

10 Sep 2021  
Eurex Clearing

# Eurex OTC Clear Release 11.3 and 12.0: Amendments to the Clearing Conditions and FCM Regulations of Eurex Clearing AG

**Eurex Clearing Circular 081/21 Eurex OTC Clear Release 11.3 and 12.0: 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) corresponding to EurexOTC Clear Release 11.3 and 12.0 regarding the following topics:

- A. Transition of cleared OTC transactions referencing the EONIA benchmark or LIBOR benchmarks
- B. Support of OTC transactions concluded under the 2021 ISDA Interest Rate Derivatives Definitions
- C. Further minor amendments

The amendments to the Clearing Conditions and FCM Regulations will come into effect as of **4 October 2021**.

Learn now more about EurexOTC Clear Release 11.3 and EurexOTC Clear Release 12.0 on our dedicated initiative pages under the following links:

Support > Initiatives & Releases > EurexOTC Clear Releases > **EurexOTC Clear Release 11.3** and Support > Initiatives & Releases > EurexOTC Clear Releases > **EurexOTC Clear Release 12.0**. System documentation, circulars, timeline and much more information will be available there for you.

## 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. Transition of cleared OTC transactions referencing the EONIA benchmark or LIBOR benchmarks

#### Legal basis

These amendments will introduce the legal basis for a transition of cleared OTC transactions referencing the EONIA benchmark or LIBOR benchmarks to the corresponding risk-free rates.

The following provisions will be amended as outlined in Attachment 2 and 4:

- ◆ Chapter VIII Part 1 Number 1.8.4 of the Clearing Conditions
- ◆ Chapter II Part 1 Number 1.8.4 of the FCM Regulations

### Transition of cleared OTC transactions referencing EONIA to €STR (flat)

The provisions will first be used for the transition of transactions referencing the EONIA benchmark to €STR as part of EurexOTC Clear Release 11.3. As a result of market-wide consultation (see Eurex Clearing Circulars 097/20 and 111/20), Eurex Clearing will actively convert all references regarding the floating rate of cleared OTC transactions referencing EONIA to €STR (flat) starting on **15 October 2021** and executed over the following weekend. The conversion will be mandatory for all cleared OTC transactions referencing EONIA on this date. Any simple spread above the floating rate reference or fixed rates defined in respective trade confirmations (OTC Trade Novation Reports and/or Swap Trade Novation Reports) will remain unchanged.

Eurex Clearing will legally reflect the conversion as an amendment to the relevant transactions by replacing the reference to EONIA on the respective floating leg with €STR. Operationally, the change will be reflected in the floating rate option label of the affected transactions that will change as follows:

- ◆ from EUR-EONIA-OIS-COMPOUND to EUR-EuroSTR-COMPOUND, and
- ◆ from EUR-EONIA-OIS Compound to EUR-EuroSTR-OIS Compound.

On **18 October 2021**, a one-off cash compensation will be applied to mitigate the associated change in present values of affected OTC transactions.

For more information, please refer to the Eurex Clearing Readiness Newsflash of **8 July 2021** and to the detailed explanation in the document “EurexOTC Clear – EONIA Trade Conversion Booklet” which is available in the **Member Section** of Deutsche Börse Group under the following path:

Resources > Eurex Clearing > Documentation and Files > Benchmark Transition Information > **EUR: EONIA-€STR Transition**.

Further, as of **18 October 2021**, OTC transactions with a floating rate referencing to EONIA will no longer be eligible for the EurexOTC Clear service.

To reflect the change of eligibility, the following provisions will be amended as outlined in Attachment 2 and 4:

- ◆ Chapter VIII Part 2 Number 2.1.5.1 of the Clearing Conditions
- ◆ Chapter II Part 2 Number 2.1.5.1 of the FCM Regulations

### **Transition of cleared OTC transactions referencing LIBOR benchmarks to the corresponding risk-free rates**

The transition of OTC transactions referencing LIBOR benchmarks to the corresponding risk-free rates that will be carried out as part of EurexOTC Clear Release 12.0 will be based on the provisions outlined above as well.

Eurex Clearing plans to execute the conversion of EurexOTC Clear trades referencing

- ◆ CHF and JPY LIBOR starting on **3 December 2021** and executed over that weekend and
- ◆ GBP LIBOR starting on **17 December 2021** and executed over that weekend.

For more information, please refer to the Eurex Clearing Readiness Newsflash of **26 May 2021** and to the detailed LIBOR trade conversion booklet explaining the LIBOR conversion from an operational and methodological perspective. The booklet is available in the **Member Section** of Deutsche Börse Group under the following path:

Resources > Eurex Clearing > Documentation and Files > Benchmark Transition Information > **LIBOR Trade conversions**

A subsequent circular outlining further details will follow before the respective LIBOR conversion implementation dates.

### **B. Support of OTC transactions concluded under the 2021 ISDA Interest Rate Derivatives Definitions**

The International Swaps and Derivatives Association (ISDA) published the 2021 ISDA Interest Rate Derivatives Definitions (2021 ISDA Definitions) in June 2021 as a 'root and branch update' of the 2006 ISDA Definitions to replace them as the standard definitional book for bilateral OTC interest rate derivatives.

Corresponding to the targeted implementation date of the 2021 ISDA Definitions in the bilateral market, Eurex Clearing will support clearing of bilateral OTC interest rate derivative transactions and bilateral OTC cross-currency derivative transactions that have been concluded referencing the 2021 ISDA Definitions as of **4 October 2021**. Further, the Clearing Conditions and FCM Regulations will be amended to take into account the changes introduced by the 2021 ISDA Definitions to the extent relevant for Eurex Clearing and feasible in the context of cleared transactions.

Clearing of bilateral OTC interest rate derivative transactions and bilateral OTC cross-currency derivative transactions referencing the 2006 ISDA Definitions (as well as other master agreements such as the German Master Agreement (Deutscher Rahmenvertrag)) will be continued.

Eurex Clearing will maintain fungibility of cleared transactions, irrespective of whether the corresponding bilateral OTC transactions were submitted to Eurex Clearing as being based on 2000 ISDA Definitions, 2006 ISDA Definitions, 2021 ISDA Definitions, the German Master Agreement or other contractual definitions.

To implement these changes, the following provisions will be amended as outlined in Attachment 1 to 4:

- ◆ Chapter I of the Clearing Conditions (in particular, Part 1 Number 1.2.4)
- ◆ Chapter VIII of the Clearing Conditions (in particular, Part 1 Number 1.7-1.11, Part 2 Number 2.1-2.4, Part 4 Number 4.1-4.3)
- ◆ Chapter I of the FCM Regulations (in particular, Part 1 Number 1.2.1)
- ◆ Chapter II of the FCM Regulations (in particular, Part 1 Number 1.7-1.11, Part 2 Number 2.1-2.4)

### **C. Further minor amendments to the Clearing Conditions and FCM Regulations**

Eurex Clearing applies further minor amendments to the Clearing Conditions and FCM Regulations.

Inter alia, it is clarified that a Basic DC may participate in the Clearing of Eurex Transactions (Chapter II) OTC Interest Rate Transactions, OTC FX Transactions and/or OTC XCCY Transactions (Chapter VIII).

Further, for OTC transactions where payments are based on SONIA, it is now stated that payments that are under the bilateral transaction due on the day of novation will be owed under the relevant cleared OTC transaction as well

and such payments are, depending on the time of novation, due on the novation day or the business day after the novation day.

To reflect the changes, the following provisions will be amended as outlined in Attachment 1, 2 and 4:

- ◆ Chapter I of the Clearing Conditions (in particular, Part 1 Number 1.1.11)
- ◆ Chapter VIII of the Clearing Conditions (in particular, Part 2 Number 2.5-2.7, Part 3 Number 3.1-3.9, Part 4 Number 4.4-4.10)
- ◆ Chapter II of the FCM Regulations (in particular, Part 2 Number 2.5-2.7)

## **Publication of amendments to the Clearing Conditions and the FCM Regulations**

As of the effective date, the full version of the amended Clearing Conditions and FCM Regulations will be available for download on the Eurex Clearing website [www.eurex.com/ec-en/](http://www.eurex.com/ec-en/) under the following link:

### **Rules & Regs > 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 FCM Clearing Conditions of Eurex Clearing AG, as applicable.

### **Attachments:**

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

### **Further information**

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

Target groups: Front Office/Trading, Middle + Backoffice

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

Related circulars: [Eurex Clearing Circulars 097/20, 111/20, 007/21, 022/21, 063/21, 074/21](#)

---

Web: [Support > Initiatives & Releases > EurexOTC Clear Releases > \*\*EurexOTC Clear Release 11.3\*\*](#)  
[Support > Initiatives & Releases > EurexOTC Clear Releases > \*\*EurexOTC Clear Release 12.0\*\*](#)

---

Authorized by: Jens Janka

## Further information

- [Attachment 1 to Eurex Clearing Circular 081/21](#)
- [Attachment 2 to Eurex Clearing Circular 081/21](#)
- [Attachment 3 to Eurex Clearing Circular 081/21](#)
- [Attachment 4 to Eurex Clearing Circular 081/21](#)

A member of

[Eurex Frankfurt](#) [Eurex Clearing Clearstream](#) [Eurex Repo Qontigo](#) [Buy-in Agent](#) [EEX](#) [360T](#) [Xetra](#) [Börse](#)

[Disclaimer](#) [Privacy notice](#) [Imprint](#) [Rules and Regulations](#) [Sitemap](#)

