Securities Lending Transactions to which such Exposure Netting Unit relates. For the avoidance of doubt, in respect of a Securities Lending Transaction relating to Loaned Securities or Equivalent Loaned Securities for which EUI acts as the settlement location, Principal Collateral shall not cover any claims of the Lender Clearing Member against Eurex Clearing Borrower and Eurex Clearing Lender against the Borrower Clearing Member, that, in each case, result from any Securities Distribution (including any Securities Distribution resulting from any Dividend With Options).

[...]

[...]



## **2.1.5 Provision of Principal Collateral, Equivalent Principal Collateral and Pledge-Back Principal Collateral**

[...]

(2) [...]

The purpose of any such pledge is to secure Eurex Clearing Borrower's obligation (i) to deliver the Equivalent Loaned Assets on the Maturity Date (including in the case of a transformed Securities Lending Transaction pursuant to Number 2.7.4 Paragraph (1) (c)) or (ii) to pay the applicable cash amount in the event of a cash settlement pursuant to Number 2.4.1 Paragraph (2) (c) and (d) (ii), Number 2.4.2 Paragraph (1) (a), Number 2.4.5, Number 2.6.4 Paragraph ~~(3), (5) and (6)~~~~(8), (9) and (10)~~ as well as Number 2.7.2 Paragraph (4) (b) and (c), Number 2.7.3 Paragraph (2) and Number 2.7.4 Paragraph (1) (c) (iii), in each case with respect to the specific Securities Lending Transaction only, except that, where Non-Cash Principal Collateral is provided in relation to an Exposure Netting Unit, the purpose of the pledge of such Non-Cash Principal Collateral is to secure such obligations of Eurex Clearing Borrower with respect to all Securities Lending Transactions to which such Exposure Netting Unit relates.

[...]

[...]

## **2.2 Delivery and Return of Loaned Assets**

[...]

### **2.2.2 Return of Equivalent Loaned Assets**

(1) On the Maturity Date (as defined in Paragraph (8) below), the Borrower Clearing Member and Eurex Clearing Borrower are each required to transfer Equivalent Loaned Assets to Eurex Clearing Lender and the Lender Clearing Member, respectively, (i) against delivery of Equivalent Principal Collateral by each of the Lender Clearing Member to Eurex Clearing Borrower and by Eurex Clearing Lender to the Borrower Clearing Member, respectively, or (ii) if Principal Collateral is provided by Eurex Clearing Borrower by way of a pledge pursuant to Number 2.1.5 Paragraph (2), against release of such pledge (in accordance with Number 2.1.5 Paragraph (2)) by the Lender Clearing Member (Pledge) or SLLH (Pledge), provided in the case of (i) above, that if such Securities Lending Transaction forms part of an Exposure Netting Unit, the Maturity Date relates to more than one Securities Lending Transaction comprised in such Exposure Netting Unit and the Lender Clearing Member (other than an SLLH (Pledge) or Lender Clearing Member (Pledge)) does not offer to deliver the aggregate Equivalent Principal Collateral for all Securities Lending Transactions comprised in such Exposure Netting Unit and in respect of which a Maturity Date occurred:

(a) Eurex Clearing AG shall be entitled to decide (in its discretion, based on reasonable criteria and taking into account the value of Eligible Principal Collateral Assets that the Lender Clearing Member offers to deliver in respect

of such Exposure Netting Unit) in respect of which of the Securities Lending Transactions comprised in such Exposure Netting Unit and in respect of which a Maturity Date occurred the obligation to transfer Equivalent Loaned Assets shall become due (and in which order); and

[...]

- (3) In respect of any Securities Lending Transaction which is an Open Term Loan, —the Lender Clearing Member and Eurex Clearing Lender are each entitled to recall from Eurex Clearing Borrower and the Borrower Clearing Member, respectively, all (or, to the extent provided for by the rules of the relevant Third Party Flow Provider, any part of) the Equivalent Loaned Securities at any time.

— In respect of any Securities Lending Transaction, the Borrower Clearing Member and the Lender Clearing Member may mutually agree on a recall of all (or, to the extent provided for by the rules of the relevant Third Party Flow Provider, any part of) the Equivalent Loaned Assets at any time.

Any such recall of all or part of the Equivalent Loaned Assets (each a “**Recall**”) shall be subject to the following paragraphs.

- (4) Except in the case of the second sub-paragraphs of Paragraph (2) and Paragraph (3) above, any Return or Recall requests may be made independently of the other party to the Securities Lending Transaction. ~~To the extent the rules of the Third Party Flow Provider contain such provisions, the placement of a Return request shall automatically create a Recall request and the placement of a Recall request shall automatically create a Return request.~~

[...]

- (6) Upon receipt of a valid Return or Recall request from a Clearing Member in respect of a Securities Lending Transaction, Eurex Clearing AG (in its capacity as Eurex Clearing Lender or Eurex Clearing Borrower, as applicable) shall make a corresponding Return or Recall request to the relevant other Clearing Member in respect of the related Securities Lending Transaction on the same terms and conditions as the Recall or Return request received by Eurex Clearing AG under the Securities Lending Transaction. All Return and Recall requests shall be made via the Third Party Flow Provider.

[...]

- (8) The “**Maturity Date**” of the relevant Securities Lending Transaction is
- (i) ~~in the case of an Open Term Loan, is the earlier of~~
- (a) the date specified as such in a Return (request) (which has not been withdrawn or cancelled),
- (b) the date specified as such in ~~or a~~ Recall or Return agreed pursuant to the second sub-paragraph of Paragraph (2) or (3) above,

- (c) the date specified as such in a Recall (request) pursuant to the first sub-paragraph of Paragraph (3) (if any, and which has not been withdrawn or cancelled),
- (d) if a Recall request and a Return request specify the same date, such date, whichever date first becomes effective (or, if a Return or Recall request specify the same date, such date), or
- (~~e~~) the date fixed as final maturity of the Securities Lending Transaction in the Loan Information, or
- (f) 31 December 2099; or
- (ii) in the case of a Fixed Term Loan, the earlier of
- (a) the date specified in the Loan Information, subject to an amendment of such date in accordance with Number 1.2.2 Paragraph (3), if any, or
- (b) the date specified as such in a Recall or Return agreed pursuant to the second sub-paragraph of Paragraph (2) or (3) above,

and (for the avoidance of doubt) subject to an adjustment of such date due to a termination in accordance with Number 2.7.2, Number 2.7.3 or Number 2.7.4;

provided that:-

- (A) If such Maturity Date is a Business Day immediately following ~~Labour Day 1 May~~ and if, with respect to the Underlying Securities of the relevant Securities Lending Transaction, a corporate action pursuant to Number 2.4.1 Paragraph (2) or Number 2.4.2, requiring an ISIN or a nominal change, is to be carried out on ~~one of these~~ such holidays, the Maturity Date of the relevant Securities Lending Transaction shall be postponed to the next following Business Day (i.e. to the second Business Day following ~~Labour Day 1 May~~).
- (B) a Return request or a Recall request shall not be valid (and the relevant Maturity Date resulting therefrom shall not occur) if it provides for a "Maturity Date" that would fall (as determined by Eurex Clearing AG) prior to the last day of the standard settlement period of the relevant cash market for the settlement of the Equivalent Loaned Securities applicable to the date of receipt of such Return request or Recall request, unless the relevant Return or Recall has been mutually agreed by the Borrower Clearing Member and the Lender Clearing Member;
- ~~(B)~~(C) a Return request, a Recall Request or a Return or Recall mutually agreed between the Borrower Clearing Member and the Lender Clearing Member shall not be valid (and the relevant Maturity Date resulting therefrom shall not occur) if In the case of a Return request by the Borrower Clearing Member to Eurex Clearing Lender, the date specified therein as "Maturity Date" may not be is a date which falls (i) in the case of a Return (request), after the second anniversary of the date on which the Return request has been received by Eurex Clearing Lender or (ii) in the case of a Recall (request), after the date pursuant

~~to item (i) (b) of the definition of Maturity Date. Moreover, the Maturity Date shall not fall prior to the last day of the standard settlement period of the relevant cash market for the settlement of the Equivalent Loaned Securities applicable to the date of receipt of such Return request, as determined by Eurex Clearing AG, unless the Return request has been mutually agreed by the Borrower Clearing Member and the Lender Clearing Member. In the case of a Recall request by the Lender Clearing Member to Eurex Clearing Borrower, the date specified as "Maturity Date" shall be a date which falls (i) not prior to the last day of the standard settlement period of the relevant cash markets for the settlement of the Equivalent Loaned Securities applicable to the date of receipt of such Recall request, as determined by Eurex Clearing AG, and (ii) not after on a date later than the 31<sup>st</sup> Business Day after the date on which the Recall request has been received by Eurex Clearing Borrower or (iii) after the date pursuant to item (i) (e**b**) or (f) of the definition of "Maturity Date"; and. Moreover, the Maturity Date shall not fall prior to the last day of the standard settlement period of the relevant cash market for the settlement of the Equivalent Loaned Securities applicable to the date of receipt of such Recall request, as determined by Eurex Clearing AG, unless the Recall request has been mutually agreed by the Borrower Clearing Member and the Lender Clearing Member.~~

~~(C)(D)~~ ~~\_\_\_\_\_~~ ~~in the case of Securities Lending Transactions in which fixed income securities are to be delivered as Equivalent Loaned Securities, the day determined as the Maturity Date must be no later than the twelfth Business Day preceding the maturity of the fixed income securities.~~

- (9) In the event of a partial Return or Recall request of Equivalent Loaned Assets ~~in part~~, the term "Maturity Date" shall only refer to such portion of the Loaned Assets, Principal Collateral, Equivalent Loaned Assets and Equivalent Principal Collateral to which such Recall or Return request relates. Following the settlement of the partial Recall or Return request, the "Securities Lending Transaction" shall relate only to such Loaned Assets, Principal Collateral, Equivalent Loaned Assets and Equivalent Principal Collateral as reduced by the settlement of such partial Recall or Return request.
- (10) Eurex Clearing AG reserves the right, to postpone the settlement of a Return or Recall (request) received by it and/or given by it for serious cause (*aus wichtigem Grund*). The Maturity Date shall be postponed accordingly.
- (11) If Eurex Clearing AG has submitted a Recall request to the Borrower Clearing Member in accordance with Paragraph (6), the Borrower Clearing Member shall issue a matching notice to Eurex Clearing AG in the format of a "Return request", provided that the Maturity Date shall occur as a result of the Recall request irrespective of such matching notice. The Borrower Clearing Member shall further provide all necessary instructions to the relevant settlement location for a delivery of the relevant Equivalent Loaned Securities on such Maturity Date. Eurex Clearing AG may issue such delivery instructions on behalf of the Borrower Clearing Member by using the power of attorney referred to in Part 1 Number 1.1.3 Paragraph (5)(f).

(142) In respect of Equivalent Loaned Securities for which EUI acts as the settlement location, the Borrower Clearing Member shall provide all instructions to EUI that are required to effect a transfer of Equivalent Loaned Securities to Eurex Clearing Lender, and Eurex Clearing Borrower shall provide all instructions to EUI that are required to effect a transfer of Equivalent Loaned Securities to the Lender Clearing Member, in each case in accordance with this Number 2.2.2. The Borrower Clearing Member shall, in respect of any such transfer, only provide instructions on the transfer of the entirety of the relevant Equivalent Loaned Securities that are to be delivered on the Maturity Date but not only on the transfer of any portions thereof.

[...]

(123) If the Borrower Clearing Member provides any instruction to EUI for a transfer of Equivalent Loaned Securities to Eurex Clearing AG, but no obligation of the Borrower Clearing Member to make such transfer is due in accordance with this Chapter IX, the Borrower Clearing Member shall promptly submit appropriate instructions to EUI for a retransfer of such Equivalent Loaned Securities to the Borrower Clearing Member. If and for as long as the Borrower Clearing Member negligently or wilfully fails to provide any such required instruction to EUI, Eurex Clearing AG will, in order to enhance settlement discipline, irrespective of whether Eurex Clearing AG has suffered a loss, charge the Borrower Clearing Member an amount of EUR 300 or USD 500 for each day of such failure (with a maximum of EUR 3,000 or USD 5,000).

(134) The Borrower Clearing Member shall reimburse Eurex Clearing AG for any fees or penalties that may be payable by Eurex Clearing AG to EUI as a result of any instruction required to effect a transfer of Equivalent Loaned Securities (in relation to Equivalent Loaned Securities for which EUI acts as the settlement location) having been provided after any deadline applicable pursuant to the rules of EUI, unless Eurex Clearing AG has negligently or wilfully caused the delay of such instruction.

[...]

## 2.4 Corporate Actions

[...]

In respect of any corporate action (~~other including than~~ any Dividends With Options in relation to ACON Securities (as defined in Number 2.4.1 Paragraph (4)) but excluding any Dividends With Options in relation to securities that do not qualify as ACON Securities) relating to Loaned Securities or Equivalent Loaned Securities for which EUI acts as the settlement location, a Clearing Member shall not provide any instruction to EUI that changes the default processing of such corporate action ("*Skip Transformation*"). If, contrary to the previous sentence, a Clearing Member negligently or wilfully provides any such "*Skip Transformation*" instruction to EUI, Eurex Clearing AG may, in order to enhance settlement discipline, irrespective of whether Eurex Clearing AG has suffered a loss, charge such Clearing Member an amount of EUR 300 or USD 500 for each such instruction.

[...]

#### 2.4.1 Distributions in respect of Underlying Securities

In relation to any Securities Lending Transaction, if a relevant date on which the holders of the Underlying Securities are identified as being holders of an entitlement to any interest, dividends, rights or other distributions of any kind (the **"Record Date"**) falls in the period from, and including, the Value Date (taking into account any postponement pursuant to Number 2.6.1 or 2.6.2) to, and excluding the Maturity Date (taking into account any postponement pursuant to Number 2.6.4 or 2.6.5), subject to and in accordance with the following provisions the Borrower Clearing Member shall pay or deliver to Eurex Clearing Lender under such Securities Lending Transaction, and Eurex Clearing Borrower shall pay or deliver to the Lender Clearing Member under the related Securities Lending Transaction, a sum of money, securities or other assets (i) which were agreed between the Lender Clearing Member and the Borrower Clearing Member or (ii), if no such agreement was reached, which are equivalent to the amount of such interest, dividends, rights or other distributions of any kind (including any securities or instruments or cash in lieu of such distributions as a result of the exercise of any option relating to such distributions) that would be received by the Lender Clearing Member as a holder thereof on the Record Date assuming such Loaned Securities were retained by the Lender Clearing Member on the Record Date (each a **"Distribution"**), provided that, in respect of Loaned Securities or Equivalent Loaned Securities for which EUI acts as the settlement location, the amount and type of the Distribution (including any securities or instruments or cash in lieu of such distribution as a result of the exercise of any option relating to such distribution) shall be the amount and type determined by EUI and communicated to Eurex Clearing AG (subject, however, to Number 2.1.8). No such obligation to pay a Distribution pursuant to the preceding sentence applies, if – on the trade date of the Original Securities Lending Transactions – the Underlying Securities did not include a claim to interest, dividends, rights or other distributions resulting from the respective corporate action.

[...]

- (4) Dividends With Options in respect of Loaned Securities for which EUI acts as the settlement location

If a Dividend With Options relates to Loaned Securities or Equivalent Loaned Securities for which EUI acts as the settlement location and that do not qualify as ACON Securities (as defined below), the following sub-paragraphs (a) to (j) of this Paragraph (4) apply:- If a Dividend With Options relates to Loaned Securities or Equivalent Loaned Securities for which EUI acts as the settlement location and that qualify as ACON Securities (as defined below), Number 2.4.2 Paragraph (4) applies.

"ACON Securities" means securities in respect of which the relevant issuer has specified (as determined by Eurex Clearing AG) that the processing of dividends with options shall be handled via "ACON" messages in the CREST system of EUI.

[...]

## 2.4.2 **Mandatory Reorganisations, Voluntary Reorganisations and Mandatory Reorganisations With Options in respect of Underlying Securities**

[...]

- (4) Mandatory Reorganisations With Options in respect of Loaned Securities for which EUI acts as the settlement location

**“Mandatory Reorganisations With Options”** are certain corporate actions (including, with respect to ACON Securities only, Dividends With Options) in respect of which the participation as such of the relevant holder of the relevant Underlying Securities is mandatory, but in respect of which the holder of the relevant Underlying Securities has the option to choose between different benefits. For the avoidance of doubt, Dividends With Options relating to Loaned Securities other than ACON Securities do not qualify as Mandatory Reorganisations with Options.

[...]

[...]

## 2.6 **Failure to Deliver**

### 2.6.1 **Failure to Deliver by the Lender Clearing Member on the Value Date**

- (1) If the Lender Clearing Member fails to actually deliver the Loaned Assets (in respect of which a delivery obligation has become due) to Eurex Clearing Borrower in full on the Value Date or any Business Day thereafter, if applicable, with respect to a specific Securities Lending Transaction (the **“Non-Settled Transaction”**), the settlement of such Non-Settled Transaction and the settlement of the related Securities Lending Transaction shall be postponed to the next following Business Day.

[...]

If no actual delivery of the Loaned Assets (in respect of which a delivery obligation has become due) occurs in full by the end of the second Business Day immediately following the original Value Date, Eurex Clearing AG shall cancel the Non-Settled Transaction and the related Securities Lending Transaction. Cancellation confirmations shall be given in accordance with Number 1.2.3 Paragraph (4).

[...]

### 2.6.4 **Failure to Deliver by the Borrower Clearing Member on the Maturity Date**

- (1) If the Borrower Clearing Member fails to actually deliver the relevant Equivalent Loaned Assets which are due to be returned to Eurex Clearing Lender in full on the Maturity Date ~~or any Business Day thereafter~~ with respect to a specific Securities Lending Transaction (the **“Non-Performed Transaction”**) and provided that the related Return or Recall request, if any, has not been withdrawn in accordance with Number 2.2.2 Paragraph (7) or cancelled, the redemption of such Non-Performed Transaction and the redemption of the related Securities Lending Transaction shall

be postponed to the next following Business Day and, if the Borrower Clearing Member fails to actually deliver such Equivalent Loaned Assets with respect to the Non-Performed Transaction in full on such Business Day, the redemption of such Non-Performed Transaction and the redemption of the related Securities Lending Transaction shall be further postponed for consecutive intervals of one Business Day each (but without prejudice to a cancellation of the relevant Recall request and reinstatement of the relevant Open Term Loan in accordance with Paragraph (5) (a)), provided that no such postponement shall be made beyond the end of the Extension Period (as defined in Paragraph (3)). Such postponement of (only) the related Securities Lending Transaction shall also occur if the non-delivery of the relevant Equivalent Loaned Assets by the Borrower Clearing Member relates to the occurrence of a Termination Date with respect to the Borrower Clearing Member or if a Termination Date with respect to the Borrower occurs following any such non-delivery.

If any party to a Non-Performed Transaction or the related Securities Lending Transaction has already received any Equivalent Loaned Assets or Equivalent Principal Collateral from the respective other party on such Maturity Date or such Business Day prior to the postponement in relation to such Non-Performed Transaction or the related Securities Lending Transaction, such party shall return such assets on such Business Day, unless a Termination Date has occurred with respect to the relevant other party and, as a result thereof, the corresponding return obligation of such other party is not enforceable.

If the Borrower Clearing Member fails to actually deliver the Equivalent Loaned Assets in the form of cash to Eurex Clearing AG in full until 9:30 (Frankfurt am Main time) on the Business Day following the Maturity Date (not taking into account a postponement in accordance with this Paragraph (1)) with respect to the Non-Performed Transaction, a Termination Event pursuant to Chapter I Part 1 Number 7.2.1 Paragraph (1) shall have occurred with respect to the Borrower Clearing Member (irrespective of the fact whether a failure to deliver the Equivalent Principal Collateral by the Lender Clearing Member pursuant to Number 2.6.5 Paragraph (1) occurs at the same time).

For the avoidance of doubt, the following provisions of this Number 2.6.4 do not apply if the non-delivery of the relevant Equivalent Loaned Assets by the Borrower Clearing Member relates to the occurrence of a Termination Date with respect to the Borrower Clearing Member or (but without prejudice to Paragraph (3) (f) and (i)) if a Termination Date with respect to the Borrower Clearing Member occurs following any such non-delivery (including where Eurex Clearing AG conducts a Return in accordance with Number 2.7.2 Paragraph (4) (a)).

- (2) If a Record Date for a Cash Distribution or for a Securities Distribution pursuant to Number 2.4.1 (including a Record Date in respect of a Dividend With Options in relation to Loaned Securities or Equivalent Loaned Securities for which EUI acts as the settlement location, but excluding any Record Date in respect of any other Securities Distribution in relation to Loaned Securities or Equivalent Loaned Securities for which EUI acts as the settlement location) or the Market Deadline in connection with a Voluntary Reorganisation pursuant to Number 2.4.2 (but excluding



any Voluntary Reorganisation in relation to Loaned Securities or Equivalent Loaned Securities for which EUI acts as the settlement location) occurs with respect to a Non-Performed Transaction between Eurex Clearing Lender and the Borrower Clearing Member, the Borrower Clearing Member shall be obliged to pay a contractual penalty to Eurex Clearing AG irrespective of whether Eurex Clearing AG has suffered a loss.

[...]

(3) In addition, the following applies with respect to a Non-Performed Transaction between Eurex Clearing AG and the Borrower Clearing Member which is a Securities Loan other than where the occurrence of the Maturity Date of such Non-Performed Transaction has been based on a Return request by the Borrower Clearing Member and a corresponding Return request by Eurex Clearing Borrower (in respect of which the Lender Clearing Member has not submitted a matching Recall request):

(a) The Lender Clearing Member may submit a Buy-In Notice to Eurex Clearing AG (with a copy to the Borrower Clearing Member) by no later than 09:00 hours (Frankfurt am Main time) on the first Business Day after the end of the Extension Period.

"Buy-In Notice" means a notice in text form (Textform) that a buy-in is made by a third party to which the Lender Clearing Member directly or indirectly owes the delivery, in whole or in part, of securities equivalent to the relevant Loaned Securities (and, in the case of a partial buy-in, the aggregate nominal amount of the Equivalent Loaned Securities that are captured by such buy-in).

"Extension Period" means the period defined as the "extension period" in Article 7(3) of Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 (the "CSD Regulation"), calculated from the original Maturity Date (i.e. not taking into account any postponement in accordance with Paragraph (1)), subject to any increase of the extension period in accordance with Article 7(4)(a) CSD Regulation in connection with Article 36 of Commission Delegated Regulation (EU) 2018/2019 of 25 May 2018 supplementing Regulation (EU) No 909/2014 with regard to regulatory technical standards on settlement discipline (the "CSDR Delegated Regulation II"), provided that, with respect to a Securities Loan or Loaned Securities not falling within the scope of Article 7 of the CSD Regulation or falling within the exemption set out in Article 7(4)(b) of the CSD Regulation, references in Paragraph (1), in this Paragraph (3) and in Paragraph (5) to the "Extension Period" shall have the same meaning irrespective of such non-application or such exemption.

(b) Upon the receipt by the Borrower Clearing Member of the copy of the Buy-In Notice in accordance with sub-paragraph (a) (or, if the Borrower Clearing Member receives such copy prior to the end of the Extension Period, upon the