

Eurex Clearing AG
ECAG Rule Certification 118-19
December 11, 2019

1. The text of the proposed amendments to the Default Fund Contribution Factor is appended as Attachment A. Any additions are underlined and any deletions are struck through.
2. The date of intended implementation is February 3, 2020. The proposed amendments form part of the Clearing Conditions (“**Clearing Conditions**”) of Eurex Clearing AG (“**Eurex Clearing**”) and fall within the scope of Special Provisions of the Clearing Conditions and are thus subject to a consultation process. The consultation will end on January 10, 2020. The planned effective date is February 3, 2020, depending on the outcome of the consultation, which will be communicated in a separate Eurex Clearing circular.
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 accordance with Article 42 of Regulation (EU) No 648/2012 on OTC derivatives, central counterparties and trade repositories (“**EMIR**”), Eurex Clearing maintains a pre-funded default fund to cover losses that exceed the losses to be covered by margin requirements. Contributions to the default fund are calculated as the maximum of a static minimum contribution and a dynamic component. The dynamic component is calculated as 7 percent of the maximum of 30-day and 250-day initial margin requirement. The contribution factor is calibrated such that pre-funded resources are sufficient to cover losses stemming from a simultaneous default of the two largest clearing members in extreme but plausible market conditions. The proposed amendments increase the contribution factor from 7 percent to 9 percent following a recalibration to align pre-funded resources with historically observed stress exposure.
2. The margining of derivative positions was migrated from the Risk Based Margining methodology to the PRISMA portfolio margining methodology. As a result, futures spread margin is no longer

applied and therefore obsolete. The respective description on the Eurex Clearing's website in the context of default fund calculations will be amended accordingly.

Further information regarding the operation, purpose, and effect of the proposed amendments is discussed in the attached Eurex Clearing Circular 118/19, which is appended as 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 D (Risk Management): The proposed amendments will comply with DCO Core Principle D because the amendments reflect a change in margining methodology, and Eurex Clearing’s margining methodology will continue to be subject to appropriate standards in compliance with this Core Principle.
2. DCO Core Principle G (Default Rules and Procedures): The proposed amendments will comply with DCO Core Principle G because the amendments reflect a change to a calculation contributing to the default fund, and Eurex Clearing’s default fund methodology will continue to be subject to appropriate standards 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>.



By: Eric Seinsheimer

Title: US CCO, Eurex Clearing AG

Dated: December 11, 2019