



Eurex Clearing Resources Circulars & Mailings

Release date: 28 Aug 2019 | Eurex Clearing

No. 084/2019

Eurex OTC Clear: Introduction of Capitalab as an additional Compression Provider - Amendments to the Clearing Conditions and the FCM Regulations of Eurex Clearing AG

Eurex Clearing Circular 084/2019

1. Introduction

This circular contains information about changes and amendments to the Clearing Conditions and FCM Regulations of Eurex Clearing AG with respect to the introduction of Capitalab as an additional multilateral portfolio compression provider.

The amendments to the Clearing Conditions and FCM Regulations will become effective on **19 September 2019**.

2. Participation requirements

There is no action required for the participants.

3. Details

To allow additional service availability for its Clearing Member base and to cater to market requirements due to increased liquidity and volumes at Eurex OTC Clear, Eurex Clearing will support multilateral portfolio compression for Eurex OTC Clear Interest Rate Derivatives through Capitalab, a Division of BGC Brokers LP.

Compression cycles will run with a specified frequency for Clearing Member proprietary transactions in a predefined currency, as announced by the Compression Provider after having it agreed with Eurex Clearing AG. Clearing Members may participate in a compression cycle at their own discretion, however, prior to participation, they must sign up for the service.

To reflect the changes and amendments, the following provisions of the Clearing Conditions and the FCM Regulations shall be amended as outlined in attachments 1 and 2:

- Chapter VIII Part 2 Number 2.5 of the Clearing Conditions
- Chapter II Part 2 Number 2.5 of the FCM Regulations

The amendments will become effective on **19 September 2019**.

As of the effective date, the full version of the amended Clearing Conditions will be available for download on the Eurex Clearing website www.eurexclearing.com under the following link:

[Resources > Rules and Regulations > Clearing Conditions](#)

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, as applicable.

Attachments:

- Amended sections in Chapter VIII of the Clearing Conditions
- Amended sections in Chapter II of the FCM Regulations

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

Target groups: Front Office/Trading, Middle + Back Office

Contact: client.services@eurexclearing.com

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Further information

[Attachment 1 to Eurex Clearing circular 084/19](#)

[Attachment 2 to Eurex Clearing circular 084/19](#)

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Chapter VIII of the Clearing Conditions of Eurex Clearing AG

Clearing of OTC Interest Rate Derivative Transactions, OTC FX Transactions and OTC XCCY Transactions

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AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED

DELETIONS ARE CROSSED OUT

[...]

Part 2 Clearing of OTC Interest Rate Derivative Transactions

[...]

2.5 Interest Rate Derivatives Multilateral Compression

- (1) Eurex Clearing AG may from time to time agree with one or more Clearing Members or FCM Clearing Members on the amendment and/or termination of CCP Transactions and/or Swap Transactions that are OTC Interest Rate Derivative Transactions or Interest Rate Derivative Transactions (as defined in Chapter I Number 1.1.5 of the FCM Regulations) and their subsequent replacement with other CCP Transactions and/or Interest Rate Derivative Transactions, respectively, whose combined notional value is less than that of the terminated CCP Transactions (a "Interest Rate Derivatives Multilateral Compression"). [...]
- (2) The process leading to an Interest Rate Derivatives Multilateral Compression (an "Interest Rate Derivatives Compression Run") is operated by a third party compression services provider appointed by Eurex Clearing AG (an "Interest Rate Derivatives CSP") and carried out on the basis of documentation as agreed between Eurex Clearing AG, the relevant Interest Rate Derivatives CSP and the Clearing Members and FCM Clearing Members participating in the Interest Rate Derivatives Compression Run (the "Interest Rate Derivatives Compression Documentation"). In case of any discrepancies between the Interest Rate Derivatives Compression Documentation and the Clearing Conditions, the Clearing Conditions shall prevail.
- (3) An Interest Rate Derivatives Multilateral Compression shall be deemed completed as soon as all acts required by the respective Interest Rate Derivatives Compression Documentation for a compression are fulfilled (this point in time the "Interest Rate Derivatives Compression Time"). If TriOptima AB ("TriOptima") acts as the Interest Rate Derivatives CSP, an Interest Rate Derivatives Multilateral Compression

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takes place by way of novation on the terms of a proposal of TriOptima AB (Accepted Unwind Proposal) and as of the time when TriOptima AB receives the respective clearing confirmation from Eurex Clearing AG (Eurex Clearing Confirmation) ~~(the “Interest Rate Derivatives Compression Time”).~~ If Capitalab, BGC Brokers LP (“Capitalab”) acts as the Interest Rate Derivatives CSP, an Interest Rate Derivatives Multilateral Compression takes place by way of novation on the terms of a proposal of Capitalab (Accepted Unwind Proposal) and as of the time when Capitalab receives the respective acceptance from Eurex Clearing AG of said proposal.

2.5.1 Interest Rate Derivatives Compression Run

~~(1) The process leading to an Interest Rate Derivatives Multilateral Compression (an “Interest Rate Derivatives Compression Run”) is operated by a third party compression services provider appointed by Eurex Clearing AG (an “Interest Rate Derivatives CSP”) and carried out on the basis of documentation as agreed between Eurex Clearing AG, the relevant Interest Rate Derivatives CSP and the Clearing Members and FCM Clearing Members participating in the Interest Rate Derivatives Compression Run (the “Interest Rate Derivatives Compression Documentation”).~~

(21) Participation by a Clearing Member in an Interest Rate Derivatives Compression Run presupposes that the Clearing Member:

- (a) is a party to the respective Interest Rate Derivatives Compression Documentation up to and including the Interest Rate Derivatives Compression Time;
- (b) is eligible to participate in the Interest Rate Derivatives Compression Run according to the requirements determined by Eurex Clearing AG and those set out in the respective Interest Rate Derivatives Compression Documentation; and
- (c) has nominated those CCP Transactions which it wishes to make available for Interest Rate Derivatives Multilateral Compression in accordance with the respective Interest Rate Derivatives Compression Documentation.

(32) In relation to each Interest Rate Derivatives Compression Run, Eurex Clearing AG will instruct the Interest Rate Derivatives CSP according to the respective Interest Rate Derivatives Compression Documentation to:

- (a) notify Clearing Members meeting the criteria under Paragraph (21) of the timing and procedure for the Interest Rate Derivatives Compression Run;

[...]

- (c) communicate such Interest Rate Derivatives Compression Proposal to each participating Clearing Member for acceptance in the manner contemplated in the respective Interest Rate Derivatives Compression Documentation.

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(43) Eurex Clearing AG reserves the right to determine in its sole discretion whether CCP Transactions proposed for inclusion in an Interest Rate Derivatives Compression Run may be so included.

(54) Eurex Clearing AG may disclose details of any CCP Transaction to be included in an Interest Rate Derivatives Compression Run and related information in respect of participating Clearing Members to the Interest Rate Derivatives CSP in order to facilitate the Interest Rate Derivatives Compression Run.

(65) In order to facilitate the Interest Rate Derivatives Compression Run, Eurex Clearing AG may lock CCP Transactions which are included in an Interest Rate Derivatives Compression Run for such processing as described in Numbers 2.6 to 2.8 (Trade Netting and Accumulation, Transfer of CCP Transactions and Account Transfer and Termination).

(76) The Interest Rate Derivatives CSP will provide information on termination fees related to an Interest Rate Derivatives Compression Run to Eurex Clearing AG on trade level per Clearing Member. Number 2.1.5.1 Paragraph (3) applies *mutatis mutandis* to such termination fees.

2.5.2 Acceptance of Interest Rate Derivatives Compression Proposal

(1) Interest Rate Derivatives Multilateral Compression shall take place in accordance with the terms of an Interest Rate Derivatives Compression Proposal which has been accepted by all participating Clearing Members and FCM Clearing Members in the manner and by the time specified in the respective Interest Rate Derivatives Compression Documentation. [...]

[...]

[...]

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

FCM Regulations of Eurex Clearing AG

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THE FCM REGULATIONS WILL BE AMENDED.

AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED,

DELETIONS ARE CROSSED OUT.

[...]

Part 2 Clearing of Interest Rate Derivative Transactions

[...]

2.5 Interest Rate Derivatives Multilateral Compression

- (1) Eurex Clearing AG may from time to time agree with one or more FCM Clearing Members and Non-FCM Clearing Members on the amendment and/or termination of Swap Transactions that are Interest Rate Derivative Transactions and their subsequent replacement with other Swap Transactions whose combined notional value is less than that of the terminated Swap Transactions (an **“Interest Rate Derivatives Multilateral Compression”**). [...]
- (2) The process leading to an Interest Rate Derivatives Multilateral Compression (an “Interest Rate Derivatives Compression Run”) is operated by a third party compression services provider appointed by Eurex Clearing AG (an “Interest Rate Derivatives CSP”) and carried out on the basis of documentation as agreed between Eurex Clearing AG, the relevant Interest Rate Derivatives CSP and the FCM Clearing Members and Non-FCM Clearing Members participating in the Interest Rate Derivatives Compression Run (the “Interest Rate Derivatives Compression Documentation”). In case of any discrepancies between the Interest Rate Derivatives Compression Documentation and the FCM Clearing Conditions, the FCM Clearing Conditions shall prevail.
- (3) An Interest Rate Derivatives Multilateral Compression shall be deemed completed as soon as all acts required by the respective Interest Rate Derivatives Compression Documentation for a compression are fulfilled (this point in time the “Interest Rate Derivatives Compression Time”). If TriOptima AB (“TriOptima”) acts as the Interest Rate Derivatives CSP, an Interest Rate Derivatives Multilateral Compression takes place by way of novation on the terms of a proposal of TriOptima AB (Accepted Unwind Proposal) and as of the time when TriOptima AB receives the

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respective clearing confirmation from Eurex Clearing AG (Eurex Clearing Confirmation) ~~(the “Interest Rate Derivatives Compression Time”).~~ If Capitalab, BGC Brokers LP (“Capitalab”) acts as the Interest Rate Derivatives CSP, an Interest Rate Derivatives Multilateral Compression takes place by way of novation on the terms of a proposal of Capitalab (Accepted Unwind Proposal) and as of the time when Capitalab receives the respective acceptance from Eurex Clearing AG of said proposal.

2.5.1 Interest Rate Derivatives Compression Run

~~(1) The process leading to an Interest Rate Derivatives Multilateral Compression (an “Interest Rate Derivatives Compression Run”) is operated by a third party compression services provider appointed by Eurex Clearing AG (an “Interest Rate Derivatives CSP”) and carried out on the basis of documentation as agreed between Eurex Clearing AG, the relevant Interest Rate Derivatives CSP and the FCM Clearing Members and Non-FCM Clearing Members participating in the Interest Rate Derivatives Compression Run (the “Interest Rate Derivatives Compression Documentation”).~~

~~(12)~~ Participation by an FCM Clearing Member in an Interest Rate Derivatives Compression Run presupposes that the FCM Clearing Member:

- (a) is a party to the respective Interest Rate Derivatives Compression Documentation up to and including the Interest Rate Derivatives Compression Time;
- (b) is eligible to participate in the Interest Rate Derivatives Compression Run according to the requirements determined by Eurex Clearing AG and those set out in the respective Interest Rate Derivatives Compression Documentation; and
- (c) has nominated those Swap Transactions which it wishes to make available for Interest Rate Derivatives Multilateral Compression in accordance with the respective Interest Rate Derivatives Compression Documentation.

~~(23)~~ In relation to each Interest Rate Derivatives Compression Run, Eurex Clearing AG will instruct the Interest Rate Derivatives CSP according to the respective Interest Rate Derivatives Compression Documentation to:

- (a) notify FCM Clearing Members meeting the criteria under Paragraph ~~(12)~~ of the timing and procedure for the Interest Rate Derivatives Compression Run;

[...]

- (c) communicate such Interest Rate Derivatives Compression Proposal to each participating FCM Clearing Member for acceptance in the manner contemplated in the respective Interest Rate Derivatives Compression Documentation.

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- (34) Eurex Clearing AG reserves the right to determine in its sole discretion whether Swap Transactions proposed for inclusion in an Interest Rate Derivatives Compression Run may be so included.
- (45) Eurex Clearing AG may disclose details of any Swap Transaction to be included in an Interest Rate Derivatives Compression Run and related information in respect of participating FCM Clearing Members to the Interest Rate Derivatives CSP in order to facilitate the Interest Rate Derivatives Compression Run.
- (56) In order to facilitate the Interest Rate Derivatives Compression Run, Eurex Clearing AG may lock Swap Transactions which are included in an Interest Rate Derivatives Compression Run for such processing as described in Numbers 2.6 to 2.8 (Trade Netting and Accumulation, Transfer of Swap Transactions and Account Transfer and Termination).
- (67) The Interest Rate Derivatives CSP will provide information on termination fees related to an Interest Rate Derivatives Compression Run to Eurex Clearing AG on trade level per FCM Clearing Member. [...]

2.5.2 Acceptance of Interest Rate Derivatives Compression Proposal

- (1) Interest Rate Derivatives Multilateral Compression shall take place in accordance with the terms of an Interest Rate Derivatives Compression Proposal which has been accepted by all participating FCM Clearing Members and Non-FCM Clearing Members in the manner and by the time specified in the respective Interest Rate Derivatives Compression Documentation. [...]

[...]

[...]
