

Eurex Clearing AG
ECAG Rule Certification 023-23
April 14, 2023

1. The text of the proposed amendments to the Clearing Conditions (“Clearing Conditions”) of Eurex Clearing AG (“Eurex Clearing”) and Price List (“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 for Amendments A, C, and D below is May 5, 2023. The date of intended implementation for Amendment B below is August 1, 2023.
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: <https://www.eurex.com/ec-en/rules-regs/regulations/cftc-dco-filings>.
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 below amendments to the Clearing Conditions and Price List:

A. Amendments to the Securities Collateral Concentration Add-On Fee

The proposed amendments change Eurex Clearing’s collateral concentration add-on fee, which was introduced with Eurex Clearing Circular 062/21 and accompanying Eurex Clearing CFTC Rule 40.6 Self-Certification 60-21 in 2021. The background for these amendments is Eurex Clearing’s observation of a trend of clients posting more securities collateral and reducing cash balances held and need to ensure continuous compliance with regulatory and operational liquidity requirements. For many years, the cash ratio at Eurex Clearing was fluctuating around 50 percent, which is still the desired level of Eurex Clearing. Eurex Clearing closely monitors the collateral composition of Clearing Members and has observed a trend towards stronger securities collateralization has accelerated in recent months. To ensure continued regulatory compliance and a healthy mix of cash and securities collateral across all clients, Eurex Clearing intends to activate the concentration add-on fee and at the same time simplify the approach as outlined in detail in Eurex Clearing Circular 023-23, which is appended as Attachment A.

B. Amendments to the Service Fees for Default Fund Contributions

The proposed amendments remove the securities over-collateralization charge for Default Fund Contributions for purposes of harmonization of the service fees for Default Fund Contributions.

C. Increase of the GC Pooling Re-Use Collateral Fee

The proposed amendments increase GC Pooling Re-use collateral fee from currently 5 basis points to 7.5 basis points effective as of January 1, 2025. The collateral fee rate for securities delivered via GC Pooling Re-use functionality for collateralizing Repo transactions will remain at 0 basis points.

For avoidance of doubt, Eurex Clearing clears GC Pooling repo transactions outside the scope of its DCO license, which applies only to swaps.

D. Introduction of a Cash Ratio Right

The proposed amendments introduce the right for Eurex Clearing to introduce a mandatory Cash Ratio. With this change, Eurex Clearing will be entitled to implement a specific Cash Ratio provided that Eurex Clearing determines that the implementation of such Cash Ratio is required to enable Eurex Clearing to (i) comply with its regulatory obligations to have access to adequate liquidity and (ii) ensure that Eurex Clearing is able to perform prudent liquidity risk management.

In case of activation, Eurex Clearing will determine a reasonable start date as of which Eurex Clearing will begin to request the delivery of additional Cash Margin, if the relevant Clearing Member does not comply with the Cash Ratio. In such cases, Eurex Clearing will furthermore be entitled to reject redelivery requests with respect of cash margin provided that the amount of Cash Margin is needed to comply with the Cash Ratio.

The decision to activate a Cash Ratio will be taken by the Executive Board in its reasonable discretion. When determining the applicable Cash Ratio, Eurex Clearing will use best efforts to find a fair and proportionate size of the Cash Ratio taking into account the interests of all Clearing Members.

Further information regarding the operation, purpose, and effect of the proposed amendments is discussed in 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 Principles D (Risk Management): The proposed amendments will comply with DCO Core Principle D because the amendments change a fee related to the provision of securities collateral and introduce a right for Eurex Clearing to introduce a mandatory cash ratio for the provision of margin, and Eurex Clearing will continue to have margin requirements sufficient to cover potential exposures in compliance with this Core Principle.
2. DCO Core Principle G (Default Management): The proposed amendments will comply with DCO Core Principle G because the amendments remove a securities over-collateralization charge for the Default Fund contributions, and Eurex Clearing will continue to have rules and procedures designed to allow for the efficient, fair, and safe management of insolvency and default events.

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: <https://www.eurex.com/ec-en/rules-regs/regulations/cftc-dco-filings>.

/s/ Eric Seinsheimer

By: Eric Seinsheimer

Title: US CCO, Eurex Clearing AG

Dated: April 14, 2023