

Chapter I: Clearing Model Related Provisions

FCM Regulations of Eurex Clearing AG

As of 30.12.2020

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AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED,

DELETIONS ARE CROSSED OUT.

[...]

9 Termination Rules with respect to the FCM Clearing Member

[...]

[...]

9.6 Cash Settlement with respect to DMP Cash Settlement Transactions; Establishment of DM Swap Hedging Transactions and Additional Swap Transaction; Cash Settlement of Liquidation Group Transactions

9.6.1 Cash settlement with respect to DMP Cash Settlement Transactions

(1) In case of any Remaining Swap Transactions, Eurex Clearing AG shall be entitled to terminate and settle in cash DMP Cash Settlement Transactions (in whole or in part) established between Eurex Clearing AG and a FCM Clearing Member pursuant to the requirements set out below and up to a number and size which is sufficient to cover all Remaining Swap Transactions.

“Remaining Swap Transactions” means any Terminated Transaction, Terminated FCM Clearing Member Transaction and DM Hedging Transaction, which qualifies as Swap Transaction and which could not be covered by an Independent Trade Transaction or DM Auction Transaction pursuant to the procedures under Number 4.3 of the FCM Default Rules.

“DMP Cash Settlement Transactions” means the following Transactions:

(i) a Swap Transaction with terms identical to a Terminated Transaction or a Terminated FCM Clearing Member Transaction except that the relevant FCM Clearing Member has the opposite position than the Affected Clearing Member, the Affected Basic Clearing Member or Affected FCM Clearing Member had under the Terminated Transaction or Terminated FCM Clearing Member Transaction, or

(ii) a Swap Transaction with terms identical to a DM Hedging Transaction.

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Eurex Clearing AG shall inform the FCM Clearing Member about the cash settlement without undue delay by submitting a written notice (“**Cash Settlement Notice**”) specifying (i) each DMP Cash Settlement Transaction which shall be terminated and cash settled, (ii) the date and time as of which the termination and cash settlement shall become effective (such date being the “**Cash Settlement Date**” and such time being the “**Cash Settlement Time**”) and (iii) the Cash Settlement Price for each DMP Cash Settlement Transaction.

- (2) The required number and size of DMP Cash Settlement Transactions to be terminated shall be shared on a pro-rata basis between all FCM Clearing Members, Clearing Members and Basic Clearing Members and.

The pro-rata share shall be based on the open interest of the Clearing Member, Basic Clearing Member or FCM Clearing Member in the Transaction corresponding to the relevant DMP Cash Settlement Transaction (irrespective of whether the relevant Transaction is entered into as Own Transaction or FCM Client Transaction).

The pro-rata share of DMP Cash Settlement Transactions determined for the FCM Clearing Member shall be allocated to the relevant FCM Clearing Member Own Transaction Account or FCM Client Transaction Account on which the relevant DMP Cash Settlement Transaction is booked. For the avoidance of doubt, such allocation to the relevant FCM Clearing Member Own Transaction Account or FCM Client Transaction Account shall also occur on a pro-rata basis based on the open interest of the FCM Clearing Member in the Swap Transaction corresponding the relevant DMP Cash Settlement Transactions booked on such transaction account.

Eurex Clearing AG shall use best efforts to find a fair and proportionate distribution of the pro-rata share between the relevant Clearing Members, Basic Clearing Members and FCM Clearing Members.

- (3) As of the Cash Settlement Time, Eurex Clearing AG and the FCM Clearing Member shall be released from their obligations to each other under the relevant DMP Cash Settlement Transaction (provided that any outstanding obligations relating to payments and deliveries that have become due, but have not been paid or delivered on or before the Cash Settlement Time shall continue to exist).
- (4) Eurex Clearing AG shall determine a cash settlement price in the relevant product currency with respect to each DMP Cash Settlement Transaction terminated pursuant to Paragraph (1) (“**Cash Settlement Price**”) which shall become due and payable by Eurex Clearing AG or the FCM Clearing Member as of the end of the Cash Settlement Date.

The Cash Settlement Price shall be determined on the basis of one of the following prices in the following order:

- (i) in case a DM Auction was partially successfully with respect to a Terminated Transaction, Terminated FCM Clearing Member Transaction or DM Hedging

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Transaction relating to the relevant DMP Cash Settlement Transaction, the best price Eurex Clearing AG accepted in the relevant DM Auction for such Transaction,

- (ii) the last available settlement price for the relevant DMP Cash Settlement Transaction as determined by Eurex Clearing AG in accordance with the applicable provisions under the Special Conditions,
- (iii) the last available market or exchange price for the relevant DMP Cash Settlement Transaction, or
- (iv) the price determined by Eurex Clearing AG based on a model for the valuation of the market or exchange value of the relevant DMP Cash Settlement Transaction (which considers market risks and market prospects, *inter alia*, considering asset classes, volatility and liquidity).

9.6.2 DM Swap Hedging Transactions, DM Swap Auctions and Additional Swap Transactions

In case of Remaining Swap Transactions, Eurex Clearing AG shall be entitled to either apply the measures under Number 9.6.1 or (i) establish DM Swap Hedging Transactions pursuant to Paragraph (1), (ii) conduct additional Swap DM Auctions with respect to the Remaining Swap Transactions and the DM Swap Hedging Transactions pursuant to Paragraph (2), or (iii) establish Additional Swap Transactions pursuant to Paragraph (3).

Eurex Clearing AG shall in its own discretion determine to apply either one or more of the measures described under Paragraphs (1), (2) and (3) and shall use best efforts to apply such measure(s) with the least impact for all Clearing Members, Basic Clearing Members and FCM Clearing Members.

(1) Establishment of DM Swap Hedging Transactions

Eurex Clearing AG shall be entitled (i) to establish DM Swap Hedging Transactions between Eurex Clearing AG and a FCM Clearing Member having open Transactions in the last three months prior to the Termination of the Affected Clearing Member, Affected Basic Clearing Member or Affected FCM Clearing Member, which correspond to the relevant Remaining Swap Transactions which shall be hedged by the DM Swap Hedging Transaction, (ii) to determine the commercial terms of the DM Swap Hedging Transaction in its own discretion and the FCM Clearing Member hereby accepts such DM Swap Hedging Transaction as legally binding, and (iii) to book the DM Swap Hedging Transactions into the relevant FCM Clearing Member Own Transaction Account or the FCM Client Transaction Account of the FCM Clearing Member at the Hedging Price.

(a) Definitions

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“DM Swap Hedging Transactions” means any Swap Transaction, which Eurex Clearing AG deems in its own discretion necessary to hedge the effects of the Remaining Swap Transactions.

“Hedging Price” means one of the following prices in the following order:

- (i) the last available settlement price for the relevant DM Swap Hedging Transaction as determined by Eurex Clearing AG in accordance with the applicable provisions under Chapter II,
- (ii) the last available market or exchange price for the relevant DM Swap Hedging Transaction, or
- (iii) the price determined by Eurex Clearing AG based on a model for the valuation of the market or exchange value of the relevant DM Swap Hedging Transaction (which considers market risks and market prospects, *inter alia*, considering asset classes, volatility and liquidity).

(b) Pro-Rata Share

The DM Swap Hedging Transactions shall be shared on a pro-rata basis between all FCM Clearing Members, Clearing Members and Basic Clearing Members (in accordance with the Clearing Conditions).

The pro-rata share shall generally be determined on basis of the average Margin Requirement (excluding any Supplementary Margin) of the FCM Clearing Members in the last three months prior to the Termination of the Affected Clearing Member, Affected Basic Clearing Member or Affected FCM Clearing Member with respect to the relevant Product Type (irrespective of whether the relevant Transaction is entered into as Own Transaction or FM Client Transaction). Eurex Clearing AG may in its own discretion consider further criteria to determine the pro-rata share (i.e. the terms of the relevant Transactions), if Eurex Clearing AG deems such criteria necessary.

Eurex Clearing AG shall use best efforts to find a fair and proportionate distribution of the DM Swap Hedging Transactions between the relevant FCM Clearing Members, Clearing Members and Basic Clearing Members.

(c) Booking of DM Swap Hedging Transactions

The pro-rata share of DM Swap Hedging Transactions determined for the FCM Mandatory Participant shall be allocated to and booked into the relevant FCM Clearing Member Own Transaction Account or FCM Client Transaction from which the Margin Requirement arises.

(d) Hedging Price

Eurex Clearing AG shall determine a Hedging Price for each DM Swap Hedging Transaction which shall become due and payable by Eurex Clearing AG or the

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FCM Clearing Member as of the end of the day of the receipt of the DM Swap Hedging Transaction Notice.

(e) DM Swap Hedging Transaction Notice

Eurex Clearing AG shall inform the FCM Clearing Member without undue delay about the establishment of DM Swap Hedging Transactions by submitting a written notice (“**DM Swap Hedging Transaction Notice**”) specifying (i) each DM Swap Hedging Transaction, (ii) the relevant FCM Clearing Member Own Transaction Account or FCM Client Transaction Account into which each DM Swap Hedging Transaction shall be booked, and (iii) the Hedging Price for each DM Swap Hedging Transaction.

(2) **DM Swap Auctions**

Eurex Clearing AG may conduct one or more additional DM Auctions (“**DM Swap Auctions**”) to establish new Swap Transaction which are - taken as a whole - (i) equivalent to the Terminated Transaction or a Terminated FCM Clearing Member Transaction or (ii) opposite to the DM Hedging Transactions or DM Swap Hedging Transactions (if any).

Such additional DM Swap Auctions shall be conducted in accordance with the provisions under Numbers 4.3.2 and 4.3.3 of the FCM Default Rules and the DM Auction Rules.

(3) **Establishment of Additional Swap Transactions**

If not all Remaining Swap Transactions and DM Swap Hedging Transactions could be fully covered by the DM Swap Auctions, Eurex Clearing AG shall be entitled (i) to establish Additional Swap Transactions between Eurex Clearing AG and a FCM Mandatory Participant, which was invited to the DM Swap Auction, (ii) to determine the commercial terms of the Additional Swap Transaction in its own discretion and the FCM Mandatory Participant hereby accepts such Additional Swap Transaction as legally binding, and (iii) to book the Additional Swap Transactions into the relevant FCM Clearing Member Own Transaction Account or FCM Client Transaction Account of the FCM Mandatory Participant at the Swap Settlement Price.

(a) Definitions

“**Additional Swap Transactions**” means:

- (i) A Swap Transaction with terms identical to a Terminated Transaction or Terminated FCM Clearing Member Transaction which could not be covered by an DM Swap Auction, and
- (ii) A Swap Transaction with terms identical to a DM Hedging Transaction or DM Swap Hedging Transaction except that the relevant FCM Clearing

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Member has the opposite position than the relevant Clearing Member, Basic Clearing Member or FCM Clearing Member has under the DM Hedging Transaction or DM Swap Hedging Transaction and which could also not be covered by an DM Swap Auction.

“Swap Settlement Price” means one of the following prices in the following order:

- (i) the last available settlement price for the relevant Additional Swap Transaction as determined by Eurex Clearing AG in accordance with the applicable provisions under Chapter II,
- (ii) the last available market or exchange price for the relevant Additional Swap Transaction, or
- (iii) the price determined by Eurex Clearing AG on the basis of a model for the valuation of the market or exchange value of the relevant Additional Swap Transaction (which considers market risks and market prospects, *inter alia*, considering asset classes, volatility and liquidity).

(b) Pro-Rata Share

The Additional Swap Transactions shall be shared on a pro-rata basis between all FCM Mandatory Participants and Mandatory Participants (in accordance with the Clearing Conditions), which was invited were invited to the DM Swap Auction.

The pro-rata share shall generally be determined on basis of the average Margin Requirement (excluding any Supplementary Margin) of the FCM Mandatory Participant or Mandatory Participant in the last three month prior to the Termination of the Affected Clearing Member, Affected Basic Clearing Member or Affected FCM Clearing Member with respect to the relevant Product Type of the Remaining Swap Transaction (irrespective of whether the relevant Swap Transaction is entered into as Own Transaction or FCM Client Transaction). Eurex Clearing AG may in its own discretion consider further criteria to determine the pro-rata share (i.e. the terms of the relevant Swap Transactions), if Eurex Clearing AG deems such criteria necessary.

Eurex Clearing AG shall use best efforts to find a fair and proportionate distribution of the Additional Swap Transactions between the relevant Mandatory Participants and FCM Mandatory Participants.

(c) Booking of Additional Swap Transactions

The pro-rata share of the relevant Additional Swap Transaction determined for the FCM Mandatory Participant shall be allocated to and booked into the relevant FCM Clearing Member Own Transaction Account or FCM Client Transaction Account from which the Margin Requirement arises.

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(d) Determination of Swap Settlement Price

Eurex Clearing AG shall determine a Swap Settlement Price for each Additional Swap Transaction which shall become due and payable by Eurex Clearing AG or the FCM Mandatory Participant as of the end of the day of the receipt of the Additional Swap Transaction Notice.

(e) Additional Swap Transaction Notice

Eurex Clearing AG shall inform the relevant FCM Mandatory Participant without undue delay about the establishment of Additional Swap Transactions by submitting a written notice (“**Additional Swap Transaction Notice**”) specifying (i) each Additional Swap Transaction, (ii) the relevant FCM Clearing Member Own Transaction Account into which the Additional Swap Transactions shall be booked, and (iii) the Swap Settlement Price for each Additional Swap Transaction.

9.6.3 Cash Settlement with respect to a Liquidation Group

If, at any time following the occurrence of a Realization Event, Eurex Clearing AG determines a Liquidation Group Deficiency with respect to the Relevant Liquidation Group, Eurex Clearing AG may terminate and settle in cash all (but not only some) Swap Transactions of such Relevant Liquidation Group (each a “**Liquidation Group Transaction**”) with all Non-Affected FCM Clearing Members by giving a notice to such FCM Clearing Members specifying the date (“**Liquidation Group Cash Settlement Date**”) and the time (“**Liquidation Group Cash Settlement Time**”) on which the termination shall become effective. At the same time, Eurex Clearing AG will suspend the clearing with respect to all transaction types which are comprised in such Relevant Liquidation Group and will inform the respective markets accordingly.

[...]

(1)9.6.4 Consequences of Cash Settlement of a Liquidation Group

If a Liquidation Group Cash Settlement Time has occurred with respect to the Relevant Liquidation Group, the following provisions shall apply:

All current and future primary obligations (including payment and delivery obligations) of each party under the relevant Netting Set between Eurex Clearing AG and the FCM Clearing Member arising from any FCM Clearing Member Transaction relating to the Relevant Liquidation Group shall expire as of the Liquidation Group Cash Settlement Time and shall no longer be required to be performed by the relevant obligor. The expiration affects all claims arising from all FCM Clearing Member Transactions relating to the Relevant Liquidation Group independently of the time they came into existence or would have come into existence otherwise. These expired primary obligations and delivery obligations,

respectively, are reflected by the FCM Liquidation Group Difference Claim ~~(as defined in Number 9.6.2).~~

(2) 9.6.2 Liquidation Group Difference Claim

[...]

(3) 9.6.3 Payment of Liquidation Group Difference Claim

[...]

(4) 9.6.4 Certain Defined Terms

[...]

[...]
