

Eurex Clearing AG
ECAG Rule Certification 053-22
August 4, 2022

1. The text of the proposed amendments to the Clearing Conditions (“Clearing Conditions”) of Eurex Clearing AG (“Eurex Clearing”), Pledge Agreement relating to pledges by an ISA Direct Light License Holder in relation to GC Pooling Repo Transactions in accordance with Chapter IV Part 3 Number 3.4 of the Clearing Conditions (“Pledge Agreement relating to pledges by an ISA Direct Light License Holder”), 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 of the proposed amendments is October 24, 2022.

The proposed amendments in Nos. 1-5 below fall within the scope of Special Provisions of the Clearing Conditions and are subject to a consultation process (“Consultation”). The Consultation will end upon expiry of August 14, 2022 (“Consultation Period”). The planned effective date of these amendments is October 24, 2022 depending on the outcome of the Consultation, which will be communicated in a separate Eurex Clearing Circular.

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/ecen/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 the following amendments to the Clearing Conditions, Pledge Agreement relating to pledges by an ISA Direct Light License Holder, and Price List:

1. Amendments to the Clearing Conditions relating to the migration from Xemac to Cmax in relation to provision of security collateral (securities collateral for margin, insufficient own funds, and Default Fund contributions)

Eurex Clearing is proposing amendments to the Clearing Conditions and in the relevant appendices relating to the decommissioning of the legacy collateral management system of Clearstream Banking AG, Frankfurt (“CBF”) Xemac and the migration to the collateral management system of Clearstream Banking S.A., Luxembourg (“CBL”) Cmax. Clearing Members currently using Xemac for the provision of margin collateral will be affected and will need to switch to Cmax or use a different collateral location or cash.

In light of this change, Clearstream will use a single collateral management system to support activities both with the Bundesbank (via CBF) and Banque Centrale de Luxembourg (via LuxCSD) and the provision of securities collateral to Eurex Clearing to cover margin requirements.

2. Amendments to the Clearing Conditions regarding the migration of Repo Clearing as part of C7 SCS Release 2.0

Eurex Clearing is proposing to amend the Clearing Conditions in order to reflect the migration of Repo Clearing Service to the new Securities Clearing platform “C7 Securities Clearing Service” (“C7 SCS”), Release 2.0. The Actual Settlement Day Netting (“ASDN”) will no longer be available for Repo Transactions after the migration. ASDN will be replaced by Settlement Date Netting (“SDN”) and provides two processing methods: netting (default option) and gross processing.

For avoidance of doubt, Eurex Clearing clears repo transactions outside the scope of its DCO license, which applies only to swaps.

3. Introduction of title transfer on collateral giver accounts in CBL

By way of background, CBL is one of Eurex Clearing’s collateral locations for provisions of security collateral. The triparty collateral management system of Cmax of CBL supports title transfer. The current set-up for the provision of title transfer collateral in CBL requires Eurex Clearing as collateral receiver to open accounts in its own name for a specific Clearing Member and usage, i.e. Default Fund contributions, collateral for insufficient own funds and certain client margin collateral provided under title transfer. However, title transfer in CBF may also be provided on accounts of the Clearing Members as collateral provider.

Eurex Clearing is now proposing amendments to the Clearing Conditions in order to align the existing Cmax set-up with the CBF structure, i.e. enable a title transfer on collateral giver accounts of the Clearing Member also in CBL.

4. Extension of appropriation right with respect to pledged margin securities of defaulted Clearing Members’ client related collateral and collateral location CBL

During a Default Management Process (“DMP”), Eurex Clearing is entitled to execute its appropriation right and access the defaulted Clearing Member’s margin collateral before the Difference Claim is determined to contain losses and liquidity pressures resulting from the default of the relevant Clearing Member. The appropriation right is currently limited to Proprietary Eligible Margin Assets in the form of securities pledged in favor of Eurex Clearing at CBF.

During a DMP, Eurex Clearing, in certain cases, has the interest to transfer, lend or liquidate margin collateral before the Difference Claim is determined beyond the current scope. Therefore, the proposed amendments address the extension of the appropriation right to:

- (a) Client related Eligible Margin Assets in the form of securities pledged in favor of Eurex Clearing at CBF.
- (b) Proprietary and client related Eligible Margin Assets in the form of securities pledged in favor of CBL.

5. Amendments regarding the harmonization of the third-party account structure across CBF and CBL

Eurex Clearing is proposing amendments to the Clearing Conditions in order to harmonize the third-party account holder (“TPAH”) set-up across CBF and CBL and different clearing models for consistency and flexibility. The TPAH set-up means that the account holder of an account pledged or title transferred in favor of Eurex Clearing is any third party that is approved by Eurex Clearing. The Collateral Giver is the respective Clearing Member of Eurex Clearing.

6. Amendments to the Price List

Eurex Clearing is proposing amendments to the Price List in relation to the migration of Repo Clearing Service from the Securities CCP to the C7 Securities Clearing Service (“C7 SCS”), as only transactions with settlement in Euroclear UK & Ireland (EUI) will be processed in the Securities CCP.

Further information regarding the operation, purpose and effect of the proposed amendments is discussed in the attached Eurex Clearing Circular 053-22, which is appended as Attachment A.

Eurex Clearing has identified the following DCO Core Principles as potentially being relevant to the above amendments:

1. DCO Core Principle C (Participant and Product Eligibility): The proposed amendments will comply with DCO Core Principle C because the participation and membership requirements will continue to be objective, publicly disclosed, and permit fair and open access in compliance with this Core Principle.
2. DCO Core Principle D (Risk Management): The proposed amendments will comply with DCO Core Principle D because the amendments reflect the migration of collateral management systems for security collateral, allow title transfer accounts on accounts of Clearing Members, and harmonize account structures, and Eurex Clearing will continue to have appropriate tools and procedures in compliance with this Core Principle
3. DCO Core Principle G (Default Rules and Procedures): The proposed amendments above will comply with DCO Core Principle G because the proposed changes address an extension of Eurex Clearing’s appropriation right during certain DMP cases, and Eurex Clearing will continue to have rules and procedures that allow for the efficient, fair, and safe management of insolvency or default events.

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: August 4, 2022