

Eurex Clearing AG
ECAG Rule Certification 095-19
October 29, 2019

1. The text of the proposed amendments to the Clearing Conditions (“**Clearing Conditions**”) of Eurex Clearing AG (“**Eurex Clearing**”), Default Management Auction Rules, General Terms and Conditions to the Agreement on Technical Connection to the Clearing EDP of Eurex Clearing (“**GTC to the Connection Agreement**”), Statutes for the EMIR Risk Committee, Auction Terms of Eurex Clearing, and Price List of Eurex Clearing is appended as Attachment A. Any additions are underlined and any deletions are struck through.
2. The date of intended implementation is January 2, 2020.
3. Attached please find a certification that: (1) these amendments comply with the Commodity Exchange Act (the “Act”), and the Commission’s regulations thereunder; and (2) concurrent with the filing of this submission, Eurex Clearing is posting a copy of this filing to its website at: <http://www.eurexclearing.com/clearing-en/resources/cftc-dco-filing>.
4. A concise explanation and analysis of the operation, purpose, and effect of the amended rule appears below.
5. There were no opposing views expressed regarding these amended rules.
6. Confidential treatment is not requested.

CONCISE EXPLANATION AND ANALYSIS OF THE OPERATION, PURPOSE, AND EFFECT OF THE PROPOSED RULE AND ITS COMPLIANCE WITH APPLICABLE PROVISIONS OF THE ACT, INCLUDING CORE PRINCIPLES AND THE COMMISSION’S REGULATIONS THEREUNDER

Eurex Clearing is proposing the following amendments:

1. In Eurex Clearing Rule Certification 102/18 and accompanying Eurex Clearing Circular 102/18, Eurex Clearing proposed amendments effective December 31, 2019 to end the offering of the Individual Clearing Model (“**ICM**”) (regulated under Chapter I Part 3 of the Clearing Conditions) and the Value-Based Allocation Method under the Elementary Clearing Model provisions. Eurex Clearing is reiterating these proposed amendments with an effective date of January 2, 2020. For avoidance of doubt for this amendment as well as amendments Nos. 2 and 3 below, the ICM does not apply to FCM Clearing Members admitted under the FCM Regulations for swaps or the LSOC Clearing Model.
2. With the discontinuation of the ICM, the proposed amendments delete the “Exchange Price Approach” for the calculation of Difference Claims from the Clearing Conditions. In addition, the proposed amendments clarify and improve the readability of the provisions by restructuring the relevant provisions.

3. With the discontinuation of the ICM, the proposed amendments remove the Security Trust Agreement (Appendix 8 to the Clearing Conditions). Eurex Clearing introduced this Agreement with the introduction of the ICM for UK Clearing Members to facilitate the registration process of Security Interests to be granted by the Clearing Member with respect to each ICM Client.
4. The proposed amendments will allow a Basic Disclosed Client (“DC”) to be set up in the systems of Eurex Clearing without establishing a DC Own Account. With respect to Undisclosed Direct Clients, which do not clear proprietary business through Eurex Clearing, no position account (NOSA UDC Transaction Account) will need to be set up in the systems of Eurex Clearing. Currently, Clearing Members are required to set up a DC Own Account or NOSA UDC Transaction Account and allocate the respective Indirect Client Account to that transaction account. These amendments will increase the flexibility with respect to the functional setup of Basic DCs and Undisclosed Direct Client where such Direct Clients only provide client clearing for Indirect Clients. Additionally, the proposed amendments will end the restriction for the allocation of Disclosed DC- and Indirect Client-related Transaction Accounts to an Internal Omnibus Margin Account.
5. The proposed amendments introduce dealer-to-client clearing services for OTC Currency Products. Last year, Eurex Clearing implemented the legal framework for inter-dealer clearing of OTC Currency Products. Client clearing services will cover the full OTC Currency Products scope, including OTC FX Spots, FX Forwards, FX Swaps, and OTC Cross Currency Swaps. For avoidance of doubt, this offering will not be in the U.S. at this time.
6. The proposed amendments introduce minor amendments to streamline Eurex Clearing’s legal framework. Specifically, Appendix 7 to the Clearing Conditions will be amended to clarify the scope of pledges granted in favor of Eurex Clearing, and it will no longer be required that Clearstream Banking AG confirms receipt of a notice issued by the pledgor. Other minor amendments include aligning and streamlining provisions relating to netting and accumulation in Chapter VIII of the Clearing Conditions.
7. Other minor amendments are being proposed to reflect Amendments Nos. 1-6 above to the GTC to the Connection Agreement, Statutes for the EMIR Risk Committee, Auction Terms of Eurex Clearing, and the Price List of Eurex Clearing

For avoidance of doubt, the FCM Regulations of Eurex Clearing are not being amended by this rule filing and attached circular.

Amendments Nos. 1 and 7 will become effective on January 2, 2020 and are not subject to the Consultation. Amendment Nos. 2-6 are subject to a Consultation. A description of how to participate in the Consultation is provided in Eurex Clearing Circular 95/19, which is appended as Attachment A.

Further information regarding the operation, purpose, and effect of the proposed amendments is discussed in the attached Attachment A.

Eurex Clearing has identified the following derivatives clearing organization (“DCO”) Core Principle as potentially being relevant to the above amendments:

1. DCO Core Principle C (Participant and Product Eligibility): The proposed amendments will comply with DCO Core Principle C because the amendments reiterate the elimination of one segregation model (not used under Eurex Clearing’s LSOC model), and propose amendments

related to this elimination, and all Eurex Clearing segregation models utilized under Eurex Clearing's DCO license will continue to be in compliance with this Core Principle. In addition, the proposed amendments increase the flexibility for certain client types utilized outside of Eurex Clearing's LSOC model and introduce new dealer-to-client clearing for certain OTC currency products, which are not currently offered under Eurex Clearing's DCO license, and the client types and products offered under Eurex Clearing's DCO license will continue to be offered in compliance with this Core Principle.

CERTIFICATIONS PURSUANT TO SECTION 5c OF THE COMMODITY EXCHANGE ACT, 7
U.S.C. §7a-2 AND COMMODITY FUTURES TRADING COMMISSION RULE 40.6, 17 C.F.R. §40.6

I hereby certify that:

- (1) the amendments comply with the Commodity Exchange Act, and the Commission's regulations thereunder; and
- (2) concurrent with the filing of this submission, Eurex Clearing is posting a copy of this filing to its website at: <http://www.eurexclearing.com/clearing-en/resources/cftc-dco-filing>.



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Title: US CCO, Eurex Clearing AG

Dated: October 29, 2019