

	Eurex04e
Clearing Conditions of Eurex Clearing AG	As of 09.01.2017
	Page 1

CHAPTER I WILL BE AMENDED.

AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED,

DELETIONS ARE CROSSED OUT.

Chapter I General Provisions

[...]

Part 1 General Clearing Provisions

[...]

7 Termination Rules with respect to the Clearing Member

[...]

Each Clearing Member shall appoint one of its employees as DMP-coordinator and as DMP-deputy, respectively, as a central contact for Eurex Clearing AG for all general matters relating to the default management process and register these vis-à-vis Eurex Clearing AG.

Each Clearing Member shall provide Eurex Clearing AG with a completed form as published by Eurex Clearing AG on its website www.eurexclearing.com in which the relevant Clearing Member provides an overview on its trading capabilities with respect to all bonds underlying Eurex Bonds Transactions and Eurex Repo Transactions (“**Bonds Trading Sheet**”). Each Clearing Member shall provide Eurex Clearing AG with a new Bonds Trading Sheet whenever any of the determinations made in the Bonds Trading Sheet changes.

7.5.1 Default Management Committees

- (1) A DMC will be established in accordance with the DMC Rules (as defined in Paragraph (4)) with respect to one or more groups of abstract Transactions cleared pursuant to the Clearing Conditions and relating to one or more Transaction Types or parts thereof, as determined and published in accordance with Number 16.2 by Eurex Clearing AG (each a “**Liquidation Group**”). Each DMC constitutes an internal advisory committee of Eurex Clearing AG (but not an independent legal person) and its members are subject to Eurex Clearing AG’s direction rights.

	Eurex04e
Clearing Conditions of Eurex Clearing AG	As of 09.01.2017
	Page 2

[...]

7.5.3 Establishment of Transactions by way of independent trades or by conducting DM Auctions

(1) At any time after the Termination Time (with respect to the relevant Affected Clearing Member) or the Basic Clearing Member Termination Time, Eurex Clearing AG may in its discretion, take the following measures:

(ia) ~~E~~enter into independent trades to (a) establish new Transactions equivalent to Terminated Transactions and/or reciprocal to DM Hedging Transactions, and (b) buy or sell Securities underlying the Terminated Transactions and which are required to enter into new Transactions, as deemed appropriate by Eurex Clearing AG in consultation with the relevant DMC(s), ~~and/or~~

~~(ib)~~ if it is deemed appropriate by Eurex Clearing AG in consultation with the relevant DMC(s), Eurex Clearing AG may conduct one or more auctions with respect to one or several Liquidation Groups (in whole or in part the “**DM Auctions**” or each a “**DM Auction**”) to establish new Transactions specified by Eurex Clearing AG which are – taken as a whole – equivalent to Terminated Transactions of the Affected Clearing Member (or, if the Affected Clearing Member is a FCM Clearing Member, the Terminated Transactions of the relevant FCM Client) or the relevant Basic Clearing Member and/or reciprocal to DM Hedging Transactions (together the “**DM Auction Transactions**” and each a “**DM Auction Transaction**”). With respect to Eurex Bonds Transactions and Eurex Repo Transactions, Eurex Clearing AG may, if it is deemed appropriate by Eurex Clearing AG in consultation with the relevant DMC (s), conduct one or more auctions, to sell the bonds underlying the Eurex Bonds Transactions and Eurex Repo Transactions Transactions and to establish new Transactions being reciprocal to DM Hedging Transactions (“DM Bonds Auctions”).

Prior to a DM Auction or a DM Bonds Auction, Eurex Clearing AG shall enter into independent trades pursuant to paragraph ~~(a)~~ against the recommendation of the relevant DMC(s) only if the entering into such trades does not result in a realisation of Contributions of the Non-Affected Clearing Members in accordance with Chapter I Part 1 Number 6.2.1 and if the terms and conditions of the resulting Transactions are fixed prior to entering into the respective trades. If Eurex Clearing AG does not enter into independent trades pursuant to Paragraph ~~(a)~~ with respect to particular Terminated Transactions, one or more DM Auctions or DM Bonds Auctions shall be held with respect to such Terminated Transactions.

(2) DM Auctions and DM Bonds Auctions are governed by the rules set forth in the default management auctions rules, as published by Eurex Clearing AG on its website www.eurexclearing.com (the “**DM Auction Rules**”). The DM Auctions Rules form part of these Clearing Conditions.

(3) General Provisions

Unless otherwise provided in (4) to (8), the following provisions shall apply:

	Eurex04e
Clearing Conditions of Eurex Clearing AG	As of 09.01.2017
	Page 3

~~the relevant DM Auction Transactions qualify as OTC Interest Rate Derivative Transactions (as defined in Chapter VIII Part 2),~~

(i) DM Auctions will be conducted with regard to one **or several Auction Units**.

~~“**Auction Unit**” means one unit or several identically composed units of DM Auction Transactions of the relevant applicable Liquidation Group (or, in consultation with the relevant DMC(s), parts thereof), as specified by Eurex Clearing AG for each DM Auction after consultation with the relevant DMC(s) (the “**Auction Units**” or each an “**Auction Unit**”). If the relevant DM Auction Transactions qualify as OTC Interest Rate Derivative Transactions, DM Auctions will be conducted with regard to one Auction Unit per currency in which the relevant DM Auction Transactions are denominated. Each Auction Unit will generally consist of all DM Auction Transactions denominated in the same currency.~~

(ii) A Mandatory Participant shall be obliged to participate in DM Auctions in accordance with the DM Auction Rules.

“**Mandatory Participant**” means each

~~(4) Each Clearing Member (i) holding a Clearing License-Licence with respect to all DM Auction Transactions comprised in the relevant Auction Unit, (ii) having the necessary account structure to settle all DM Auction Transactions comprised in the relevant Auction Unit, (iii) with respect to which within 3 months (x) prior to the relevant Termination or Basic Clearing Member Termination (x) with respect to the relevant Affected Clearing Member at least one Transaction (and/or, if the Affected Clearing Member is a FCM Clearing Member, a FCM Client Transaction of any of its FCM Clients) or (y) prior to the relevant Basic Clearing Member Termination at least one Basic Clearing Member Transaction of the a Basic Clearing Member of such Clearing Member (acting as Clearing Agent) in respect of which the Basic Clearing Member Termination has occurred, in each case with respect to each Relevant Liquidation Group has been booked on a respective account, which relates corresponds to these Transaction Types comprised in the relevant Liquidation Group, and (iv) with respect to which no Termination Event or Insolvency Termination Event has occurred and is continuing ~~(each such Clearing Member, a “**Mandatory Participant**”) shall be obliged to participate in DM Auctions in accordance with the DM Auction Rules.~~~~

Subject to certain restrictions as set forth in the DM Auctions Rules, (a) Non-Clearing Members, Registered Customers and other customers of Clearing Members may participate in DM Auctions in accordance with the DM Auction Rules through their Clearing Members and (b) Basic Clearing Members may participate in DM Auctions (including through their Clearing Agents acting on their behalf) upon invitation by Eurex Clearing AG. The participation of a Basic Clearing Member in any DM Auction shall not affect the obligations of its Clearing Agent as a Mandatory Participant.

~~(5) Unless the relevant DM Auction Transactions qualify as OTC Interest Rate Derivative Transactions,~~

	Eurex04e
Clearing Conditions of Eurex Clearing AG	As of 09.01.2017
	Page 4

(iii) ~~Each Mandatory Participant is obliged to provide one or more mandatory bids in accordance with Paragraph (7) for such minimum number of Auction Units specified by Eurex Clearing AG for such Mandatory Participant in accordance with the DM Auction Rules during a DM Auction (each a "Mandatory Bid").~~

(iv) A (Mandatory) Bid is only valid, if such Bid is economically reasonable (taking into account the current market conditions on the Acceptance Date), irrespective of whether Bids were submitted for all Auction Units of the respective DM Auction.

A Bid is generally economically reasonable if the relevant bidder participating in a DM Auction provides, in respect of the relevant Auction Unit, two bids on the following basis: (a) one bid for an Auction Unit based on the portfolio comprising the DM Auction Transactions and (b) one bid for an auction unit based on a portfolio comprising transactions opposite to the DM Auction Transactions, and (c) if the spread between the two Bids for the respective Auction Unit does not exceed the Maximum Spread Value. The "Maximum Spread Value" will be determined by Eurex Clearing AG in the Specific Terms either (i) based on the recommendation of the relevant DMC, or (ii), in case Eurex Clearing AG does not follow such recommendation, by calculating the average of all received Maximum Spread Values recommended by Mandatory Participants (Eurex Clearing AG will request such recommendations from all Mandatory Participants).

Eurex Clearing AG will not disclose to the bidders which of the two portfolios comprises the DM Auction Transactions and which comprises the opposite transactions. The binding Bid only relates to the Auction Unit.

Bids which are not valid are deemed not to have been provided and will not be accepted by Eurex Clearing AG.

(v) Each Mandatory Participant that does not submit a valid Mandatory Bid for an Auction Unit (in respect of all its capacities as a Clearing Member and a Clearing Agent, as applicable) in accordance with the DM Auction Rules during such DM Auction (each such Mandatory Participant, collectively in respect of all its capacities as a Clearing Member and a Clearing Agent, as applicable, is a "Non-Bidding Participant"). A Non-Bidding Participant shall be subject to the following single-contractual penalty which shall be paid in accordance with Number 1.4.1:

(a) the Non-Bidding Participant shall, subject to a Residual Settlement pursuant to (d) as defined below, pay to Eurex Clearing AG, in accordance with instructions received from Eurex Clearing AG, an amount which shall be calculated by Eurex Clearing AG as follows: the fraction of (i) the number of the Auction Units for which the Non-Bidding Participant has not submitted a valid Mandatory Bid in such DM Auction (numerator) and (ii) the total number of Auction Units offered in such DM Auction (denominator), such fraction, multiplied by 100 and further multiplied by EUR 500,000 (or the corresponding equivalent in any other Clearing

	Eurex04e
Clearing Conditions of Eurex Clearing AG	As of 09.01.2017
	Page 5

Currency as determined by Eurex Clearing AG), but subject to a maximum aggregate amount of EUR 5,000,000 (or the corresponding equivalent in any other Clearing Currency as determined by Eurex Clearing AG) per DM Auction; any amount received by Eurex Clearing AG under this paragraph (a) shall be added to, and forthwith be part of, the Dedicated Amount of Eurex Clearing AG in accordance with Number 6.1.3; and

- (b) if, following a Realisation Event in relation to the relevant Affected Clearing Member (but not with respect to any other Realisation Event) the Contributions of the Non-Affected Clearing Members to the Clearing Fund are realised, the Contributions of the Non-Bidding Participant (in respect of all its capacities as a Clearing Member and a Clearing Agent, as applicable) shall in such DM Auction, in accordance with Number 6.2.1, be realised prior to the Contributions of the other Non-Affected Clearing Members to the Clearing Fund; and
- (c) if during the DM Auction only some (but not all) Auction Units have been successfully auctioned in accordance with the DM Auction Rules (each Auction Unit which has not been so auctioned a “**Residual Auction Unit**”), the Non-Bidding Participant shall (i) pay to Eurex Clearing AG on the relevant due dates of the relevant DM Auction Transactions the amounts (subject to a maximum aggregate amount of EUR 1,000,000,000 (or the corresponding equivalent in any other Clearing Currency as determined by Eurex Clearing AG) per DM Auction) equal to the Pro Rata Share (as defined below) of the exposure of Eurex Clearing AG as at the relevant due date to such Residual Auction Units (for which the Non-Bidding Participant failed to provide a valid Mandatory Bid) and (ii) provide collateral to Eurex Clearing AG for its obligations arising under (i) above, where Number 3 shall apply *mutatis mutandis* to the collateral.

If paragraph (c) applies, the Non-Bidding Participant shall have no obligation pursuant to paragraph (a).

The “**Pro Rata Share**” of a Non-Bidding Participant shall be the ratio of (A) the Residual Auction Units for which the Non-Bidding Participant failed to provide a valid Mandatory Bid in the relevant DM Auction and (B) the total number of valid Mandatory Bids which all Non-Bidding Participants failed to provide in the relevant DM Auction.

(d) Residual Settlement

- (aa) Eurex Clearing AG shall offer to each Non-Bidding Participant to enter with it into its respective Pro Rata Share of the DM Auction Transactions of the relevant Residual Auction Units without undue delay after the DM Auction, at its Pro Rata Share of the highest Auction Price (as defined in the DM Auction Rules) for any Auction Unit that was accepted by Eurex Clearing AG for an Auction Unit in the respective DM Auction (the “**Residual Auction Unit Price**”).

	Eurex04e
Clearing Conditions of Eurex Clearing AG	As of 09.01.2017
	Page 6

(bb) Thereafter Eurex Clearing AG may offer any Residual Auction Units outstanding at the time of such offer to each Non-Bidding Participant at a price determined by Eurex Clearing AG on the basis of the then prevailing market conditions.

(cc) If a Non-Bidding Participant accepts any offer under (aa) or (bb) (each a “**Residual Settlement**”), no contractual penalty pursuant to paragraph (a) and (c) above shall be payable by such Non-Bidding Participant, provided that any contractual penalty pursuant to paragraph (a) and (c) above which has already been received by Eurex Clearing AG from such Non-Bidding Participant shall not be repaid by Eurex Clearing AG. If the Residual Settlement results in a split of the relevant DM Auction Transactions in accordance with the relevant Pro Rata Share of any Non-Bidding Participant, Eurex Clearing AG shall, in its reasonable discretion, be entitled to allocate rumps to Non-Bidding Participants as part of a Residual Settlement.

~~Any amount received by Eurex Clearing AG under paragraph (a) above shall be added to, and forthwith be part of, the Dedicated Amounts of Eurex Clearing AG in accordance with Number 6.1.3.~~

Each Non-Bidding Participant is required to take all such steps, to make all further statements and to comply with all such formalities as may be reasonably required or desirable to perfect or more fully evidence the Residual Settlement made ~~in accordance with this Paragraph (5).~~

(vi) If the applicable Auction Format (as defined in the DM Auction Rules) is “**Multi Unit – Pay as you bid**” or “**Single Unit – Pay as you bid**” in accordance with the DM Auction Rules, Eurex Clearing AG shall, with respect to any particular Auction Unit, be obliged to accept the highest valid Bid.

(vii) Before Eurex Clearing AG may terminate any Transaction in accordance with Number 7.5.4, Eurex Clearing AG shall ask all Mandatory Participants to provide offers for some or all DM Auction Transactions comprised in the Auction Units.

(4) Special provisions relating to OTC Interest Rate Derivative Transactions

If the relevant DM Auction Transactions qualify as OTC Interest Rate Derivative Transactions, the following shall apply:

(i) DM Auctions will be conducted with respect to one Auction Unit per currency in which the relevant DM Auction Transactions are denominated. Each Auction Unit will generally consist of all DM Auction Transactions denominated in the same currency.

(ii) Each Mandatory Participant is obliged to submit one Mandatory Bid for the respective Auction Unit with respect to all currencies such mandatory Participant holds a Clearing Licence for, subject to the DM Auction Rules.

	Eurex04e
Clearing Conditions of Eurex Clearing AG	As of 09.01.2017
	Page 7

Eurex Clearing AG will classify the Mandatory Bids into one of the following categories:

- (a) The Mandatory Bid qualifies as “**Sufficient Bid**”, if the difference between such Mandatory Bid and the winning Bid with respect to the relevant Auction Unit (the “**Sufficient Bid Threshold**”) is equal to or smaller than the product of (i) 0.5 and (ii) the Initial Margin requirement for all OTC Interest Rate Derivative Transactions in the relevant Auction Unit (the “**Auction Unit Margin Amount**”)
- (b) The Mandatory Bid qualifies as “**Insufficient Bid**”, if the difference between such Mandatory Bid and the winning Bid with respect to the relevant Auction Unit (the “**Insufficient Bid Threshold**”) is larger than the product of (i) 1.5 and (ii) the Auction Unit Margin Amount.
- (c) The Mandatory Bid qualifies as “**Medium Bid**”, if the difference between such Mandatory Bid and the winning Bid with respect to the relevant Auction Unit is (i) larger than the Sufficient Bid Threshold and (ii) equal to or smaller than the Insufficient Bid Threshold.

(iii) Each Mandatory Participant that does not submit a Sufficient Bid for the relevant Auction Unit in accordance with the DM Auction Rules during the relevant DM Auction shall be subject to the following contractual penalty:

- (a) If the Mandatory Participant submits an Insufficient Bid and if, following a Realisation Event in relation to the relevant Affected Clearing Member (but not with respect to any other Realisation Event), the Contributions of the Non-Affected Clearing Members to the Clearing Fund are realised, the Contributions of the Mandatory Participants (in respect of all their capacities as Clearing Members and Clearing Agents, as applicable) submitting an Insufficient Bid shall in such DM Auction, in accordance with Number 6.2.1, be realised prior to the Contributions of the other Non-Affected Clearing Members.
- (b) If the Mandatory Participant submits a Medium Bid and if, following a Realisation Event with respect to the relevant Affected Clearing Member (but not with respect to any other Realisation Event), the Contributions of the Non-Affected Clearing Members to the Clearing Fund are realised, the Contributions of the Mandatory Participants (in respect of all their capacities as Clearing Members and Clearing Agents, as applicable) submitting a Medium Bid shall in such DM Auction, in accordance with Number 6.2.1, be realised prior to the Contributions of the other Non-Affected Clearing Members, but simultaneously to the Contributions of those Mandatory Participants, who have submitted Insufficient Bids in such DM Auction, up to an amount which shall be calculated by Eurex Clearing AG as follows: the difference between (i) the winning Bid minus the product of 0.5 and the Auction Unit Margin Amount and (ii) the respective Medium Bid, such difference divided by the Auction Unit Margin Amount and subsequently multiplied by the relevant Mandatory Participant’s Contributions. Any remainder of the Contributions of the

	Eurex04e
Clearing Conditions of Eurex Clearing AG	As of 09.01.2017
	Page 8

Mandatory Participant submitting a Medium Bid shall be considered as Contributions of a Non-Affected Clearing Member.

(iv) If a Mandatory Participant does not submit a Mandatory Bid for any relevant Auction Unit in accordance with the DM Auction Rules during such DM Auction (an “**IRS Non-Bidding Participant**”), the IRS-Non-Bidding Participant shall pay to Eurex Clearing AG in accordance with Number 1.4.1, an amount which shall be calculated by Eurex Clearing AG as follows: the fraction of (i) the IRS-Non-Bidding Participant’s Contributions (in respect of all its capacities as a Clearing Member and a Clearing Agent, as applicable) with respect to the Relevant Liquidation Group and in the relevant currency (numerator) and (ii) the aggregate sum of all Contributions with respect to the Relevant Liquidation Group and in the relevant currency (denominator), such fraction, multiplied by 100 and further multiplied by EUR 500,000 (or the corresponding equivalent in any other Clearing Currency as determined by Eurex Clearing AG), but subject to a maximum aggregate amount of EUR 5,000,000 (or the corresponding equivalent in any other Clearing Currency as determined by Eurex Clearing AG) per DM Auction. If, upon the occurrence of a Realisation Event, any Contributions of the IRS Non-Bidding Participant are realised, the amount calculated in accordance with the preceding sentence shall be reduced by the sum of the realised Contributions (but shall in no case be a negative amount). The provisions under Number 6.2.1 (5) and (6) shall apply accordingly with respect to the Contributions to the Clearing Fund of the relevant IRS Non-Bidding Participant. Any amount received by Eurex Clearing AG from the relevant IRS Non-Bidding Participant shall be added to, and forthwith be part of, the Dedicated Amount of Eurex Clearing AG in accordance with Number 6.1.3.

The provisions under Number 7.5.3 (6) (i) and (ii) above shall apply accordingly in relation to the realisation of the Further Contributions of the Mandatory Participant submitting an Insufficient Bid or a Medium Bid. The provisions under Number 6.2.1 (9) and (10) shall apply accordingly with respect to the IRS Non-Bidding Participants.

(v) Each (Mandatory) Bid is generally valid, and the highest valid Bid shall be accepted by Eurex Clearing AG as the winning Bid with respect to each Auction Unit.

~~(7) If the applicable Auction Format (as defined in the DM Auction Rules) is “Multi Unit – Pay as you bid” or “Single Unit – Pay as you bid” in accordance with the DM Auction Rules, Eurex Clearing AG shall, with respect to any particular Auction Unit, be obliged to accept the highest valid Bid.~~

~~(8) Unless the relevant DM Auction Transactions qualify as OTC Interest Rate Derivative Transactions, a (Mandatory) Bid is only valid, if such Bid is economically reasonable (taking into account the current market conditions on the Acceptance Date), irrespective of whether Bids were submitted for all Auction Units of the respective DM Auction.~~

~~— A Bid is generally economically reasonable if the relevant bidder participating in a DM Auction provides, in respect of the relevant Auction Unit, two bids on the~~

	Eurex04e
Clearing Conditions of Eurex Clearing AG	As of 09.01.2017
	Page 9

~~following basis: (a) one bid for an Auction Unit based on the portfolio comprising the DM Auction Transactions and (b) one bid for an auction unit based on a portfolio comprising transactions opposite to the DM Auction Transactions, and (c) if the spread between the two Bids for the respective Auction Unit does not exceed the Maximum Spread Value. The "Maximum Spread Value" will be determined by Eurex Clearing AG in the Specific Terms either (i) based on the recommendation of the relevant DMC, or (ii), in case Eurex Clearing AG does not follow such recommendation, by calculating the average of all received Maximum Spread Values recommended by Mandatory Participants (Eurex Clearing AG will request such recommendations from all Mandatory Participants).~~

~~—Eurex Clearing AG will not disclose to the bidders which of the two portfolios comprises the DM Auction Transactions and which comprises the opposite transactions. The binding Bid only relates to the Auction Unit.~~

~~—Bids which are not valid are deemed not to have been provided and will not be accepted by Eurex Clearing AG.~~

~~If the relevant DM Auction Transactions qualify as OTC Interest Rate Derivative Transactions, each (Mandatory) Bid submitted in accordance with the DM Auction Rules is generally valid.~~

~~(9) Before Eurex Clearing AG may terminate any Transaction in accordance with No. 7.5.4, Eurex Clearing AG shall ask all Mandatory Participants to provide offers for some or all DM Auction Transactions comprised in the Auction Units.~~

(5) Special provisions relating to Eurex Bonds Transactions, under which the Affected Clearing Member acted as buyer, and Eurex Repo Transactions, under which the Affected Clearing Member acted as Cash Taker

(i) With respect to terminated Eurex Bonds Transactions under which the Affected Clearing Member acted as buyer, and with respect to terminated Eurex Repo Transactions under which the Affected Clearing Member acted as Cash Taker, Eurex Clearing AG may conduct DM Bonds Auctions with respect to bonds underlying these Transactions, if Eurex Clearing AG could not sell the relevant bonds via independent trades.

(ii) The DM Bonds Auctions will generally be conducted separately for all bonds with the same ISIN underlying all terminated Eurex Bonds Transactions and Eurex Repo Transactions within the relevant Liquidation Group and with respect to one or several Bonds Auction Unit(s). In individual cases, Eurex Clearing AG is entitled to combine bonds with different ISINs in the same DM Bonds Auction after consultation of the relevant DMC. "Bonds Auction Units" means, with respect to DM Bonds Auctions, one unit or several identically composed units of the relevant bonds underlying the terminated Eurex Bonds Transactions and Eurex Repo Transactions, and the Transactions being reciprocal to DM Hedging Transactions as specified by Eurex Clearing AG after consultation with the relevant DMC.

	Eurex04e
Clearing Conditions of Eurex Clearing AG	As of 09.01.2017
	Page 10

- (iii) A Bonds Mandatory Participant shall be obliged to participate in DM Bonds Auctions in accordance with the DM Auction Rules.

A Clearing Member qualifies as “**Bonds Mandatory Participant**” with respect to the relevant DM Bonds Auction, if (i) it holds a Clearing License for Eurex Bonds Transactions or Eurex Repo Transactions, (ii) within 3 months prior to the relevant Termination or Basic Clearing Member Termination at least one Eurex Bonds Transaction or Eurex Repo Transaction with an underlying bond which falls under the same Bonds Cluster as the bond auctioned in the relevant DM Bonds Auction (x) has been booked on a respective account, or (y) has been booked as a Basic Clearing Member Transaction of a Basic Clearing Member of such Clearing Member (acting as Clearing Agent) on a respective account, and (iii) with respect to which no Termination Event or Insolvency Termination Event has occurred and is continuing.

A Clearing Member which only entered into GC Pooling Transactions, under which it only acted as Cash Provider, shall only be obliged to participate as Bonds Mandatory Participant in the relevant DM Bonds Auction with respect to bonds for which the relevant Clearing Member determined its trading capacities in the Bonds Trading Sheet.

A Bonds Mandatory Participant is not required to participate in a DM Bonds Auction, if the Clearing Member’s chief compliance officer proves to Eurex Clearing AG that a participation in the relevant DM Bonds Auction cannot be reasonably expected for compliance reasons.

Eurex Clearing AG assigns each bond underlying a Eurex Bonds Transaction or a Eurex Repo Transaction to a group of bonds predefined by Eurex Clearing (each a “**Bonds Cluster**”).

- (iv) Each Bonds Mandatory Participants is obliged to provide one or more Mandatory Bids for such minimum number of Bonds Auction Units specified by Eurex Clearing AG for such Bonds Mandatory Participant with respect to the relevant DM Bonds Auction. Such minimum number of Bonds Auction Units shall be determined on the basis of the Additional Margin requirement of the relevant Bonds Mandatory Participant in the relevant Bonds Cluster within the last 3 months prior to the relevant Termination or Basic Clearing Member Termination in relation to the Additional Margin requirement of all other Bonds Mandatory Participants in such Bonds Cluster.

- (v) If a Bonds Mandatory Participant submits a Mandatory Bid for a DM Bonds Auction which is below the Reference Price, Eurex Clearing AG may, subject to the following restrictions and following a Realisation Event in relation to the relevant Affected Clearing Member (but not with respect to any other Realisation Event), realise the Contributions to the Clearing Fund of such Clearing Member prior to the Contributions to the Clearing Fund of the other Non-Affected Clearing Members.

“**Reference Price**” with respect to a Bonds Auction means the Average Price minus the product of (i) the Average Price and (ii) 0.5 and (iii) the Risk

	Eurex04e
Clearing Conditions of Eurex Clearing AG	As of 09.01.2017
	Page 11

Parameter applicable to the relevant bond underlying the relevant Bonds Auction Unit. In individual cases, Eurex Clearing AG is entitled to adjust the multiplier of 0.5 after consultation of the relevant DMC.

“Average Price” means with respect to the relevant Bonds Auction Unit the fraction of (i) the sum of all Bonds Auction Prices accepted by Eurex Clearing AG within this DM Bonds Auction and (ii) the number of all Bonds Auction Units for which Eurex Clearing AG accepted bids within such DM Bonds Auction.

“Bonds Auction Price” means the product of (i) the price accepted by Eurex Clearing AG for the relevant Bonds Auction Unit and (ii) the number of Bonds Auction Units for which Eurex Clearing AG accepted such price.

“Risk Parameter” means with respect to the bond underlying the relevant Bonds Auction Unit the fraction of (i) the Additional Margin requirement for such Bonds Auction Unit and (ii) the product of (a) the Nominal Size of the Bonds Auction Unit and (b) the last available settlement price of the bond underlying the relevant Bonds Auction Unit.

For each (Mandatory) Bid submitted by a Bonds Mandatory Participant under any DM Bonds Auctions which is not below the relevant Reference Price, such Bonds Mandatory Participant receives a credit (“Credit”). For each Mandatory Bid submitted by a Bonds Mandatory Participant under any DM Bonds Auctions which is below the relevant Reference Price, such Bonds Mandatory Participant receives a debit (“Debit”). Each Credit is calculated with respect to the relevant Mandatory Bid as the product of (i) 0.25 and (ii) the Additional Margin requirement with respect to the relevant Bonds Auction Unit. The Bonds Mandatory Participant also receives a Credit in case it has purchased the relevant bonds from Eurex Clearing AG via independent trades; such Credit is calculated as the product of (i) a number between 0.01 and 0.1 as determined by Eurex Clearing AG in the individual case after consultation with the relevant DMC and (ii) the Additional Margin requirement with respect to the relevant Bonds Auction Unit. Each Debit is calculated with respect to the relevant Mandatory Bid as the product of (i) 0.5 and (ii) the Additional Margin requirement with respect to the relevant Bonds Auction Unit. In individual cases, Eurex Clearing AG is entitled to adjust the multiplier after consultation of the relevant DMC.

If, following a Realisation Event with respect to the relevant Affected Clearing Member (but not with respect to any other Realisation Event), the Contributions to the Clearing Fund of the Non-Affected Clearing Members are realised, parts of the Contributions to the Clearing Fund of the Mandatory Participants whose Debts exceed the Credits shall be realised prior to the Contributions to the Clearing Fund of the other Non-Affected Clearing Members,

The amount of the Contributions to the Clearing Fund of the Bonds Mandatory Participant, which shall be realised prior to the Contributions to the Clearing Fund of the other Non-Affected Clearing Members, shall be calculated as follows: the product of (i) the fraction of (a) the sum of all Credits minus the sum of all Debts and Non-Bidding Debts and (b) the sum of the Additional Margin requirements for all Bonds Auction Units, for which the Bonds Mandatory

	Eurex04e
Clearing Conditions of Eurex Clearing AG	As of 09.01.2017
	Page 12

Participant has submitted a Mandatory Bid and for which the Bonds Mandatory Participant should have submitted a Mandatory Bid, but failed to submit, and (ii) the parts of the Contributions to the Clearing Fund of the Bonds Mandatory Participant which is allocated to the Liquidation Group comprising the Eurex Bonds Transactions and the Eurex Repo Transactions.

For each Mandatory Bid the Bonds Mandatory Participant did not submitted, the Bonds Mandatory Participant receives a debit ("**Non-Bidding Debit**"), which corresponds to the Additional Margin requirement for the relevant Bonds Auction Unit.

- (vi) If a Bonds Mandatory Participant does not submit a Mandatory Bid for any Bonds Auction Unit in accordance with the DM Auction Rules during such DM Auction ("**Bonds Non-Bidding Participant**") and Contributions to the Clearing Fund of Non-Affected Clearing Members are realised, the Bonds-Non-Bidding Participant shall pay to Eurex Clearing AG in accordance with Number 1.4.1, an amount which shall be calculated by Eurex Clearing AG as follows: the lower amount of either (I) the product of (i) the fraction of (a) the sum of the Additional Margin requirements for all Bonds Auction Units within the relevant Liquidation Group for which the Bonds Mandatory Participant did not submit a Mandatory Bid, and (b) the sum of the Additional Margin requirement for all Bonds Auction Units within the relevant Liquidation Group for which the Bonds Mandatory Participant submitted a Mandatory Bid and for which the Bonds Mandatory Participant should have submitted a Mandatory Bid, but failed to submit, and (ii) EUR 5,000,000, or (II) the sum of the Additional Margin requirement for all Bonds Auction Units within the relevant Liquidation Group for which the Bonds Mandatory Participant submitted a Mandatory Bid and for which the Bonds Mandatory Participant should have submitted a Mandatory Bid, but failed to submit. Such amount is limited to a maximum aggregate amount of EUR 5,000,000 (or the corresponding equivalent in any other Clearing Currency as determined by Eurex Clearing AG) with respect to the relevant Liquidation Group.

Any amount received by Eurex Clearing AG from the relevant Bonds Non-Bidding Participant shall be added to, and forthwith be part of, the Dedicated Amount of Eurex Clearing AG in accordance with Number 6.1.3.

If, upon the occurrence of a Realisation Event, any Contributions to the Clearing Fund of the Bonds Non-Bidding Participant are realised, the amount calculated in accordance with this provision shall be reduced by the sum of the realised Contributions (but shall in no case be a negative amount).

- (vii) Each (Mandatory) Bid is generally valid, and the highest valid Bid shall be accepted by Eurex Clearing AG as the winning Bid with respect to each Auction Unit.

- (6) Special provisions relating to Eurex Bonds Transactions, under which the Affected Clearing Member acted as seller, and Eurex Repo Transactions, under which the Affected Clearing Member acted as Cash Provider

	Eurex04e
Clearing Conditions of Eurex Clearing AG	As of 09.01.2017
	Page 13

- (i) With respect to terminated Eurex Bonds Transactions under which the Affected Clearing Member acted as seller, and with respect to terminated Eurex Repo Transactions under which the Affected Clearing Member acted as Cash Provider, Eurex Clearing AG shall purchase the bonds underlying these Transactions via independent trades.
- (ii) Eurex Clearing AG will determine for each bond a Maximum Price which it is willing to pay in an independent trade. "Maximum Price" means the lower amount of either (I) the sum of (i) the last settlement price for the relevant bond on the preceding Business Day und (ii) the product of (a) 0.5 and (b) the relevant Risk Parameter for the relevant bond, or (II) the sum of (i) the last settlement price for the relevant bond on the Business Day immediately preceding the Termination Date and (ii) the product of (a) 1.1 and (b) the relevant Risk Parameter for the relevant bond. In individual cases, Eurex Clearing AG is entitled to adjust the relevant multiplier of 0.5 or 1.1 after consultation of the relevant DMC.
- (iii) If Eurex Clearing AG is not able to purchase a bond via independent trades, Eurex Clearing AG is entitled to determine a cash settlement regarding such bond with respect to one or more other Clearing Member(s), to which the relevant bond shall be delivered under a Eurex Bond Transaction or a Eurex Repo Transaction.

The cash settlement amount is the product of (i) the relevant Maximum Price and (ii) the relevant number of bonds which were not delivered under the relevant Eurex Bonds Transaction or Eurex Repo Transaction due to the cash settlement. If there are more than one Clearing Member to which the relevant bond shall be delivered under a Eurex Bond Transaction or a Eurex Repo Transaction, the relevant cash settlement shall be performed between such Clearing Members on a pro rata basis.

Upon determination of the cash settlement, the claims of the relevant Clearing Member against Eurex Clearing AG for the delivery of the owed bonds expire with debt-discharging effect to the extend equalling the number of bonds owed and not delivered by Eurex Clearing AG to the relevant Clearing Member. Eurex Clearing shall instead pay the cash settlement amount to the relevant Clearing Member or set off such amount with payment claims Eurex Clearing AG may have against the relevant Clearing Member.

[...]
