

Eurex Clearing AG
ECAG Rule Certification 111/17
November 9~~13~~, 2017

1. The text of the proposed amendments to the Clearing Conditions of Eurex Clearing AG (“Clearing Conditions”) and Pledge Agreement is appended as Attachments B and C. Any additions are underlined and any deletions are struck through.
2. The dates of intended implementation are December 4, 2017 and January 10, 2018.
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 to the Clearing Conditions:

1. First, the proposed amendments provide for the introduction of a new account structure to accommodate indirect clearing and gross omnibus segregated accounts (“GOSA”) for direct clients. Currently, Eurex Clearing’s Elementary Clearing Model with Asset-Based Allocation provides for a net omnibus structure. Under this existing structure, in the event of a clearing member default, undisclosed clients of the clearing member as well as direct clients (either Non-Clearing Members (“NCMs”) or Registered Customers (“RCs”)) would be required to port together. The clearing member’s proprietary collateral pool would be closed out separately, and the other collateral pools would be closed out together. Under GOSA, disclosed clients (NCMs and RCs) as well as “Specified Clients,” which are being defined as clients set up in with an own a-account and which are that is not recognized by Eurex Clearing as an NCM or RC, will all be able to port separately. Further, the clearing member’s proprietary account, the net omnibus collateral pool, and each individual GOSA client (whether Specified Client, NCM, or RC) will be closed out separately with separate calculations of the difference claim. GOSA will be applied automatically to existing NCMs and RCs. Thus, GOSA and the proposed amendments are designed to provide a significant porting benefit to Specified Clients, NCMs, and RCs.
2. Second, Eurex Clearing is proposing amendments to sharpen its access rights to securities collateral in the event of a clearing member default in terms of managing liquidity and liquidation of margin collateral. Currently, Eurex Clearing is only entitled to access pledged margin securities collateral

after the Difference Claim has been calculated. In limited circumstances, Eurex Clearing may also require access to particular securities pledged as proprietary margin collateral, such as the conclusion of replacement repo transactions. The amendments provide for a right of appropriation that will allow Eurex Clearing to access relevant securities margin collateral at any time between the occurrence of an Insolvency Termination Event or the actual Termination of a clearing member by Eurex Clearing and prior to the date on which the Difference Claim becomes due. With respect to default fund contributions in the form of securities, which are provided to Eurex Clearing on a full title-transfer basis, the amendments clarify the right for Eurex Clearing to dispose of the securities for liquidity management purposes.

3. Third, Eurex Clearing is amending the Pledge Agreement to reflect new terminology used in Nos. 1 and 2 above.

The proposed amendments for No. 1 above will become effective on December 4, 2017. The proposed amendments for Nos. 2 and 3 above fall within the scope of the Special Provisions of the Clearing Conditions and are thus subject to the consultation process. The consultation will begin on November 7, 2017 and end on December 7, 2017. All affected customers may submit comments during this timeframe. This consultation period will be followed by the regular notification period of 15 business days, after which the proposed amendments will become effective on January 10, 2018, provided that no more than two affected customers request a prolonged notification period.

Further information regarding the operation, purpose, and effect of the proposed amendments is discussed in the attached Eurex Clearing Circular 111/17, which is appended as Attachment A.

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

1. DCO Core Principle C (Participant and Product Eligibility): The amendments will comply with DCO Core Principle C because the amendments provide for a new account structure for one of Eurex Clearing’s clearing models, and there is no change with respect to the participant and membership requirements of Eurex Clearing, which continue to be objective, publicly disclosed, and permit fair and open access.
2. DCO Core Principle D (Risk Management): The amendments will comply with DCO Core Principle D because the amendments further Eurex Clearing’s ability to access securities collateral in an insolvency event, which furthers Eurex Clearing’s ability to manage risks associated with a clearing member default.
3. DCO Core Principle G (Default Rules and Procedures): The amendments will comply with DCO Core Principle G because the amendments introduce a new GOSA structure, which furthers the ability for disclose clients to port in a clearing member default, and further Eurex Clearing’s ability to access securities collateral in an insolvency event, and Eurex Clearing will continue to allow for the efficient, fair, and safe management of events during an insolvency or default.

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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Dated: November 9¹³, 2017