

Eurex Clearing AG
ECAG Rule Certification 062-21
July 13, 2021

1. The text of the proposed amendments to the Clearing Conditions (“Clearing Conditions”) of Eurex Clearing AG (“Eurex Clearing”), the FCM Regulations of Eurex Clearing (“FCM Regulations”) and Price List (“Price List”) of Eurex Clearing is appended as Attachment A. Any additions are underlined and any deletions are struck through.
2. The date of intended implementation is August 1, 2021.
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/ec-en/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 to amend its Clearing Conditions, FCM Regulations, and Price List regarding the following topics:

- A. The proposed amendments introduce a simplified security collateral fee scheme concerning margin collateral and the default fund contribution. First, the staged securities collateral fee scheme approach will be replaced by a flat securities collateral fee of 10 basis points, which will apply to net and gross segregated pools, though there will be no changes to the current exceptions for OTC Interest Rate Derivatives client pools (100 percent discount) and ISA Direct Clients (Basic Clearing Members) (50 percent discount).

Second, the proposed amendments introduce a fee on GC Pooling[®] re-use collateral delivered by Clearing Members and Basic Clearing Members to cover their proprietary margin requirements. The security collateral fee will be charged on a collateral pool level and will apply to all collateral pool types (default, omnibus, and segregated). The regular fee will be set to 5 basis points per annum for all pool types; however, this fee is fully waived (100 percent discount until June 30, 2022, meaning no collateral handling fee will be applied to GC Pooling[®] re-use collateral before July 1, 2022. Where the securities delivered through the GC Pooling[®] re-use collateral fee collateralize Eurex Clearing’s exposure against the Clearing Member or Basic Clearing Member that results out of repo transactions, a discount of 100 percent will remain granted.

Third, the proposed amendments clarify that, due to Eurex Clearing's healthy overall cash-to-securities ratio, it will normally not charge an additional concentration fee and will adjust the fee to 7.5 basis points that may be applicable for Clearing Members and Basic Clearing Members with an overall cash-to-securities ratio (with respect to margin assets and Contributions to the Default Fund) below 30 percent. Eurex Clearing Circular 062/21, which is appended as Attachment A, provides further detail with respect to two pricing options for this concentration fee.

- B. The proposed amendments introduce JPY as an additional cash collateral currency to allow customers to utilize JPY, in response to requirements from customers and to support MSCI derivatives contracts, OTC Interest Rate Derivatives, and the trading hours extension. JPY is already supported as a currency for variation margin and non-cash initial margin, and therefore these amendments leverage existing infrastructure.
- C. The proposed amendments align the securities collateral fee related to Default Fund contributions provided in USD. Specifically, the cash service fee for Eligible Margin Assets in the form of cash denominated in USD and delivered to Eurex Clearing for overnight holdings will be subject to a discount on the standard service fee of 20 percent, resulting in an absolute service fee of 40 basis points p.a. In addition, there will be a temporary reduction of the cash service fee to 20 basis points until further notice. This discount will also be applied to cash denominated in USD for overnight holdings delivered as Contributions to the Default Fund.
- D. The proposed amendments introduce a rejection right regarding Eligible Margin Assets. Currently, Eurex Clearing can request an exchange of Eligible Margin Assets that were delivered to Eurex Clearing in case any specific Eligible Margin Assets provided by a Clearing Member or Basic Clearing Member are subject to adverse market developments. The proposed amendments introduce a rejection right in relation to Eligible Margin Assets that are delivered with a pre-advice notice, i.e., before such assets are effectively received by Eurex Clearing.

Further information regarding the operation, purpose, and effect of the proposed amendments is discussed in Attachment A.

Eurex Clearing has identified the following derivatives clearing organization ("DCO") Core Principles as potentially being relevant to the above amendments:

1. DCO Core Principles D (Risk Management) and G (Default Rules and Procedures): The proposed amendments will comply with DCO Core Principles D and G because the amendments simplify the fee structure for securities collateral for margin collateral and the default fund contribution, introduce a new cash collateral currency, and introduce a rejection right regarding Eligible Margin Assets. Eurex Clearing will continue to comply with these Core Principles by appropriately limiting its exposure to potential losses from defaults from members through margin requirements and other risk control mechanisms and by continuing to have rules and procedures that allow for the efficient, fair, and safe management of potential member insolvency events.

CERTIFICATIONS PURSUANT TO SECTION 5c OF THE COMMODITY EXCHANGE ACT, 7
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: July 13, 2021