

01 Sep 2022
Eurex Clearing

EurexOTC Clear: Introduction of Additional Validations for Bunched Order Workflow and adoption of Advanced Risk Netting Units under EMIR as well as LSOC Clearing Models: Amendments to the Clearing Conditions and FCM Regulations of Eurex Clearing AG

Eurex Clearing Circular 064/22 EurexOTC Clear: Introduction of Additional Validations for Bunched Order Workflow and adoption of Advanced Risk Netting Units under EMIR as well as LSOC Clearing Models: 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. Additional Validations for Bunched Order Workflow
- B. Adoption of Advanced Risk Netting Units under EMIR as well as LSOC Clearing Models

The amendments of the Clearing Conditions and FCM Regulations will come into effect as of **26 September 2022**.

2. Required action

Clearing Members, Basic Clearing Members, Disclosed Direct Clients, FCM Clearing Members, vendors and other affected contractual parties should take the amendments to the Clearing Conditions and FCM Regulations into consideration.

3. Details of the initiative

A. Additional Validations for Bunched Order Workflow

Bunched order clearing is a functionality to facilitate the clearing of OTC IRD block trades that are initially booked into a “suspense account” for post-novation allocation to different target accounts (so-called “bunched orders”). For the initial clearing of a client’s bunched orders by a “stand-by” Clearing Member, “Bunched Orders Suspense Accounts” are used as a client position account type. Any trade booked into the “Bunched Orders Suspense Accounts” are cleared the same way as any other client trade. For the successful novation of the bunched orders, sufficient client collateral should be available, as well as the stand-by Clearing Member must accept the bunched orders.

After clearing on a block level, the bunched orders are allocated from “Bunched Orders Suspense Account” into the target accounts of the Clearing Member which clears the transactions of the client to which the bunched order relates, on a pre-condition that the target accounts must be sufficiently collateralized. The allocation of bunched orders to target accounts is carried-out either via 1) third-party allocation service provider or 2) via post-trade events (PTE) directly at Eurex Clearing.

1) Allocation via third-party

For an allocation trade that is submitted to Eurex Clearing via a third-party allocation service provider Eurex Clearing validates: (i) if the respective bunched order is already cleared by Eurex Clearing, (ii) if the notional value of the respective bunched order is equal to or greater than the notional value of the respective allocation trade that is to be novated.

Starting from 26 September 2022 changes for the EurexOTC Clear interfaces, Eurex Clearing will further validate: (iii) trade economics of allocation trade should match with the trade economics of the bunched order. If (i), (ii) or (iii) fails, the allocation trade will be rejected directly, and a rejection notification message will be sent to the submitting Approved Trade Source (ATS).

2) Allocation via PTEs

For an allocation of bunched orders through already-existing PTE, the stand-by Clearing Member can use either “Account Transfer” – to allocate it to any other of its own accounts, or “Trade Transfer” – to allocate it to accounts of another Clearing Member. There is no update planned with 26 September 2022 changes regarding the allocation via PTEs.

To reflect the change, the following provision will be amended as outlined in Attachment 2:

- ◆ Chapter VIII Part 1 Number 1.2.3 (10) of the Clearing Conditions

B. Adoption of Advanced Risk Netting Units under EMIR as well as LSOC Clearing Models

Eurex Clearing started to offer risk netting across several client Transaction Accounts on the OTC derivatives side via Advanced Risk Netting Units (ARNUs) under EMIR Clearing Models on 4 May 2020. Eurex Clearing will enhance its Advanced Risk Netting Unit functionality on the OTC derivatives market under EMIR as well as LSOC Clearing Models in Prisma and in (partially) Calypso. The ARNU functionality enables customers (with multi-branch setups or sub-funds structures) to benefit from portfolio netting effects for Initial Margin calculation, even if transactions are booked to separate transaction accounts for proper position keeping and accounting. ARNUs do neither change the risk model nor the margin model – the calculation is always portfolio based.

The usage of ARNU will be optional and Clearing Members and FCM Clearing Member can assign ARNU setups via the Company Admission Tool (ValiT) during the onboarding process of a Disclosed Client/FCM Client.

ARNU will be available under all EMIR Clearing Models as well as under LSOC Clearing Models for transaction accounts of Disclosed Direct Clients and Indirect Clients. To comply with EMIR and CFTC regulations and due to technical limitations, the following restrictions apply:

- ◆ ARNU is only possible across transaction accounts that relate to the same Disclosed Direct/Indirect Client.
- ◆ An ARNU is only possible with respect to transaction accounts that are allocated to the same segregation model and to the same collateral pool.
- ◆ In case of LSOC Clearing Models, only one ARNU can be linked to one LSV Collateral Pool.
- ◆ Following the creation of an ARNU, the Initial Margin requirement will be reported at ARNU level for the accounts assigned to an ARNU.
- ◆ The name of an ARNU has always to start with 'ARNU', e.g., 'ARNUBIGCLIENT1', 'ARNU2392199', etc. The name may only consist of alphanumeric uppercase characters; special characters will be not allowed. The maximum number of characters for the name of an ARNU will be 20 (including the first 4 characters specified as 'ARNU').

Please note that ARNUs have no impact on the Variation Margin requirement, i.e., the calculation and reporting of the Variation Margin will still take place on transaction level respective transaction account level.

To reflect the changes, the following provisions will be amended as outlined in Attachments 1 and 3:

- ◆ Chapter I Number 3.1.1, Number 4.2.1 (1) and (2), 4.2.2, 4.2.3 (2), 4.3.1 (3), 5.2, 6.2.5 (3), 6.2.6, 6.4.2 (1), 6.4.3 (1), (2) and (3), 6.5.3 (1) and (2), 6.5.4 (1), (2) and (3) Number 9.1 (1) and (2), 9.4.1 (1), 9.5.5 (2), 9.5.6, 10.2

(4), 11.1.2 (1), (3) and (4), 11.2.1 (2) and 11.2.2 (1) of the FCM Regulations

- ◆ Chapter I Part 1 Number 3.1.2 (2) of the Clearing Conditions

The 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 fifteen (15) 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 Regulations of Eurex Clearing AG, as applicable.

Attachments:

1. Amended sections of Chapter I of the Clearing Conditions
2. Amended section of Chapter VIII of the Clearing Conditions
3. Amended sections of Chapter I of the FCM Regulations

Further information

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

Target groups: Front Office/Trading, Middle + Backoffice

Related circulars: Eurex Clearing Circular **031/20**, Eurex Clearing Circular **050/20**

Contact: client.services@eurex.com

Web: www.eurex.com/ec-en/

Authorized by: Jens Janka

Further information

[↓ Attachment 1 to Eurex Clearing circular 064/22](#)

[↓ Attachment 2 to Eurex Clearing circular 064/22](#)

[↓ Attachment 3 to Eurex Clearing circular 064/22](#)

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Chapter I of the Clearing Conditions of Eurex Clearing AG

General Provisions

As of 26.09.2022

AMENDED PARTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED,

DELETIONS ARE CROSSED OUT.

[...]

Part 1 General Clearing Provisions

[...]

3 General Provisions regarding Margin and Variation Margin

[...]

3.1 Types of Margin and calculation of the Margin Requirement

[...]

3.1.2 Calculation of the Margin Requirement

[...]

- (2) Optional ~~settings~~ advanced risk netting units in accordance with the instructions of the Clearing Member

[...]

[...]

Chapter VIII of the Clearing Conditions of Eurex Clearing AG

Clearing of OTC Interest Rate Derivative Transactions and OTC NDF Transactions

As of 26.09.2022

AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED,
DELETIONS ARE CROSSED OUT.

[...]

Part 1 General Provisions

[...]

1.2 Conclusion of Transactions

[...]

1.2.3 Novation Criteria

- (1) Eurex Clearing AG will accept an Original OTC Transaction for inclusion in the Clearing in accordance with the novation process if all of the following novation criteria are fulfilled:

[...]

- 10. If it is specified in a form satisfactory to Eurex Clearing AG in the Trade Record of an Original OTC Transaction that the Original OTC Transaction shall be understood as a transaction to allocate a prior bunched order CCP Transaction ~~and this Original OTC Transaction is not submitted to Eurex Clearing AG by the ATS that has also submitted the Original OTC Transaction that formed the basis for the bunched order CCP Transaction,~~ the corresponding bunched order CCP Transaction must already exist and the allocating Original OTC Transaction ~~must be nettable against the relevant notional value of the bunched order CCP Transaction must be greater or equal to the notional value of such allocating~~ Original OTC Transaction; and

[...]

[...]

Chapter I: Clearing Model Related Provisions

FCM Regulations of Eurex Clearing AG

As of 26.09.2022

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AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED,

DELETIONS ARE CROSSED OUT.

[...]

1 General Provisions

[...]

1.2 Definitions and Interpretation

1.2.1 [...]

“**Initial Margin**” means, with respect to the amount of Eligible Margin Assets attributable to a particular FCM Clearing Member Proprietary Margin Account or FCM Client Margin Sub-Account, the portion of such Eligible Margin Assets held in respect of Eurex Clearing AG’s initial margin requirements in respect of the Swap Transactions recorded in the corresponding FCM Clearing Member Own Transaction Account or FCM Client Transaction Account(s) for such account or sub-account.

[...]

[...]

3 General Provisions regarding Margin and Variation Settlement

3.1 General Provisions

3.1.1 Calculation of the Margin Requirement, Margin Methodology and Settlement Cycles

(1) Standard settings

Subject to Paragraph (2), Eurex Clearing AG will calculate each margin requirement in accordance with this Number 3, the Special Provisions and (as applicable) the provisions under Number 6 as follows:

[...]

(b) on a net basis separately with respect to each FCM Client Transaction Account ~~to which FCM Client Transactions of a relevant FCM Client are booked~~ (each an “**FCM Client Margin Requirement**”);

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[...]

- (2) Optional advanced risk netting units in accordance with the instructions of the FCM Clearing Member
- (a) Eurex Clearing AG shall, if so instructed by the FCM Clearing Member (which instruction shall be provided in the form requested by Eurex Clearing AG, and such instruction, a “**Net Margin Instruction**”), calculate each margin requirement on a net basis across several FCM Client Transaction Accounts selected by the FCM Clearing Member for such purpose subject to the restrictions set out in lit. (b) and any technical restrictions in the systems of Eurex Clearing AG (as disclosed by Eurex Clearing AG).
- (b) Eurex Clearing AG will not calculate any relevant Margin Requirement on a net basis
- (iii) across FCM Client Transaction Accounts that are not allocated to the same FCM Client Netting Set; and
- (iv) across FCM Client Transaction Accounts that are not allocated to the same FCM Client Margin Sub-Account.
- (c) A Net Margin Instruction will become effective (provided that it complies with the restrictions set out in lit. (b)) at the point in time it is reflected in the systems of Eurex Clearing AG, but no earlier than on the day determined by the FCM Clearing Member in the Net Margin Instruction. Eurex Clearing AG will inform the FCM Clearing Member of the effective date of a Net Margin Instruction given by such FCM Clearing Member.
- (d) A Net Margin Instruction that has become effective in accordance with lit. (c) may be revoked or amended by the FCM Clearing Member by submitting a revised Net Margin Instruction in respect of the relevant FCM Client Transaction Accounts; lit. (c) applies *mutatis mutandis* to any such revised Net Margin Instruction. Eurex Clearing AG may reject a revocation or amendment of a Net Margin Instruction, in particular, if such revocation or amendment would increase the applicable Margin Requirement and the aggregate value of Eligible Margin Assets actually delivered as margin is less than such applicable Margin Requirement.

A Net Margin Instruction of an FCM Clearing Member shall cease to have effect with respect to FCM Client Transactions that are (following the occurrence of a Termination Event or Insolvency Termination Event with respect to such FCM Clearing Member) subject to a Transfer to a Replacement FCM Clearing Member. In respect of any relevant FCM Client Transaction Account to which, following a Transfer, such FCM Client Transactions are booked, the Replacement FCM Clearing Member may give a Net Margin Instruction in accordance with this Paragraph (2).

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(3) Eurex Clearing AG shall determine each Margin Requirement in accordance with the Eurex Clearing Prisma methodology. Eurex Clearing AG will publish further information on the Eurex Clearing Prisma methodology on the Eurex Clearing Website; such methodology shall form part of these FCM Clearing Conditions.

(43) Each Margin Requirement calculated by Eurex Clearing AG shall equal, in respect of the relevant FCM Clearing Member Own Transaction Account or FCM Client Transaction Account(s), the sum of:

- (a) the Initial Margin,
- (b) any Supplementary Margin that Eurex Clearing AG may impose in respect of such FCM Clearing Member Own Transaction Account or FCM Client Transaction Account(s), and
- (c) in the case of an intra-day Margin Call, amounts as determined by Eurex to cover potential Variation Settlement payments that the FCM Clearing Member may owe in respect of any FCM Clearing Member Own Transaction Account or FCM Client Transaction Account(s) during the end-of-day settlement cycle.

The “**Initial Margin**” equals the amount of any potential losses Eurex Clearing AG would suffer as of the time of the determination of the Margin Requirement from a closing of the Swap Transaction(s) in ~~a particular~~ the relevant FCM Clearing Member Own Transaction Account or FCM Client Transaction Account(s) by entering into (an) inverse transaction(s) within the respectively applicable holding period for the respective set of Swap Transactions, as published by Eurex Clearing AG on the Eurex Clearing Website, taking into account assumed price changes due to extreme price movements in the market.

(54) Eurex Clearing AG will conduct an end-of-day settlement cycle each Business Day to determine the end-of-day Margin Requirement, any Variation Settlement amounts (or other amounts such as Price Alignment Interest in accordance with Chapter II Part 2 Number 2.2.1 Paragraph (5) (b) of the FCM Regulations) owed or owing, and any amounts owed or owing in respect of Swap Transactions that have been terminated or which have expired, separately in respect of ~~each~~ the relevant FCM Clearing Member Own Transaction Account or FCM Client Transaction Account(s), in accordance with the Special Provisions.

[...]

4 Internal Accounts

[...]

4.2 Internal Transaction Accounts

4.2.1 [...]

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- (1) ~~one or more~~ transaction accounts for Own Transactions of the FCM Clearing Member (~~each account~~ an **"FCM Clearing Member Own Transaction Account"**);
- (2) with respect to FCM Client Transactions, ~~one or more a separate~~ transaction accounts for each FCM Client (each, an **"FCM Client Transaction Account"**) in which the Swap Transactions to be cleared by the FCM Clearing Member acting as agent on behalf of the respective FCM Client will be booked.

[...]

4.2.2 With respect to the FCM Clearing Member Own Transaction Accounts, the FCM Clearing Member shall ensure that each instruction to book Own Transactions to ~~the~~ its FCM Clearing Member Own Transaction Account only relates to Own Transactions of such FCM Clearing Member. Eurex Clearing AG may rely on, and is not obligated to verify, the contents of any such instruction from the FCM Clearing Member.

4.2.3 [...]

- (2) When establishing an FCM Client Transaction Account within the systems of Eurex Clearing AG, the FCM Clearing Member must link each FCM Client Transaction Account to the relevant FCM Client Margin Sub-Account and each relevant FCM Client Margin Sub-Account to the relevant FCM Client Margin Account, provided that if more than one FCM Client Transaction Account are established for the same FCM Client, these FCM Client Transaction Accounts which are established for the same FCM Client shall be linked to the same FCM Client Margin Sub-Account.

4.3 Internal Margin Accounts

4.3.1 [...]

(3) [...]

- (a) separate margin sub-account linked to ~~each~~ the relevant FCM Client Transaction Account(s) for the same FCM Client (each an **"FCM Client Margin Sub-Account"**);

[...]

5 Clearing of Own Transactions

[...]

5.2 Proprietary Margin Requirement

The Clearing Member is required to provide Eligible Margin Assets as margin in respect of all its Own Transactions booked into ~~all the~~ the FCM Clearing Member Own Transaction Accounts, in such amounts, in such forms and at such times as are required pursuant to this Number 5, Number 3 and the Special Provisions.

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Eurex Clearing AG calculates ~~the FCM Clearing Member Proprietary a separate~~ Margin Requirement for ~~each the~~ FCM Clearing Member Own Transaction Account ~~of an FCM Clearing Member in accordance with Number 3.1.1, and adds the sums of all such~~ margin requirements to calculate the FCM Clearing Member Proprietary Margin Requirement. The FCM Clearing Member Proprietary Margin Requirement will be notified by Eurex Clearing AG to the relevant FCM Clearing Member.

The FCM Clearing Member Proprietary Margin Requirement may, in the case of an intra-day Margin Call, include amounts as determined by Eurex to cover potential Variation Settlement payments that the FCM Clearing Member may owe in respect of any Own Transactions in ~~any the~~ FCM Clearing Member Own Transaction Account during the end-of-day settlement cycle.

[...]

6 Clearing of FCM Client Transactions

[...]

6.2 General

[...]

6.2.5 Each FCM Client, by virtue of clearing any Swap Transaction subject to the provisions of the FCM Clearing Conditions, is deemed to acknowledge and agree that:

[...]

(3) the FCM Client is bound by the terms of each Swap Transaction cleared by its FCM Clearing Member on its behalf in its FCM Client Transaction Account(s); and

[...]

6.2.6 The FCM Clearing Member must require an FCM Client to provide it with collateral in respect of the FCM Client's open Swap Transactions in its FCM Client Transaction Account(s) that has a value not less than the sum of (a) (i) Eurex Clearing AG's Margin Requirements for such Transactions if they are hedge transactions for the FCM Client or (ii) 110% of Eurex Clearing AG's Margin Requirements for such Transactions if they are non-hedge transactions for the FCM Client, and (b) any Variation Settlement requirement for such Transactions as determined by Eurex Clearing AG in accordance with the relevant Special Provisions in Chapter II.

[...]

[...]

6.4 LSOC Without Excess Model

[...]

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6.4.2 FCM Client Buffer

- (1) If the applicable Margin Requirement with respect to ~~an~~ the relevant FCM Client Transaction Account(s) exceeds the relevant FCM Client Margin Sub-Account Balance for such FCM Client Transaction Account(s) ("**FCM Client Margin Shortfall**"), Eurex Clearing AG is permitted to apply any portion of the FCM Client Buffer carried in the FCM Client Buffer Sub-Account in the same FCM Client Margin Account as the FCM Client Margin Sub-Account to satisfy the FCM Client Margin Shortfall (the "**Encumbered FCM Client Buffer**").

[...]

6.4.3 Margin Calls; Application of FCM Client Buffer

- (1) Eurex Clearing AG calculates ~~a separate~~ the FCM Client Margin Requirement(s) for ~~each~~ the relevant FCM Client Transaction Account(s) (including any FCM Client Transaction Suspension Account) in accordance with Number 3.1.1. Eurex Clearing AG will notify an FCM Clearing Member of the relevant FCM Client Margin Requirement for (i) each FCM Client Transaction Account with a corresponding FCM Client Margin Sub-Account in the FCM Client Margin Account or (ii) based on a Net Margin Instruction, a set of FCM Client Transaction Accounts. Notification of an FCM Client Margin Requirement is not a Margin Call.

- (2) Eurex Clearing AG will issue a Margin Call with respect to ~~an~~ the relevant FCM Client Transaction Account(s) at any time prior to the end of a Business Day provided that the following requirements are met:
- (a) Eurex Clearing AG has determined there is an FCM Client Margin Shortfall with respect to the relevant FCM Client Transaction Account(s), and
 - (b) the FCM Client Margin Shortfall with respect to the relevant FCM Client Transaction Account(s) cannot be fully met by unencumbered FCM Client Buffer provided with respect to the relevant FCM Client Margin Account to which the FCM Client Transaction Account(s) is/are linked.

[...]

- (3) In the end-of-day settlement cycle, Eurex Clearing AG shall use the FCM Client Buffer to meet (in whole or in part) any Margin Call Eurex Clearing AG determines with respect to ~~any~~ the relevant FCM Client Transaction Account(s).

[...]

6.5 LSOC With Excess Model

[...]

[...]

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6.5.3 FCM Client Buffer

- (1) If Eurex Clearing determines at any time prior to the end of a Business Day that the applicable Margin Requirement with respect to ~~an~~ the relevant FCM Client Transaction Account(s) exceeds the relevant FCM Client Margin Sub-Account Balance (which with respect to this Number 6.5 includes the related FCM Client Assumed Allocation Sub-Account Balance as a component) for such FCM Client Transaction Account(s) ("**FCM Client Margin Shortfall**"), Eurex Clearing AG is permitted to apply any portion of the FCM Client Buffer carried in the FCM Client Buffer Sub-Account in the same FCM Client Margin Account as the FCM Client Margin Sub-Account to satisfy the FCM Client Margin Shortfall (the "**Encumbered FCM Client Buffer**").
- (2) Eurex Clearing AG will calculate the Margin Requirement for ~~each~~ the relevant FCM Client Transaction Account(s) for the end-of-day settlement cycle and issue a Margin Call for the corresponding FCM Client Margin Sub-Account without regard to any Encumbered FCM Client Buffer applied to such FCM Client Margin Sub-Account on the Business Day to which the end-of-day Margin Call applies.

6.5.4 Margin Calls; Application of FCM Client Buffer

- (1) Eurex Clearing AG calculates a separate FCM Client Margin Requirement for ~~each~~ the relevant FCM Client Transaction Account(s) (including any FCM Client Transaction Suspension Account) in accordance with Number 3.1.1. Eurex Clearing AG will notify an FCM Clearing Member of the relevant FCM Client Margin Requirement for (i) each FCM Client Transaction Account or (ii) based on a Net Margin Instruction, a set of FCM Client Transaction Accounts. Notification of an FCM Client Margin Requirement is not a Margin Call.
- (2) Eurex Clearing AG will issue a Margin Call with respect to ~~an~~ the relevant FCM Client Transaction Account(s) at any time prior to the end of a Business Day provided that the following requirements are met:
 - (i) Eurex Clearing AG has determined there is an FCM Client Margin Shortfall with respect to the relevant FCM Client Transaction Account(s), and
 - (ii) the FCM Client Margin Shortfall with respect to the relevant FCM Client Transaction Account(s) cannot be fully met by unencumbered FCM Client Buffer provided with respect to the relevant FCM Client Margin Account to which the FCM Client Account(s) is/are linked.

[...]
- (3) In the end-of-day settlement cycle, Eurex Clearing AG will issue a Margin Call with respect to ~~an~~ the relevant FCM Client Transaction Account(s), if Eurex Clearing determines there is an FCM Client Margin Shortfall with respect to such FCM Client Transaction Account(s) without regard to any FCM Client Buffer.

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[...]

[...]

9 Termination Rules with respect to the FCM Clearing Member

[...]

9.1 Application and Netting Sets

[...]

The term “**Netting Set**” refers to

- (1) all Own Transactions in ~~all the~~ FCM Clearing Member Own Transaction Accounts of the FCM Clearing Member, which constitute a single Netting Set (“**FCM Clearing Member Netting Set**”), and
- (2) all FCM Client Transactions in the relevant FCM Client Transaction Account(s) for each FCM Client (including, as applicable, any FCM Client Transaction Suspension Account); ~~each the FCM Client Transactions booked to a FCM Client Transaction Account or, based on a Net Margin Instruction, set of relevant FCM Client Transaction Accounts (as applicable)~~ of which constitutes a separate netting set (each an “**FCM Client Netting Set**”).

[...]

9.4 Porting of FCM Client Transactions

9.4.1 Reasonable Efforts to Port

- (1) Following the Declaration of Termination with respect to the FCM Clearing Member, Eurex Clearing AG will use reasonable efforts to transfer FCM Client Transactions in ~~an the relevant~~ the relevant FCM Client Transaction Account(s), along with Eligible Margin Assets as provided in Number 9.4.4, to one or more other FCM Clearing Members, subject to compliance with the FCM Clearing Member Replacement Requirements.

[...]

9.5 Consequences of a Termination

[...]

[...]

9.5.5 Realization of Margin

[...]

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(2) Eurex Clearing AG:

[...]

- (b) shall enforce and realize its security interests over all Eligible Margin Assets booked into the relevant FCM Client Margin Account and shall apply the proceeds to the Difference Claim relating to an FCM Client Netting Set of any FCM Client of the Affected FCM Clearing Member whose FCM Client Transaction Account(s) has/have been allocated to such FCM Client Margin Account within the systems of Eurex Clearing AG.

9.5.6 **Return of any balance owed by Eurex Clearing AG and return or release of Eligible Margin Assets after completion of the default management process**

If an FCM Clearing Member Termination Time has occurred with respect to ~~all the~~ FCM Clearing Member Own Transaction Accounts and an FCM Client Termination Time has occurred with respect to any FCM Client Transaction Accounts, Eurex Clearing AG shall return any balance owed by it in respect of any FCM Clearing Member Netting Set or relevant FCM Client Netting Set following the completion of the default management process with respect to the FCM Clearing Member as follows:

[...]

[...]

10 **Termination of FCM Client Transactions when the FCM Client is in default**

[...]

10.2 **Transfers**

[...]

- (4) For purposes of this Number 10, when used in relation to a Non-FCM Clearing Member, the terms ~~Own Transaction Account~~, **“Own Transaction”** and **“Client Transaction Account”** have the meanings assigned to them in the Clearing Conditions, and the term **“Own Transaction Account”** shall have the meaning assigned to the term **“Clearing Member Own Account”** and/or **“ISA Direct Own Account”** (as applicable) in the Clearing Conditions.

[...]

11 **Termination Rules with respect to Eurex Clearing AG**

11.1 **Claim for Non-Performance and Single Difference Claim**

[...]

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11.1.2 A separate Claim for Non-Performance shall be determined by Eurex Clearing AG for the relevant Netting Set ~~all FCM Clearing Member Own Transaction Accounts and each FCM Client Transaction Account~~ by way of combining (*saldieren*) the CCP Single Transaction Amounts of all terminated Swap Transactions in such ~~account or sub-account~~ Netting Set.

- (1) The Claim for Non-Performance for ~~all FCM Clearing Member Own Transaction Accounts or the relevant FCM Client Transaction Account~~ a Netting Set resulting from such combination shall, following its determination in accordance with Number 11.2.1 or Number 11.2.2 below, be automatically (i) set off with relevant Termination Unpaid Amounts and/or (ii) added to relevant Termination Unpaid Amounts in case they are payable by the debtor of the Claim for Non-Performance, as the case may be, in order to result in one single difference claim.

[...]

[...]

- (3) If the Claim for Non-Performance is a positive figure for ~~all FCM Clearing Member Own Transaction Accounts or the relevant FCM Client Transaction Account~~ with respect to a Netting Set, that amount shall be owed by Eurex Clearing AG to the FCM Clearing Member in respect of such ~~account or sub-account~~ Netting Set (with the FCM Clearing Member acting as agent on behalf of its FCM Client in the case of an FCM Client ~~Transaction Account~~ Netting Set).

If it is a negative figure for a particular ~~Account~~ Netting Set, the provisions under 9.5.5 and 9.5.6 regarding the realization of Margin and the return of any balances owed by Eurex Clearing AG shall apply accordingly. In case a negative figure remains with respect to the relevant ~~Account~~ Netting Set, such amount shall be owed by the FCM Clearing Member to Eurex Clearing AG in respect of such account.

- (4) Eurex Clearing AG shall notify the determined value of the difference claim with respect to ~~all FCM Clearing Member Own Transaction Accounts or the relevant FCM Client Transaction Account~~ Netting Sets to the relevant FCM Clearing Member as soon as reasonably practicable after its determination, together with reasonable detail regarding the data and information forming the basis of the determination. The party with the payment obligation in respect of ~~the all FCM Clearing Member Own Transaction Accounts or the relevant FCM Client Transaction Account~~ relevant Netting Set shall pay the determined value of the difference claim to the other party as soon as reasonable practicable following the notification of the payable amount by Eurex Clearing AG. Such party shall not be obliged to pay any interest on the amount of the difference claim unless it is in default following the receipt of a payment reminder by the other party. Default interest shall be paid on the basis of the effective overnight interest rate applicable to the currency of the difference claim.

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11.2 Calculation of the Claim for Non-Performance

11.2.1 Calculation in case of a Failure to Pay Event

In the case of a Failure to Pay Event, the value of the Claim for Non-Performance for all ~~FCM Clearing Member Own Transaction Accounts or the relevant FCM Client Transaction Account~~ relevant Netting Sets shall be determined by Eurex Clearing AG in accordance with this Number 11.2.1.

[...]

- (2) The “**CCP Single Transaction Amount**” shall be determined with respect to each terminated Swap Transaction ~~for all FCM Clearing Member Own Transaction Accounts or the relevant FCM Client Transaction Account~~ under the relevant Netting Set and shall equal its CCP Market Price on the relevant CCP Valuation Date.

[...]

11.2.2 Calculation in case of an Insolvency Event

In the case of an Insolvency Event, the value of the Claim for Non-Performance for all relevant Netting Sets ~~FCM Clearing Member Own Transaction Accounts or the relevant FCM Client Transaction Account~~ shall be determined by Eurex Clearing AG in accordance with this Number 11.2.2. For the purpose of the determination of the Claim for Non-Performance the following definitions shall apply:

- (1) The “**CCP Single Transaction Amount**” shall be determined with respect to each terminated Swap Transaction under the relevant Netting Set ~~for all FCM Clearing Member Own Transaction Accounts or the relevant FCM Client Transaction Account~~ and shall equal its CCP Market Price on the second Business Day following the Insolvency Event.

[...]

[...]
