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No. 076/2020

Amendments to the Clearing Conditions and FCM Regulations of Eurex Clearing AG

Eurex Clearing Circular 076/20

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. Extension of maximum remaining term for various EurexOTC Clear derivatives
- B. Support of variable notional for OIS & OIS-legs in basis swaps
- C. Discounting switch from Effective Federal Funds Rate (EFFR) to Secured Overnight Financing Rate (SOFR) for USD-denominated EurexOTC Clear derivatives
- D. Introduction of USD as a new clearing currency for the LSOC OTC IRD clearing model
- E. Support of transfer large numbers of OTC Transactions as a portfolio
- F. Editorial changes and additional clarification regarding OTC Account Transfers

The above-mentioned amendments save for certain amendments under item D. will come into effect as of **17 October 2020**.

The amendments under item D. with regard to Chapter I Part 1 Number 6 of the Clearing Conditions are subject to a Consultation. The Consultation will end on **26 October 2020**. The planned effective date of these amendments is **19 November 2020**, depending on the outcome of the Consultation which will be communicated in a separate Eurex Clearing circular.

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 Clearing Conditions into consideration.

The amendments to Chapter I Part 1 Number 6 of the Clearing Conditions under item D. are subject to a Consultation which will end with the expiry of 26 October 2020 ("**Consultation Period**").

Eurex Clearing herewith invites all Affected Customers to submit comments on the proposed changes and amendments within the Consultation Period.

3. Details

A. Extension of maximum remaining term for various EurexOTC Clear derivatives

With EurexOTC Clear Release 11.0, the Transaction Type-specific novation criteria of Eurex Clearing will be enhanced to allow for various EurexOTC Clear derivatives including IRS, Basis Swaps, FRA and OIS the extended maximum remaining term (from the date of novation to the termination date).

For details on the maximum allowed maturities for the respective products, please refer to the EurexOTC Clear Product List available in the Member Section of Eurex Clearing.

To reflect the changes, the following provisions of the Clearing Conditions and FCM Regulations will be amended as outlined in the Attachments 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

B. Support of variable notional for OIS & OIS-legs in Basis Swaps

Eurex Clearing will offer enhanced clearing eligibility to support variable notional in OIS transactions denominated in EUR, USD, GBP, CHF and JPY as well as variable notional on OIS-legs in SOFR-USD LIBOR basis swaps, SOFR-EFFR basis swaps, EURIBOR-EONIA basis swaps and EURIBOR-€STR basis swaps.

To reflect the changes, the following provisions of the Clearing Conditions and FCM Regulations will be amended as outlined in the Attachments 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

C. PAI, PAA and Discounting switch from EFFR to SOFR for all USD-denominated OTC Interest Rate Derivative Transactions and Swap Transactions

As part of the transition for all USD-denominated EurexOTC Clear derivatives from Effective Federal Funds Rate (EFFR) to SOFR as the new risk-free rate and as previously communicated, Eurex Clearing will implement for OTC Interest Rate Derivative Transactions and Swap Transactions (i.e. IRS) the PAI, PAA and discounting switch from EFFR to SOFR as follows:

1. Transition of the Price Alignment Interest (PAI) and Price Alignment Amount (PAA) and the discounting regime based on EFFR to SOFR in a single step for all USD-denominated OTC Interest Rate Derivative Transactions and Swap Transactions.
2. Compensation for changes in the present values of all affected derivatives induced by the transition by a USD cash credit or debit (e.g. via one-time cash fee instructions on trade level). To mitigate profit-and-loss impacts (positive and negative), resulting from variation margin changes induced by the discounting switch, a mandatory and automatic USD cash debit or credit will be instructed as a fee, ensuring that the discounting switch does not create winners and losers.

The published document "EurexOTC Clear – process and methodology of the FedFunds to SOFR discounting switch" describes the methodology behind the compensation and lists and describes all steps in the compensation process. It also specifies all Member and public reports that are relevant for the transition, enabling each Member to reconcile the compensation. The document is available in the Eurex Clearing [Member Section](#), under the following path:

Risk & Collateral Management > Benchmark Transition Information > USD: FedFunds-SOFR Transition

For further information on the discounting switch, see Eurex Clearing Circulars 044/20 and 057/20, and Eurex Clearing Readiness Newsflash of 28 July 2020.

The EFFR-SOFR discounting switch will be performed during the weekend before Monday, 19 October 2020. Accordingly, Friday, 16 October 2020, will be the last Business Day with EFFR-based PAI/PAA and discounting; and Monday, 19 October 2020, will be the first Business Day with SOFR-based PAI/PAA and discounting.

Calculation of PAI and PAA for OTC FX Transactions and OTC XCCY Transactions as well as the discounting of such transactions is already based on SOFR since they have been made eligible for clearing at Eurex Clearing, hence, this PAI, PAA and discounting switch will not affect these transaction types. Nevertheless, the applicable PAI, PAA and discounting provisions for these transactions have been clarified.

To reflect the changes and amendments, the following provisions of the Clearing Conditions and FCM Regulations will be amended as outlined in Attachments 2 and 4:

- Chapter VIII Part 2 Number 2.1.6 of the Clearing Conditions
- Chapter VIII Part 3 Number 3.1.7 and 3.2.1 of the Clearing Conditions
- Chapter VIII Part 4 Number 4.1.7 and 4.2.1 of the Clearing Conditions
- Chapter II Part 2 Number 2.2.1 of the FCM Regulations

D. Introduction of USD as a new clearing currency for the LSOC OTC IRD clearing model

Until now, USD has been admitted as margin and product currency at Eurex Clearing, but not as clearing currency. Based on client demand, USD will be introduced with EurexOTC Clear Release 11.0 as a new clearing currency for FCM Clearing Members under the FCM Regulations.

For the avoidance of doubt, the scope of currencies eligible as clearing currencies under the Clearing Conditions (EUR, CHF or GBP) will remain unchanged.

To reflect the changes, the following provisions of the Clearing Conditions and FCM Regulations will be amended as outlined in Attachments 1, 3 and 5:

- Chapter I Part 1 Number 1.2.4 of the Clearing Conditions
- Chapter I Part 1 Number 6 of the Clearing Conditions (subject to a Consultation)
- Chapter I Part 1 Number 1.2 of the FCM Regulations
- Chapter I Part 2 Number 2.2.10 of the FCM Regulations

E. Support of transfer large numbers of OTC Transactions as a portfolio

Eurex Clearing will enhance for its EurexOTC Clear service a new portfolio transfer functionality, which provides Members with the possibility to transfer large numbers of trades as a portfolio and calculating the risk on a portfolio level.

The details of the new portfolio transfer functionality are described in the "EurexOTC Clear Procedures Manual" corresponding to EurexOTC Clear Release 11.0.

To reflect the changes and amendments, the following provisions of the Clearing Conditions and FCM Regulations will be amended as outlined in Attachments 2 and 4:

- Chapter VIII Part 2 Number 2.7 of the Clearing Conditions
- Chapter II Part 2 Number 2.7 of the FCM Regulations

F. Further minor changes to the Clearing Conditions and FCM Regulations

Further minor amendments will be introduced as outlined in the Attachments 2 to 4. Inter alia, the provisions for account transfers and trade transfers will be aligned by stating that also an account transfer takes places by way of novation.

To reflect the changes, in particular the following provisions of the Clearing Conditions and FCM Regulations will be amended as outlined in Attachments 2 to 4:

- Chapter VIII Part 2 Number 2.1.5.1, 2.2.4 and 2.7.2 of the Clearing Conditions
- Chapter VIII Part 3 Number 3.8.2 of the Clearing Conditions
- Chapter VIII Part 4 Number 4.9.2 of the Clearing Conditions
- Chapter I Part 1 Number 1.3.3 of the FCM Regulations
- Chapter II Part 2 Number 2.1.5.1 and 2.2.4 of 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.eurexclearing.com 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:

- Amended sections of Chapter I of the Clearing Conditions (not subject to a Consultation)
- Amended sections of Chapter VIII of the Clearing Conditions
- Amended sections of Chapter I of the FCM Regulations
- Amended sections of Chapter II of the FCM Regulations
- Amended sections of Chapter I of the Clearing Conditions (subject to a Consultation)

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 + Back Office

Contact: client.services@eurexclearing.com

[COOKIE SETTINGS](#)

Web: Initiative page: [EurexOTC Clear Release 11.0](#)

Related circulars: [Eurex Clearing circulars 044/20, 057/20](#)

Authorised by: Jens Janka

Further information

[Attachment 1 to Eurex Clearing Circular 076_20](#)

[Attachment 2 to Eurex Clearing Circular 076_20](#)

[Attachment 3 to Eurex Clearing Circular 076_20](#)

[Attachment 4 to Eurex Clearing Circular 076_20](#)

[Attachment 5 to Eurex Clearing Circular 076_20](#)

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Chapter I of the Clearing Conditions of Eurex Clearing AG

General Provisions

As of 17.10.2020

AMENDMENTS ARE MARKED AS FOLLOWS:
INSERTIONS ARE UNDERLINED,
DELETIONS ARE CROSSED OUT.

[...]

Part 1 General Clearing Provisions

1 General Rules

[...]

1.2 Clearing Procedures

[...]

1.2.4 Certain Definitions and Interpretation

In these Clearing Conditions:

[...]

- (2) **“Clearing Currency”** means either Euro (**“EUR”**), Swiss Francs (**“CHF”**) or British Pounds (**“GBP”**) as agreed in writing between Eurex Clearing AG and the Clearing Member in respect of each Standard Agreement or between Eurex Clearing AG and the Clearing Agent (acting on behalf of the relevant Basic Clearing Member) in respect of the Basic Clearing Member Clearing Agreement (as defined in Part 6 Number 1.1), provided that all Standard Agreements linked to a particular internal margin account need to have the same Clearing Currency. In these Clearing Conditions **“Euro”** means the lawful currency of the member states of the European Union that continue to have adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on March 25, 1957), as amended by the Treaty on the European Union (signed in Maastricht on February 7, 1992), the Treaty of Amsterdam (signed in Amsterdam on October 2, 1997), the Treaty of Nice (signed in Nice on February 26, 2001) and the Treaty of Lisbon (signed in Lisbon on December 13, 2007).

[...]

[...]

Chapter VIII of the Clearing Conditions of Eurex Clearing AG

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

As of 17.10.2020

AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED

DELETIONS ARE CROSSED OUT

[...]

Part 1 **General Provisions**

[...]

- (2) In addition to the offering of the Clearing of OTC Interest Rate Derivatives Transactions and OTC Currency Transactions under this Chapter VIII, Eurex Clearing AG offers the clearing of Interest Rate Derivative Transactions (as defined in Chapter I Number 1.1.5 of the FCM Regulations (as defined in Chapter I Part 1 Number 6)) to FCM Clearing Members (as defined in Chapter I Part 1 Number 6). If an Original OTC Transaction (as defined in the Preamble of Chapter I) or an Original Swap Transaction (as defined in Chapter I Number 1.3.3 of the FCM Regulations), in each case concluded between a Clearing Member (or, as relevant, a Basic Clearing Member or a DC With System Access/Basic DC) and an FCM Clearing Member or an FCM Client (as defined in Chapter I Number 1.1.9 of the FCM Regulations) is accepted for inclusion into the clearing procedures of Eurex Clearing AG, an OTC Interest Rate Derivatives Transaction between Eurex Clearing AG and the relevant Clearing Member in accordance with the Clearing Conditions (and subject to this Part 1 and Part 2) and an Interest Rate Derivatives Transaction with corresponding terms between Eurex Clearing AG and an FCM Clearing Member (subject to and in accordance with the FCM Clearing Conditions) will be created at the same time by way of novation.

[...]

[...]

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:

[...]

9. The Clearing Member or the Basic Clearing Member, as applicable, must have complied with the scheduled intraday margin calls as further set out below and if applicable:

- (a) If Eurex Clearing AG determines that the aggregate value of the Eligible Margin Assets actually delivered to Eurex Clearing AG by the Clearing Member or the Basic Clearing Member, as relevant, is insufficient to provide the cover required in order to fulfil the margin requirements (as set forth in Part 2 Number 2.1.7, Part 3 Number 3.1.7 and Part 4 Number 4.1.7) also taking into account all CCP Transactions arising pursuant to Part 2 Numbers 2.5, 2.6 and 2.7, Part 3 Numbers 3.7 and 3.8 and Part 4 Numbers 4.8 and 4.9 (any such shortfall of Eligible Margin Assets, the “**Shortfall Margin Requirement**”), Eurex Clearing AG will require the Clearing Member or the Basic Clearing Member, as the case may be, to provide additional Eligible Margin Assets intra-day in an amount up to the Shortfall Margin Requirement (such amount, the “**Shortfall Margin Amount**”) in accordance with the following provisions.
- (b) Eurex Clearing AG shall notify the Clearing Member of and, as applicable, the Basic Clearing Member (or the Clearing Agent acting on its behalf) (A) the Transactions arising pursuant to Part 2 Numbers 2.5, 2.6 and 2.7, Part 3 Numbers 3.7 and 3.8 and Part 4 Numbers 4.8 and 4.9 to be covered by the Shortfall Margin Requirement as well as (B) the Shortfall Margin Amount in both the relevant Preliminary OTC Margin Call Report and OTC Margin Call Report.

[...]

[...]

1.2.4 Special Provisions with respect to the Conclusion of CCP Transactions

- (1) If (A) in the case of OTC Interest Rate Derivatives Transactions, the Clearing Member or, if applicable, the Basic Clearing Member holds an Interest Rate Derivatives Clearing License pursuant to Part 2 Number 2.1.3 or (B) in the case of OTC FX Transactions, the Clearing Member holds an OTC Currency Products Clearing License, the Clearing Member or the Basic Clearing Member (or the Clearing Agent acting on behalf of the Basic Clearing Member) (i) authorises Eurex Clearing AG to capture and maintain records vis-à-vis the respective ATS, and (ii) confirms that it has appointed the relevant ATS to receive trade communications and generate and send trade communications to Eurex Clearing AG for the Clearing

Member or, if applicable, the Basic Clearing Member (or the Clearing Agent acting on behalf of the Basic Clearing Member). Eurex Clearing AG may rely on such trade communications.

[...]

[...]

1.8 Index-related Provisions

[...]

1.8.2 Permanent Index Cessation

[...]

- (3) If a Permanent Index Cessation Event occurs, Eurex Clearing AG will determine each index level for a date from (and including) the Index Cessation Date based on the following fallbacks (any such fallback index a "**Successor Index**"), whereby lit. (a) – (d) mark the order of application of the relevant fallback. For the avoidance of doubt, a Successor Index may also consist of a fallback index plus or minus a certain fixed spread.

[...]

- (c) If an index is formally designated, nominated or recommended as a fallback index by (i) the competent central bank for the currency of the relevant index, the regulatory supervisor for either the relevant index or the Index Administrator, or any working group or committee officially endorsed or convened by any of the foregoing authorities, a group of any of the foregoing authorities, or the Financial Stability Board, or any part thereof, or (ii), if (i) does not apply, the Index Administrator of the relevant index ~~as a fallback~~, then, as of the Index Cessation Date, this fallback index shall be applied as the Successor Index, provided that Eurex Clearing states in accordance with Chapter I Part 1 Number 16.1 of the Clearing Conditions that it is operationally and legally capable to use this fallback index.

[...]

[...]

- (7) If with respect to an index a Permanent Index Cessation Event has occurred and a Successor Index may be determined in accordance with Paragraph (3) which will replace the index as of the Index Cessation Date, and the Successor Index consists of a fallback index plus or minus a certain fixed spread, Eurex Clearing AG may amend the affected OTC Interest Rate Derivative Transaction or OTC XCCY Transaction so that either

[...]

Upon request by Eurex Clearing AG, the Clearing Member or Basic Clearing Member achieving a profit due to the amendment pursuant to sentence 1 is obliged to make a payment to compensate for its profit to Eurex Clearing AG; and Eurex Clearing AG will then pay an equivalent amount to the Clearing Member or Basic Clearing Member suffering a loss due to the amendment. Eurex Clearing AG may issue this request in its reasonable discretion (*billiges Ermessen*) and it normally should issue such request if the profit or loss due of one Clearing Member or Basic Clearing Member affected by the amendment pursuant to sentence 1 amounts to more than EUR 10,000. For the avoidance of doubt, any economic value and any profit or loss referred to in this Paragraph (7) shall be discounted to present value.

1.8.3 Temporary Index Cessation

[...]

- (2) If a Temporary Index Cessation Event occurs, Eurex Clearing AG will determine each missing index level based on the following fallbacks:

[...]

- (c) If lit. (a) – (b) do not apply or the fallback mechanism contemplated therein is not feasible, Eurex Clearing will surrogate each missing Relevant Index Level by the latest available Relevant Index Level until the occurrence of an Permanent Index Cessation Date Event.

[...]

1.9 ISDA Copyright Notices and Disclaimers of Third Parties

1.9.1 ISDA Copyright Notice

Certain provisions of this Chapter VIII are based on copyrighted publications issued by the ISDA (including the 2006 ISDA Definitions), and adaption took place with the permission of ISDA.

1.9.2 SARON-related Copyright Notice and Disclaimer

The Swiss Reference Rates and related data are the intellectual property (including registered trademarks) of SIX Swiss Exchange AG, Zurich, Switzerland (for the purposes of this provision the “SIX Swiss Exchange”) and/or its licensors (for the purposes of this provision the “Licensors”), which is used under license. SIX Swiss Exchange and/or its Licensors do not give any warranty and exclude any liability (whether in negligence or otherwise) with respect thereto generally or specifically in relation to any errors, omissions or interruptions in connection with the Swiss Reference Rates and/or related data.

1.9.3 SONIA-related Copyright Notice and Disclaimer

SONIA and SONIA Compounded Index are copyright the Bank of England. The trade marks 'Bank of England' and 'SONIA' are registered trade marks of the Bank of England. All Rights Reserved. The SONIA benchmark and SONIA Compounded Index include the proprietary information of the Bank of England and the data comprising the SONIA benchmark and SONIA Compounded Index may not be copied or distributed except as specifically authorised. The SONIA benchmark and SONIA Compounded Index are not intended to be relied upon as authoritative or taken in substitution for the exercise of judgement and do not constitute investment advice. The SONIA benchmark and SONIA Compounded Index are not, and should not be construed as, an offer, bid or solicitation in relation to any financial instrument. The Bank of England does not guarantee, and expressly disclaims any liability for, and makes no representations or warranties whether express or implied, as to the currency, accuracy, timeliness, completeness or fitness for any particular purpose of the SONIA benchmark or the SONIA Compounded Index. The Bank of England accepts no liability whatsoever for any loss (including, but not limited to any direct, indirect or consequential loss, whether or not such loss is foreseeable and whether or not the Bank of England has been appraised of the use to which the SONIA benchmark or SONIA Compounded Index will be put) howsoever arising from the use, the timeliness of delivery or the failure of delivery of the SONIA benchmark or SONIA Compounded Index.

1.9.4 WM/Reuters-related Copyright Notice and Disclaimer

The WM/Reuters Closing Spot Rates, the WM/Reuters Intra-Day Spot Rates, the WM/Reuters Closing Forward Rates, the WM/Reuters Intra-Day Forward Rates, the WM/Reuters Closing Non-Deliverable Forward Rates, and the WM/Reuters Intraday Non-Deliverable Forward Rates provided by Thomson Reuters. Thomson Reuters shall not be liable for any errors in or delays in providing or making available the data contained within this service or for any actions taken in reliance on the same.

1.9.5 ICE LIBOR-related Copyright Notice

ICE LIBOR is a trademark of ICE Benchmark Administration.

Part 2 Clearing of OTC Interest Rate Derivative Transactions

2.1 General Provisions

2.1.1 Applicable General Provisions

The general provisions of Part 1 apply to all OTC interest rate derivative transactions to be cleared by Eurex Clearing AG (the transactions resulting from an inclusion in the Clearing, the "OTC Interest Rate Derivative Transactions"), except where deviating or supplementary provisions for OTC Interest Rate Derivative Transactions are set out in this Part 2.

2.1.2 Types of Transactions eligible for the Clearing; Additional Terms Consultation of Clearing Members and Basic Clearing Members/Committees

[...]

(3) If Original OTC Transactions containing break clauses (*Kündigungsrechte*) are submitted to Eurex Clearing AG for clearing, such break clauses will not become part of the OTC Interest Rate Derivative Transactions.

2.1.3 License for the Clearing of OTC Interest Rate Derivatives Transactions

[...]

2.1.5 Novation Criteria and Process Regarding OTC Interest Rate Derivative Transactions

[...]

2.1.5.1 Transaction Type Specific Novation Criteria

The following Transaction Type specific novation criteria must be fulfilled for OTC Interest Rate Derivative Transactions (based on the Trade Record transmitted to Eurex Clearing AG via the ATS):

[...]

(4) Maximum remaining term

The remaining term of the OTC Interest Rate Derivative Transaction from the date of novation to the termination date must be

(a) in case of IRS, no more than ~~50 years and 10 Business Days~~ 51 years (18,675 calendar days) for Original OTC Transactions in EUR, USD and GBP and no more than ~~30 years and 10 Business Days~~ 31 years (11,375 calendar days) for Original OTC Transactions in CHF, DKK, SEK, NOK and JPY and no more than ~~40 years and 10 Business Days~~ 11 years (4,050 calendar days) for Original OTC Transactions in PLN,

(b) in case of OIS, (i) no more than ~~30 years and 10 Business Days~~ 31 years (11,375 calendar days) for Original OTC Transactions in ~~EUR referencing EUR-EONIA-COMPOUND, GBP, CHF and JPY,~~ and (ii) no more than ~~50 years and 40 Business Days~~ 51 years (18,675 calendar days) for Original OTC Transactions in ~~EUR referencing EUR-EuroSTR-COMPOUND, GBP and USD,~~

(c) in case of FRA, no more than ~~36 months and 10 Business Days~~ 3 years (1,225 calendar days) for Original OTC Transactions in EUR, USD, GBP, CHF, SEK, and JPY, ~~and no more than 24 months and 10 Business Days for Original OTC Transactions in DKK, NOK and PLN, and~~

[...]

[...]

(10) Fixed rate and floating rate spread schedules

IRS (but not ZCIS, OIS or FRA) may have a fixed rate and a floating rate spread schedule, i.e. a fixed rate or floating rate spread may vary across the calculation periods relative to their value in the relevant preceding calculation period provided that any such change to the fixed rate or the floating rate spread may only occur at the start of the relevant calculation period and must be pre-determined and specified in the Trade Record submitted via the ATS. Fixed rate or floating rate spread schedules are not eligible for zero coupon payments or payments made on a compounding basis;

[...]

(12) Notional amount

[...]

Except for ZCIS and FRA, the notional amounts can be different for each swap leg and may vary across the calculation periods relative to their value in the relevant preceding calculation period. The changes in notional can only take place at the start of the calculation periods and must be pre-determined and specified in the Trade Record submitted via the ATS. Changes in the notional amount across calculation periods may not be specified for ZCIS and FRA, OIS nor for IRS with swap legs under which amounts are payable on a compounding basis or in the form of a zero coupon payment;

[...]

[...]

(17) Compounding

The floating leg (incl. spread) of an IRS can be subject to Compounding (also referred to as **S-straight eCompounding** if Flat Compounding is not specified as applicable) or Flat Compounding, each as defined in Number 2.2.4 below. Only standard monthly, quarterly, semi-annual and, in case of EUR and GBP only, annual floating rate indices can be referenced for payments made on a **S-straight eCompounding** or Flat Compounding basis, i.e. no Interest Rate Stub Periods may be specified for such OTC Interest Derivative Transactions;

For the fixed leg, neither **S-straight eCompounding** nor Flat Compounding may be selected in the ATS. However, a fixed rate can be specified under the zero coupon option which would result in one fixed payment at swap maturity for the fixed leg only applying the provided fixed rate subject to the applicable terms of calculation such as business day conventions and day count fractions. Alternatively, a lump sum can be entered manually that would be paid unadjusted on the last payment date of the relevant zero coupon swap.

[...]

[...]

~~(20) Break Clauses~~

~~— Break clauses (*Kündigungsrechte*) are not eligible for OTC Interest Rate Derivative Transactions. If Original OTC Transactions containing break clauses are submitted to Eurex Clearing AG for clearing, such break clauses will not be recognised in course of the novation.~~

2.1.5.2 Documentation of Original OTC Transactions

- (1) In the Trade Record submitted via the ATS in respect of an Original OTC Transaction for purposes of the Clearing of OTC Interest Rate Derivative Transactions, one of the following frameworks has to be specified as the source of specifications (in particular the financial and/or pricing terms) applicable to the Original OTC Transaction:

[...]

[...]

- (3) By entering into the relevant Clearing Agreement, the Clearing Member or the Basic Clearing Member, respectively, declare(s) vis-à-vis Eurex Clearing AG that it (and, in case of the Clearing Member, also its relevant DC With System Access/Basic DC) has received a copy of the 2006 ISDA Definitions, as published by ISDA, and any amendments and/or supplements issued thereto as of the date of such Clearing Agreement. The Clearing Member or the Basic Clearing Member, respectively, further declares that it will ~~take charge of itself~~ be its own responsibility (and, in case of the Clearing Member, also its DC With System Access/Basic DC) to ~~obtain~~ receive any amendments and/or supplements to the 2006 ISDA Definitions which are published after their entering into the relevant Clearing Agreement.

The Clearing Member (also with respect to its relevant DCs With System Access/Basic DCs) ~~Client~~ and the Basic Clearing Member further agree to the passing on to ISDA of their company name and their company address in the context of the delivery to it of the documents referred to in the foregoing paragraph.

[...]

2.1.6 Daily Evaluation Price and Discounting of Future Cashflows

- (1) Eurex Clearing AG determines the daily evaluation price on the basis of (i) the fixings published on the Reuters Screen page as defined for the relevant floating rate in Number 2.2.5 Paragraph (1) below and (ii) the raw market quotes underlying the discount and forecast curve provided by a recognised third party provider (the respective quotes and third party provider to be selected at the reasonable discretion (*billiges Ermessen*) of Eurex Clearing AG), in each case as of the day of the

determination of the daily evaluation price (each such day a “Reset Date” for the purposes of Number 2.2.5 Paragraph (1)). Where no information on the relevant fixings as referred to in (i) rates is available on the relevant screen page, Eurex Clearing AG will determine the daily evaluation price in accordance with Part 1 Number 1.8. The relevant discount and forecast curves are laid out in the EurexOTC Clear Risk Methodology Description Interest Rate Swaps of Eurex Clearing AG.

[...]

2.1.7 Margin Requirements

[...]

- (3) The Variation Margin Requirement, or Basic Clearing Member Variation Margin Requirement (each as defined in Chapter I Part 2 Subpart A Number 5, Part 4 Number 7 or Part 6 Number 8, as applicable), and/or any Redelivery Amount, as the case may be, for CCP Transactions that are OTC Interest Rate Derivative Transactions and CTM Interest Rate Derivative Transactions shall equal the profit or loss amount determined on any Business Day on the basis of the daily evaluation price (Number 2.1.5) as follows: For each outstanding CCP Transaction entered into~~concluded~~ prior to the relevant Business Day, the relevant profit and loss amount shall be the difference between the daily evaluation prices of the CCP Transaction on the relevant Business Day and the previous Business Day. For CCP Transactions entered into~~concluded~~ on the relevant Business Day, the relevant profit and loss amount shall be the difference between zero and the daily evaluation price for such Business Day. [...]
- (4) In addition to Variation Margin and Basic Clearing Member Variation Margin, as applicable, and as part of the primary payment obligations of CTM Interest Rate Derivative Transactions, interest (the so-called price alignment interest (“PAI”)) shall be payable on the cumulative Variation Margin or Basic Clearing Member Variation Margin, respectively, at the applicable overnight interest rate.

[...]

(b) The relevant indices to determine the PAI are:

(i) In case the currency is EUR then ~~EONIA (until and including 24.07.2020)~~ or ~~€STR (from 25.07.2020 onwards);~~

(ii) In case the currency is USD then ~~FED FUNDSSOFR;~~

[...]

Eurex Clearing AG may switch the index to determine the IRS PAI by amending this Paragraph (4)_(b) in accordance with Chapter I Part 1 Number 17.2 or by way of applying the provisions laid out in Part 1 Number 1.8.2, in case a Permanent Index Cessation Event occurs with respect to an index, by announcing a successor index in accordance with Chapter I Part 1 Number 16.1

(each an “**IRS PAI Switch**”). Eurex Clearing AG may postpone the effective date of an IRS PAI Switch by amending this Paragraph (4) (b) ~~(bb)~~ in accordance with Chapter I Part 1 Number 17.2 or, if a Termination Event with respect to a Clearing Member, a Termination Event (as defined in the FCM Regulations) with respect to an FCM Clearing Member, an Insolvency Termination Event with respect to a Clearing Member, an Insolvency Termination Event (as defined in the FCM Regulations) with respect to an FCM Clearing Member, a Basic Clearing Member Termination Event or a Basic Clearing Member Insolvency Termination Event occurs and Eurex Clearing AG deems that such event may have an adverse impact on the proper course of the implementation of an IRS PAI Switch, by publishing an announcement in accordance with Chapter I Part 1 Number 16.1.

[...]

[...]

2.2 General product-related terms for OTC Interest Rate Derivative Transactions

[...]

2.2.1 Payment Obligations

[...]

- (5) The following additional primary payment obligations apply under STM Interest Rate Derivative Transactions:

[...]

- (b) A price alignment amount (“**IRS Price Alignment Amount**” or “**IRS PAA**”) shall be payable by the Clearing Member or Eurex Clearing AG, as the case may be, together with the IRS STM Amount.

[...]

- (bb) Number 2.1.7 (4) (b) shall apply *mutatis mutandis* to the identification of the relevant indices to determine the IRS PAA, ~~provided that each reference in Number 2.1.7 (4) to an IRS PAI Switch shall be read as a reference to an IRS PAA Switch (such switch an (“**IRS PAA Switch**”)).~~

[...]

[...]

2.2.4 Calculation of Floating Amount

- (1) Eurex Clearing AG will calculate the floating amount payable by a party on a Payment Date (the "**Floating Amount**") as follows:

[...]

- (b) if "**Compounding**" is specified as applicable and "Flat Compounding" is not specified as applicable, an amount equal to the sum of the Compounding Period Amounts for each of the Compounding Periods in the related Calculation Period;

[...]

- (2) If the Floating Amount payable by a party on a Payment Date is a negative number (either due to a quoted negative Floating Rate or by operation of a negative Spread that is added to the Floating Rate) and if "Compounding" or "Flat Compounding" is not specified for that OTC Interest Rate Derivative Transaction, then the Floating Amount payable by that party on that Payment Date will be deemed to be zero and the other party will pay to that party the absolute value of the negative Floating Amount as calculated, in addition to any amounts otherwise payable by the other party for the related Calculation Period.

- (3) If either "Compounding" or "Flat Compounding" is specified in the OTC Trade Event Report to be applicable to that OTC Interest Rate Derivative Transaction and the Compounding Period Amount, the Basic Compounding Period Amount or the Additional Compounding Period Amount is a negative number (either due to a quoted negative Floating Rate or by operation of a negative Spread that is added to the Floating Rate), then the Floating Amount for the Calculation Period in which that Compounding Period or those Compounding Periods occur will be either the sum of all Compounding Period Amounts or the sum of all the Basic Compounding Period Amounts and all the Additional Compounding Period Amounts in that Calculation Period (whether positive or negative).

[...]

[...]

2.7 Transfer of CCP Transactions, Account Transfer and Trade Amendment

- (1) A CCP Transaction may be transferred in accordance with Paragraphs (3) to (7) and Numbers 2.7.1 and 2.7.2 below, as applicable, or amended in accordance with Number 2.7.3. [...]

[...]

- (4) For Any novation through which a transfer pursuant to Number 2.7 is to be made, the novation criteria as laid out in Part 1 Number 1.2.3 (1) 4., 5., 8. and 9. shall apply mutatis mutandis. Any such novation shall take effect with respect to the relevant

~~Clearing Members or Basic Clearing Members involved in the transfer (either as a transferor or as a transferee)~~ when a respective OTC Trade Daily Summary Report is made available to the relevant Clearing Members or Basic Clearing Members (or Clearing Agents acting on behalf of the Basic Clearing Member) electronically via Eurex Clearing AG's system. The effectiveness of such novation vis-à-vis an FCM Clearing Member involved in such transfer is subject to the FCM Regulations.

[...]

(8) Eurex Clearing AG may, subject to further restrictions set out in the systems of Eurex Clearing AG, offer a bulk transfer of two or more CCP Transactions where the check in accordance with Part 1 Number 1.2.3 (1) Clause 8 whether the Clearing Member or Basic Clearing Member has delivered sufficient Eligible Margin Assets is performed on a net basis across all such CCP Transactions.

2.7.1 Transfer of a CCP Transaction to another Clearing Member, Basic Clearing Member or FCM Clearing Member (Trade Transfer)

[...]

(2) Any transfer or partial transfer of a CCP Transaction provided for in this Number 2.7.1 Paragraphs (1) and (2) may be effected by way of novation pursuant to Number 2.7 (4) and Chapter I Part 1 Number 1.2.2 Paragraph (5) (a)–(e).

[...]

2.7.2 Account Management or Account Transfers

(1) Clearing Members and Basic Clearing Members (or a Clearing Agent acting on behalf of the relevant Basic Clearing Member) may book CCP Transactions to or from any of their transaction accounts in accordance with this Number 2.7.2. Any booking will take place ~~either~~

~~(i) by way of an account booking within the same Standard Agreement, or~~

~~(ii) by way of a transfer to another Standard Agreement by way of novation pursuant to Number 2.7 (4) and Chapter I Part 1 Number 1.2.2 Paragraph (5) (a)–(e).~~

[...]

[...]

2.8 Early Termination

[...]

2.8.2 Termination of Own Transactions, DC-Related Transactions and UDC-Related Transactions

~~A CCP Transaction constituting an Own Transaction, a DC-Related Transaction or an UDC-Related Transaction between~~ of the Clearing Member and Eurex Clearing AG may only be terminated (i) together with (x) a CCP Transaction between Eurex Clearing AG and another Clearing Member ~~that was concluded as an Own Transaction, a DC-Related Transaction or an UDC-Related Transaction of such Clearing Member and which has corresponding which has identical~~ terms or (y) a Swap Transaction between Eurex Clearing AG and an FCM Clearing Member that was concluded as an Own Transaction or an FCM Client Transaction (each as defined in the FCM Regulations) of such FCM Clearing Member and which has corresponding terms, (ii) against the payment of a cash settlement amount calculated by Eurex Clearing AG on the basis of the daily evaluation price (as set out in Number 2.1.5) and (iii) provided that:

[...]

[...]

Part 3 Clearing of OTC FX Transactions

3.1 General Provisions

[...]

3.1.2 Determination of Transactions to be included in the Clearing; Additional Terms

[...]

(2) Where a Trade Record transmitted via an ATS containing an OTC FX Transaction recognised by Eurex Clearing AG pursuant to Paragraph (1) provides for any additional terms which are not contemplated in Number 3.2 below, such as e.g. optional or mandatory early termination provisions, such additional terms will not be included in the OTC Trade Novation Report and will not become part of the terms applicable to a CCP Transaction. Eurex Clearing AG will not store or record any data relating to such additional provisions.

(3) If Original OTC Transactions containing break clauses (*Kündigungsrechte*) are submitted to Eurex Clearing AG for clearing, such break clauses will not become part of the OTC FX Transactions.

[...]

3.1.5 Novation Criteria and Process Regarding OTC FX Transactions

[...]

3.1.5.1 Transaction Type Specific Novation Criteria

The following Transaction Type specific novation criteria must be fulfilled for OTC FX Transactions (based on the trade record transmitted to Eurex Clearing AG via the relevant ATS):

[...]

~~(9) — Break Clauses~~

~~— Break clauses (*Kündigungsrechte*) are not eligible for OTC FX Transactions. If Original OTC Transactions containing break clauses are submitted to Eurex Clearing AG for clearing, such break clauses will not be recognised in course of the novation.~~

[...]

3.1.6 Daily Evaluation Price and Discounting of Future Cashflows

~~(1) — Eurex Clearing AG determines the daily evaluation price on the basis of the raw market quotes underlying the discount and forecast curve provided by a recognised third party provider as of the day of the determination of the daily evaluation price (the respective quotes and third party provider to be selected at the reasonable discretion (*billiges Ermessen*) of Eurex Clearing AG).~~

~~(2) — If an FX PAI Switch and/or an FX PAA Switch occurs that necessitates a switch of the relevant discount curves used for the determination of the daily evaluation prices in accordance with Paragraph (1) (such switch an “**OTC FX Discounting Switch**”), any change of the daily evaluation price induced by the OTC FX Discounting Switch shall give rise to an offsetting cash compensation claim from Eurex Clearing against the respective Clearing Member (or vice versa, as applicable) that is equal but opposite to the Variation Margin requirement or the FX STM Amount requirement (as applicable) following from the change in the daily evaluation price induced by the OTC FX Discounting Switch. Such offsetting cash compensation claim shall be due and payable upon determination thereof by Eurex Clearing AG, but no earlier than on the effective date of the OTC FX Discounting Switch.~~

3.1.7 Margin Requirements

The basic provisions for the margin requirements are set forth in Chapter I Part 1 Number 3 together with Chapter I Part 2 Subpart A Numbers 4 and 5, Subpart B Numbers 5 and 6 and Subpart C Numbers 6 and 7 and Chapter I Part 4 Numbers 6 and 7. In addition thereto, the following provisions shall apply:

[...]

(2) The Variation Margin Requirement and/or any Redelivery Amount (each as defined in Chapter I Part 2 Subpart A Number 5 or Part 4 Number 7), as the case may be,

for CCP Transactions that are OTC FX Transactions and CTM FX Transactions shall equal the profit or loss amount determined on any Business Day on the basis of the daily evaluation price (as set out in Number 3.1.6) as follows: For each outstanding CCP Transaction ~~entered into~~ ~~concluded~~ prior to the relevant Business Day, the relevant profit or loss amount shall be the difference between the daily evaluation prices of the CCP Transaction on the relevant Business Day and the previous Business Day. For CCP Transactions ~~entered into~~ ~~concluded~~ on the relevant Business Day, the relevant profit or loss amount shall be the difference between zero and the daily evaluation price for such Business Day. [...]

[...]

- (3) In addition to Variation Margin, and as part of the primary payment obligations of CTM FX Transactions, interest (the so-called price alignment interest (“**FX PAI**”)) shall be payable on the cumulative Variation Margin at the applicable overnight interest rate.

(a) FX PAI corresponds to the overnight interest paid or received on the cumulative Variation Margin over the lifetime of the respective FX portfolio. The cumulative Variation Margin of the previous Business Day corresponds to the value of the respective FX portfolio on the previous Business Day.

[...]

FX PAI shall be calculated and payable on each Business Day with respect to each CTM FX Transaction in accordance with the following formula:

[...]

_____ “ $YF(T, T + 1)$ ” the year fraction from today to the next Business Day.

(b) The relevant index to determine the FX PAI is SOFR.

Eurex Clearing AG may switch the index to determine the FX PAI by amending this Paragraph (3) (b) in accordance with Chapter I Part 1 Number 17.2 or by way of applying the provisions laid out in Part 1 Number 1.8.2 (each an “**FX PAI Switch**”). Eurex Clearing AG may postpone the effective date of an FX PAI Switch by amending this Paragraph (3) (b) in accordance with Chapter I Part 1 Number 17.2 or, if a Termination Event with respect to a Clearing Member, a Termination Event (as defined in the FCM Regulations) with respect to an FCM Clearing Member, an Insolvency Termination Event with respect to a Clearing Member, an Insolvency Termination Event (as defined in the FCM Regulations) with respect to an FCM Clearing Member, a Basic Clearing Member Termination Event or a Basic Clearing Member Insolvency Termination Event occurs and Eurex Clearing AG deems that such event may have an adverse impact on the proper course of the implementation of an FX PAI Switch, by publishing an announcement in accordance with Chapter I Part 1 Number 16.1.

[...]

[...]

3.2 Product-related terms for OTC FX Transactions

[...]

3.2.1 Payment obligations

[...]

- (4) The following additional primary payment obligations apply under STM FX Transactions:

[...]

- (b) A price alignment amount ("**FX Price Alignment Amount**" or "**FX PAA**") shall be payable by the Clearing Member or Eurex Clearing AG, as the case may be, together with the FX STM Amount.

(aa) The FX PAA corresponds to the overnight interest paid or received on the cumulative FX STM Amounts over the lifetime of the STM FX Transaction. The cumulative FX STM Amounts of the previous Business Day correspond to the value of the STM FX Transaction on the previous Business Day.

[...]

" $YF(T, T + 1)$ " the year fraction from today to the next Business Day.

(bb) Number 3.1.7 (3) (b) shall apply *mutatis mutandis* to the identification of the relevant indices to determine the FX PAA ("**FX PAA Switch**").

[...]

3.8 Transfer of CCP Transactions, Account Transfer and Trade Amendment

- (1) A CCP Transaction may be transferred in accordance with Paragraphs (3) to (8) and Numbers 3.8.1 and 3.8.2 below, as applicable.

[...]

- (4) ~~Any~~ For a novation through which a transfer pursuant to Number 3.8 is to be made, the novation criteria as laid out in Part 1 Number 1.2.3 (1) 4., 5. 8., 9. shall apply *mutatis mutandis*. Any such novation shall take effect when a respective OTC Trade Daily Summary Report is made available to the relevant Clearing Members electronically via Eurex Clearing AG's system.

[...]

(8) Eurex Clearing AG may, subject to further restrictions set out in the systems of Eurex Clearing AG, offer a bulk transfer of two or more CCP Transactions where the check in accordance with Part 1 Number 1.2.3 (1) Clause 8 whether the Clearing Member has delivered sufficient Eligible Margin Assets is performed on a net basis across all such CCP Transactions.

~~(98)~~ [...]

3.8.1 **Transfer of a CCP Transaction to another Clearing Member**

[...]

(2) Any transfer or partial transfer of a CCP Transaction provided for in this Number 3.8.1 may be effected by way of novation pursuant to Number 3.8 (4) and Chapter I Part 1 Number 1.2.2 Paragraph (5)-(a) —(e), as applicable.

3.8.2 **Account Management or Account Transfers**

(1) Clearing Members may book CCP Transactions to or from any of their transaction accounts in accordance with this Number 3.8.2. Any booking will take place ~~either (i) by way of an account booking within the same Standard Agreement or (ii) by way of a transfer to another Standard Agreement~~ by way of novation pursuant to Number 3.8 (4) and Chapter I Part 1 Number 1.2.2 Paragraph (5)-(a) —(e).

[...]

[...]

3.9 **Early Termination**

[...]

3.9.1 **Conversion of DC-Related Transactions into Own Transactions**

(1) A Clearing Member may convert a DC-Related Transaction into an Own Transaction of the Clearing Member. Such conversion may also be effected with respect to part of a ~~DC-With System Access/Other DC-Related Transaction~~. Chapter I Part 1 Number 11.3 shall apply *mutatis mutandis*.

[...]

3.9.2 **Termination of Own Transactions, DC-Related Transactions and UDC-Related Transactions**

A CCP Transaction ~~constituting an Own Transaction, a DC-Related Transaction or a UDC-Related Transaction of~~ between the Clearing Member and Eurex Clearing AG may only be terminated (i) together with a CCP Transaction between Eurex Clearing AG and another Clearing Member ~~that was concluded as an Own Transaction, DC-Related Transaction or UDC-Related Transaction of such Clearing Member~~ and which has identical terms, (ii) against the payment of a cash settlement amount calculated by Eurex