FCM Regulations of Eurex Clearing AG

As of 24.07.2020

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              AMENDMENTS ARE MARKED AS FOLLOWS:

              INSERTIONS ARE UNDERLINED,

              DELETIONS ARE CROSSED OUT.

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Part 1   General Provisions

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1.7   Certain Definitions

In this Chapter II:

[…]

(11) "**SOFR**" is the daily secured overnight financing rate provided by the Federal Reserve Bank of New York, as the administrator of the benchmark, (or a successor administrator) on the New York Fed's Website. The "New York Fed's Website" means, in this context, the website of the Federal Reserve Bank of New York at http://www.newyorkfed.org, or any successor source (as defined in Section 7.2 (b) of the 2006 ISDA Definitions).

[…]

Part 2   Clearing of Interest Rate Derivative Transactions

2.1   General Provisions

[…]

2.1.5   Novation Criteria and Process Regarding Interest Rate Derivative Transactions

[…]

2.1.5.1 **Specific Novation Criteria**

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

[…]

(4)   Maximum remaining term

[…]

(b)   in case of OIS, (i) no more than 30 years and 10 Business Days for Original Swap Transactions in EUR referencing EUR-EONIA-COMPOUND, ~~USD,~~ GBP, CHF and JPY, and (ii) no more than 50 years and 10 Business Days for Original Swap Transactions in EUR referencing EUR-EuroSTR-COUMPOUND and USD,

[…]

[…]

(8)   Floating rate indices

The floating rate index (Floating Rate Option or base rate) must be one of the following:

[…]

(o)   EUR-EuroSTR-COMPOUND;

(p)   USD-SOFR-COMPOUND;

where:

[…]

for Paragraphs (f), ~~and~~ (g) and (p), payment is on the first or second Business Day following the period end date;

(~~o~~q)   Non-revised Eurozone Harmonised Indices of Consumer Prices excluding Tobacco ("**HICPxT**") (ZCIS in trade currency EUR);

(~~p~~r)   Non-revised French Inflation Consumer Price Index excluding Tobacco ("**FRCPIx**") (ZCIS in trade currency EUR);

(~~q~~s)   Non-revised UK Retail Price Index ("**UK RPI**") (ZCIS in trade currency GBP).

[…]

[…]

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 recognized third party provider, 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 rates is available on the relevant screen page, Eurex Clearing AG will determine the daily evaluation price in accordance with Number 1.8 and 2.2.5 Paragraph (5). The relevant discount and forecast curves are laid out in the EurexOTC Clear Risk Methodology Description Interest Rate Swaps of Eurex Clearing AG.

(2) If a 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 IRD Discounting Switch**"), any change of the daily evaluation price induced by the OTC IRD Discounting Switch shall give rise to an offsetting cash compensation claim from Eurex Clearing against the respective FCM Clearing Member (or vice versa, as applicable) that is equal but opposite to the Variation Settlement Amount requirement following from the change in the daily evaluation price induced by the OTC IRD 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 IRD Discounting Switch.

2.2   General product-related terms for Interest Rate Derivative Transactions

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2.2.1   Payment Obligations

[…]

(5) The following additional primary payment obligations apply:

[…]

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

(aa) The Price Alignment Amount "**Price Alignment Amount**" or "**PAA**" means the overnight interest paid or received on the cumulative Variation Settlement Amounts over the lifetime of the Interest Rate Derivatives Transaction. The cumulative Variation Settlement Amounts of the previous Business Day correspond to the value of the Interest Rate Derivatives Transaction on the previous Business Day.

[…]

(bb) The relevant indices to determine the PAA are

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

(bbii) In case the currency is USD, then FED FUNDS;

(iiiee) In case the currency is GBP, then SONIA;

(ddiv) In case the currency is CHF, then SARON;

(eev) In case the currency is JPY, then TONAR;

(viff) In case the currency is DKK, then T/N (published by Danish National Bank);

(ggvii) In case the currency is SEK, then STIBOR T/N;

(hhviii) In case the currency is NOK, then NOWA (Norwegian Overnight Weighted Average);

(ixii) In case the currency is PLN, then POLONIA (Polish Overnight Index Average).

Eurex Clearing AG may switch the index to determine the PAA by amending this Paragraph (4) (b) or, 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 a "**PAA Switch**"). Eurex Clearing AG may postpone the effective date of a PAA Switch by amending this Paragraph (4) (b) (bb) or, if a Termination Event with respect to an FCM Clearing Member, a Termination Event (as defined in the Clearing Conditions) with respect to a Clearing Member, an Insolvency Termination Event with respect to an FCM Clearing Member, an Insolvency Termination Event (as defined in the Clearing Conditions) with respect to a Clearing Member, a Basic Clearing Member Termination Event (as defined in the Clearing Conditions) or a Basic Clearing Member Insolvency Termination Event (as defined in the Clearing Conditions) occurs and Eurex Clearing deems that such event may have an adverse impact on the proper course of a PAA Switch, by publishing an announcement in accordance with Chapter Number 15.1 of the FCM Regulations.

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2.2.5   Rates for calculating the Floating Amount

(1)   The applicable Relevant Rate (in case of ISDA Interest Rate Derivative Transactions) or Base Rate (in case of DRV Interest Rate Derivative Transactions) applied by Eurex Clearing AG in calculating Floating Amounts will be set out in the

Swap Trade Novation Report on the basis of the floating rate index specified in the Trade Record transmitted to Eurex Clearing AG via the ATS whereby:

[…]

(j) "**CHF-SARON-OIS-COMPOUND**", "**USD-Federal Funds-H.15-OIS-COMPOUND**", "**GBP-SONIA-COMPOUND**", "**EUR-EONIA-OIS-Compound**", "**EUR-EuroSTR-COMPOUND**", "**JPY-TONA-OIS-COMPOUND**", "**USD-SOFR-COMPOUND**" will be calculated as set out in Number 2.2.7 below.

[…]

[…]

2.2.7 **OIS Rate Calculation**

[…]

"**FEDFUND$_i$**"; for any day "**i**" in the relevant Calculation Period, is a reference rate equal to the rate set forth in H.15(519) in respect of that day under the caption "**EFFECT**", as such rate is displayed on the Reuters Screen FEDFUNDS1 Page. If such rate does not appear on the Reuters Screen FEDFUNDS1 Page, in respect of any day "**i**", the rate for that day will be the rate displayed on the Reuters Screen FEDFUNDS1 Page in respect of the first preceding New York Banking Day;

"**n$_i$**" is the number of calendar days in the relevant Calculation Period on which the rate is FEDFUND$_i$; and

"**d**" is the number of calendar days in the relevant Calculation Period.

"**USD-SOFR-COMPOUND**" means that the rate for a Reset Date, calculated in accordance with the formula set forth below in this subparagraph, will be the rate of return of a daily compound interest investment (it being understood that the reference rate for the calculation of interest is SOFR).

The USD-SOFR-COMPOUND will be calculated as follows, and the resulting percentage will be rounded, if necessary, in accordance with the method set forth in Section 8.1(a) of the 2006 ISDA Definitions:

$$\left[\prod_{i=1}^{d_0}\left(1+\frac{SOFR_i \times n_i}{360}\right)-1\right] \times \frac{360}{d}$$

where:

"**d$_0$**" for any Calculation Period, is the number of U.S. Government Securities Business Days (as defined in the 2006 ISDA Definitions) in the relevant Calculation Period;

"**i**" is a series of whole numbers from one to d$_0$, each representing the relevant U.S. Government Securities Business Days (as defined in the 2006 ISDA Definitions) in

chronological order from, and including, the first U.S. Government Securities Business Day (as defined in the 2006 ISDA Definitions) in the relevant Calculation Period;

"$SOFR_i$"; for any day "i" in the relevant Calculation Period, is a reference rate equal to SOFR in respect of that day as published on or about 8:00 a.m., New York City time, on the U.S. Government Securities Business Day (as defined in the 2006 ISDA Definitions) immediately following that day "i". In deviation of Chapter VIII Part 1 Number 1.8.3 Clearing Conditions, if, by 5:00 p.m., New York City time, on the U.S. Government Securities Business Day (as defined in the 2006 ISDA Definitions) immediately following any day "i", SOFR in respect of such day "i" has not been published and a Permanent Index Cessation Event has not occurred, then SOFRi for that day "i" will be SOFR as published in respect of the first preceding U.S. Government Securities Business Day (as defined in the 2006 ISDA Definitions) for which SOFR was published on the New York Fed's Website;

"n_i" is the number of calendar days in the relevant Calculation Period on which the rate is $SOFR_i$; and

"d" is the number of calendar days in the relevant Calculation Period.

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