clear to trade

# eurex clearing *circular 139/16*

**Date:** 2 December 2016
**Recipients:** All Clearing Members of Eurex Clearing AG and Vendors
**Authorized by:** Heike Eckert

⚠ **High priority!**

## GMEX IRS Constant Maturity Futures: Name change to "LDX IRS Constant Maturity Futures"

**Related Eurex circular:** 118/16

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| **Content may be most important for:** | **Attachments:** |
|---|---|
| ➲ All departments | Updated sections of the following Rules and Regulations:<br>1. Clearing Conditions of Eurex Clearing AG<br>2. Price List of Eurex Clearing AG<br>3. Conditions for Utilization of the Eurex Trade Entry Services (General Conditions for Participation) |

**Summary:**

In conjunction with the decision taken by the Management Board of Eurex Deutschland and the Executive Board of Eurex Zürich AG to rename the **GMEX IRS Constant Maturity Futures** contracts to **"LDX IRS Constant Maturity Futures"** contracts, Eurex Clearing will amend the clearing Rules and Regulations of these products effective **27 December 2016**.

Attached to this circular are the updated sections of the Clearing Conditions of Eurex Clearing AG, the Price List of Eurex Clearing AG and the Conditions for Utilization of the Eurex Trade Entry Services.

For information of the updated sections of the relevant Rules and Regulations of Eurex Deutschland and Eurex Zürich AG, please refer to Eurex circular 118/16.

eurex clearing

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Aktiengesellschaft mit
Sitz in Frankfurt/Main
HRB Nr. 44828
USt-IdNr. DE194821553
Amtsgericht
Frankfurt/Main

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In conjunction with the decision taken by the Management Board of Eurex Deutschland and the Executive Board of Eurex Zürich AG to rename the **GMEX IRS Constant Maturity Futures** contracts to **"LDX IRS Constant Maturity Futures"** contracts, Eurex Clearing will amend the clearing Rules and Regulations of these products effective 27 December 2016.

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The Eurex product codes GE02, GE03, GE04, GE05, GE06, GE07, GE08, GE09, GE10, GE11, GE12, GE13, GE14, GE15, GE16, GE17, GE18, GE19, GE20, GE21, GE22, GE23, GE24, GE25, GE26, GE27, GE28, GE29 and GE30 will remain unchanged.

Pursuant to Chapter I, Part 1, Number 17.2.3 of the Clearing Conditions of Eurex Clearing AG (Clearing Conditions), the changes and amendments to the Clearing Conditions communicated with this circular shall be deemed to have been accepted by each Clearing Member, Non-Clearing Member and each Registered Customer, unless they object in writing to Eurex Clearing AG prior to the end of the business day preceding the actual effective date of such change and amendment of the Clearing Conditions. The right to terminate the Clearing Agreement or the Clearing License according to Chapter I, Part 1, Number 2.1.4 Paragraph 2 Number 7.2.1 Paragraph 4 and Number 13 of the Clearing Conditions shall remain unaffected.

Pursuant to Number 14 Paragraph 3 of the Price List of Eurex Clearing AG (Price List), the amendments and additions to the Price List as communicated with this circular shall be deemed to have been accepted by the respective Clearing Member unless such Clearing Member's written objection is submitted to Eurex Clearing AG within ten (10) business days after publication.

If you have any questions or require further information, please contact Derivatives Clearing Supervision at tel. +49-69-211-1 12 50 or send an e-mail to: clearing@eurexclearing.com. Alternatively, Risk Control is available at tel. +49-69-211-1 24 52 or via e-mail to: risk@eurexclearing.com.

2 December 2016

Attachment 1 to Eurex Clearing circular 139/16

Chapter II of the Clearing Conditions of Eurex Clearing AG

# Transactions Concluded at Eurex Deutschland and Eurex Zürich

(Eurex Exchanges)

As of 27.12.2016

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AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED

DELETIONS ARE CROSSED OUT

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# Part 2 Clearing of Futures Contracts

[…]

## 2.1 General Provisions

[…]

### 2.1.2 Daily Settlement Price

[…]

(5) Reference times

[…]

| Contract | Reference Time (CET) |
|---|---|
| […] | |
| ~~GMEX~~LDX IRS Constant Maturity Futures | 18:00 |
| […] | |

[…]

## 2.8 Clearing of ~~GMEX~~LDX IRS Constant Maturity Futures

The following provisions shall apply to the Clearing of ~~GMEX~~LDX IRS Constant Maturity Futures contract transactions specified in Number 1.22 of the Eurex Contract Specifications (such Futures contract transactions hereinafter referred to as "**CMFs**" (Constant Maturity Futures)).

[…]

**2.8.6 Termination of CMFs by Eurex Clearing AG upon Request of a CMF Participant**

(1) A Clearing Member may request from Eurex Clearing AG that Eurex Clearing AG terminates its CMFs entered into with such Clearing Member which qualify as Own Transactions according to the CMF MIP as described in this Number 2.8.6, and a Non-Clearing Member/Registered Customer may request from Eurex Clearing AG that Eurex Clearing AG terminates its CMFs entered into with its Clearing Member and the CMFs with identical terms entered into between such Clearing Member and Eurex Clearing AG (such requests hereinafter each referred to as a "**CMF MIP Request**"), provided that the market for CMFs on both the orderbook of the Eurex Exchanges ("**Eurex Orderbook**") and the ~~matching platform operated by Global Markets Exchange Limited ("**GMEX**") ("GMEX~~LDX Matching Platform~~")~~ do not provide for any or sufficient liquidity to close their CMF positions in whole or in part.

(2) A termination of CMFs for which such termination was requested for according to this Number 2.8.6 will always also result in the termination of CMFs between different parties with reciprocal terms to the CMFs the termination was requested for (both between Eurex Clearing AG and Clearing Members and between Clearing Members and the Non-Clearing Members/Registered Customers, if any). A CMF MIP may affect every CMF Participant (not only Clearing Members).

(3) Adequate Attempts to Close CMFs

A CMF MIP Request will only be considered if the requesting CMF Participant has undertaken adequate attempts to close the respective CMFs before filing a CMF MIP Request:

a) The CMF Participants must place orders for CMFs with reciprocal terms to those it wishes to close on both the Eurex Orderbook and the ~~GMEX~~LDX Matching Platform, of which at least 25 per cent must be placed on the ~~GMEX~~LDX Matching Platform at any time. Such orders must be

(i) unmatched for three consecutive Business Days prior to the Business Day the CMF MIP Request is filed;

(ii) unmatched for at least eight hours on each Business Day referred to in Number 2.8.6 Paragraph (3) a) (i);

(iii) at a rate lower than the GDI IRS CMI by at least one tick (as specified in the ~~GMEX~~LDX IRS CMF Product Specifications, available on the websites of ~~GMEX~~LDX Group (www.londondx.com~~www.gmex-group.com~~)) for closing long positions or at a rate higher than the GDI IRS CMI by at least one tick for closing short positions in case orders are entered on the ~~GMEX~~LDX Matching Platform, or, if such orders are entered on the Eurex Orderbook, at a rate lower than the GDI IRS CMI by at least one thousand ticks (as specified in the Eurex Contract Specifications) for closing long

positions or at a price higher than the GDI IRS CMI by at least one thousand ticks for closing short positions;

(iv) eligible to close all of the CMFs of the respective tenor (as specified in the Eurex Contract Specifications) of the CMF Participant if the total number of such CMFs is below 1,000 or 1,000, or, if it is above 1,000 CMFs, at least 1,000 CMFs of such tenor; and

b) the CMF Participant must request for quotes on both the Eurex Exchanges and the ~~GMEX~~LDX Matching Platform in order to close the CMFs they wish to close. Such request for quotes must

(i) take place at least once per day for at least three consecutive Business Days;

(ii) be eligible to close all of the CMFs of the respective tenor of the CMF Participant if the total number of such CMFs is below 1,000 or 1,000, or, if it is above 1,000 CMFs, at least 1,000 CMFs of such tenor.

As the GDI IRS CMI may be subject to changes over the course of a Business Day, CMF Participants are permitted to cancel open CMF orders and re-submit new CMF without undue delay, and, when doing so, are deemed to fulfil the requirements of Number 2.8.6 Paragraph (3) a) regarding time, provided that the total time such orders are open meets such requirements.

[…]

**2.8.7 CMF Default Management Process**

[…]

(4) CMF DMP Attribution Period and CMF DMP Attribution Rules

a) Following the end of the CMF DMP Trading Period as notified by Eurex Clearing AG pursuant to Number 2.8.7 Paragraph (3) b) Eurex Clearing AG provides all CMF Participants whose CMFs will in whole or part be subject to a termination pursuant to the CMF DMP Attribution Rules specified in Number 2.8.7 Paragraph 4) c) with a position report including all CMFs of the defaulting Clearing Member vis-à-vis Eurex Clearing AG to which no CMFs with identical terms resulting from the CMF DMP Trading Period relate to ("**Open CMFs**").

b) Such Open CMFs will be attributed to CMF Participants which have entered into CMFs with reciprocal terms with either their Clearing Member or Eurex Clearing AG according to the following attribution rules and based on the positions of CMF Participants at the end of the CMF DMP Trading Period as specified by Eurex Clearing according to Number 2.8.7 Paragraph (3) a) (iv). The result of such attribution is the termination of CMFs entered into between Eurex Clearing AG and a Clearing Member (and the related CMFs with identical

terms between such Clearing Member and a Non-Clearing Member/Registered Customer) with reciprocal terms to the attributed CMFs between the defaulting Clearing Member and Eurex Clearing AG (which have been terminated before due to a Termination according to Chapter 1, Part 1 Number 7), each with effect from the point in time of the Termination of the CMFs between Eurex Clearing AG and the defaulting Clearing Member. CMFs between Eurex Clearing AG and Clearing-Members which have been terminated due to the CMF DMP according to Number 2.8.6 will be cash settled.

c) CMF DMP Attribution Rules

Open CMFs will be attributed in the following order:

(i) CMF Liquidity Provider Attribution

Eurex Clearing AG will attribute Open CMFs to CMF Participants which qualify as liquidity providers on the ~~GMEX~~LDX Matching Platform ("**CMF Liquidity Providers**"), if any, as long as Open CMFs are available. Upon such attribution and notification thereof to the respective CMF Liquidity Provider by Eurex Clearing AG, the CMFs entered into between such CMF Liquidity Providers and Eurex Clearing AG which have reciprocal terms to those CMFs entered into between Eurex Clearing AG and the defaulting Clearing Member, are terminated. A pro rata method applies and calculates the weighted attribution ratio as: Available CMFs per account/total available CMFs of all accounts of the different CMF Liquidity Providers. According to this weighted ratio the amounts to be attributed per account are calculated (round down). If after this calculation due to rounding errors there is still a residual amount left, such residual amount will be attributed randomly amongst the CMF Liquidity Providers.

[…]

[…]

[…]

**2.8.9 Additional Customer Accounts**

Chapter II Part 1~~,~~ Section 1.3.6 shall not apply for CMFs.

[…]

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# 3. Transaction Fees for Derivatives Transactions (Order Book Transactions and Off-Book-Transactions on the Eurex Exchanges)

[…]

## 3.1 Matching / Recording of Derivatives Transactions (Trade)

### 3.1.1 Order Book Transactions

[…]

| Contract[1)] | Currency | Standard Fee per Contract (contract volume ≤ threshold) | Reduced Fee per Contract (contract volume > threshold) | Threshold A-Accounts (number of contracts) | Threshold P-Accounts (number of contracts) |
|---|---|---|---|---|---|
| **~~GMEX~~LDX IRS Constant Maturity** | | | | | |
| **Futures** | | | | | |
| 2-3 year ~~GMEX~~LDX IRS Constant Maturity Futures | EUR | 1.00 | n. a. | | |
| 4-8 year ~~GMEX~~LDX IRS Constant Maturity Futures | EUR | 0.50 | n. a. | | |
| 9-30 year ~~GMEX~~LDX IRS Constant Maturity Futures | EUR | 0.25 | n. a. | | |

[…]

### 3.1.2 Off-Book Transactions

[…]

| Contract | Currency | **Standard Fee per Contract** (contract volume ≤ threshold) | **Reduced Fee per Contract** (contract volume > threshold) | **Threshold A-Accounts** (number of contracts) | **Threshold P-Accounts** (number of contracts) |
|---|---|---|---|---|---|
| **~~GMEX~~LDX IRS Constant Maturity** | | | | | |
| **Futures** | | | | | |
| 2-3 year ~~GMEX~~LDX IRS Constant Maturity Futures | EUR | 1.00 | n. a. | | |
| 4-8 year ~~GMEX~~LDX IRS Constant Maturity Futures | EUR | 0.50 | n. a. | | |
| 9-30 year ~~GMEX~~LDX IRS Constant Maturity Futures | EUR | 0.25 | n. a. | | |

[…]

## 3.12 Fees related to ~~GMEX~~LDX IRS Constant Maturity Futures

For transactions in ~~GMEX~~LDX IRS Constant Maturity Futures ECAG shall charge the following fees in addition to the transaction fees for matching and recording of transactions as outlined in Chapter 3.1.

### 3.12.1 Maintenance Fees for ~~GMEX~~LDX IRS Constant Maturity Futures

(1) For open positions in ~~GMEX~~LDX IRS Constant Maturity Futures in Principal Position Accounts the daily accrued maintenance fee shall be as follows:

| | | |
|---|---|---|
| 2-3 year ~~GMEX~~LDX IRS Constant Maturity Futures | EUR | 0.00274 |
| 4-8 year ~~GMEX~~LDX IRS Constant Maturity Futures | EUR | 0.00137 |
| 9-30 year ~~GMEX~~LDX IRS Constant Maturity Futures | EUR | 0.000685 |

The maintenance fee shall be determined on a daily basis and calculated at the end of each calendar month.

(2) For open position in ~~GMEX~~LDX IRS Constant Maturity Futures in Agent Position Accounts the daily accrued maintenance fee shall be as follows:

| | | |
|---|---|---|
| 2-3 year ~~GMEX~~LDX IRS Constant Maturity Futures | EUR | 0.003288 |
| 4-8 year ~~GMEX~~LDX IRS Constant Maturity Futures | EUR | 0.001644 |
| 9-30 year ~~GMEX~~LDX IRS Constant Maturity Futures | EUR | 0.000822 |

The maintenance fee shall be determined on a daily basis and calculated at the end of each calendar month.

(3) The maintenance fee shall be charged during the relevant Calculation Period at the end of each calendar month based on the actual number of days in the relevant calendar month.

### 3.12.2 Fees for the CMF Market Integrity Process

For each CMF Market Integrity Process requested by a CMF Participant in ~~GMEX~~LDX IRS Constant Maturity Futures, ECAG shall charge the following fees:

(1) If a CMF Participant requests a CMF Market Integrity Process for a ~~GMEX~~LDX IRS Constant Maturity Future in a specific tenor pursuant to Chapter II, Number 2.8.6 Paragraph (4) of the Clearing Conditions, ECAG shall charge a fee of EUR 5,000 independent of the amount of contracts and the result of the First CMF MIP Assessment.

(2) If a CMF Participant confirms that it wishes to proceed with the CMF MIP according to Chapter II, Number 2.8.6 Paragraph (7) b) of the Clearing Conditions, ECAG shall charge a fee of EUR 50,00 per contract independent of the result of the Second CMF MIP Assessment.. In case the total amount of the fee is below EUR 1,000.00, ECAG shall charge a minimum fee of EUR 1,000.00.

## 3.13 Self-Match Prevention

The Self-Match Prevention functionality (SMP) for Order Book Transactions is an optional Eurex functionality that allows market participants to prevent, where appropriate, own buy and sell orders, from matching with each other ("**Prevented Transactions**").

Prevented Transactions are treated in terms of fees and rebates equal to executed Transactions. The fees and rebates pursuant to Number 3.1.1 shall hence apply mutatis mutandis to Prevented Transactions.

[…]

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[…]

## 5 Contract Price of Off-Book Trades

[…]

5.2 For Futures Contracts, the intervals within the meaning of Number 5.1 are generally determined as follows:

5.2.1 The upper limit of the admitted entry interval results from the daily settlement price of the respective futures contract of the previous trading day pursuant to Chapter II Part 2 Number 2.1.2 (2) a) – e) of the Clearing Conditions plus an amount of 20 per cent of the margin parameter (available on the internet website www.eurexclearing.com) respectively defined for this contract by Eurex Clearing AG. If the daily high of the futures contract determined for the respective futures contracts on the Eurex Exchanges on this trading day, at which the contract was actually traded, or the synthetic daily high of the futures contract exceeds the value pursuant to Clause 1, the upper limit of the admitted entry interval results from the higher of such two values respectively. In order to determine the upper limit of the admitted entry interval, the value determined pursuant to Clause 1 and 2 shall respectively be increased by

[…]

- in case of ~~GMEX~~LDX IRS Constant Maturity Futures Contracts:

| Product | Value increased by |
|---|---|
| GE02 - GE03 | 1.00 %0.80% |
| GE04 – GE10 | 1.50 %1.00% |
| GE11 – GE13 | 2.00 %1.15% |
| GE14 | 2.50 %1.25% |
| GE15 – GE18 | 3.00 %1.25% |

| | |
|---|---|
| GE19 – GE22 | 3.50 %1.25% |
| GE23 – GE25 | 4.00 %1.40% |
| GE26 – GE30 | 4.50 %1.15% |

[…]

The lower limit of the admitted entry interval results from the daily settlement price of the respective futures contract of the previous trading day pursuant to Chapter II Part 2 Number 2.1.2 (2) a) – e) of the Eurex Clearing Conditions minus an amount of 20 per cent of the margin parameter respectively defined for this contract by Eurex Clearing AG (available on the internet website www.eurexclearing.com). If the daily low of the futures contract determined for the respective futures contracts on the Eurex Exchanges on this trading day, at which the contract was actually traded, or the synthetic daily low of the futures contract underlies the value pursuant to Clause 4, the lower limit of the admitted entry interval results from the lower of such two values respectively. In order to determine the lower limit of the admitted entry interval, the value determined pursuant to Clause 4 and 5 shall respectively be diminished by

[…]

- in case of ~~GMEX~~LDX IRS Constant Maturity Futures Contracts:

| Product | Value diminished by |
|---|---|
| GE02 – GE03 | 1.00%0.80% |
| GE04 – GE10 | 1.50% |
| GE11 – GE13 | 2.00% |
| GE14 | 2.50% |
| GE15 – GE18 | 3.00% |
| GE19 – GE22 | 3.50% |
| GE23 – GE25 | 4.00% |
| GE26 – GE30 | 4.50% |

[…]

## 9 Admitted Products

[…]

## 9.4 Block Trade Service

[…]

### 9.4.1 Admitted Products:

| Product | Minimum number of tradable contracts |
|---|---|
| […] | |
| ~~GMEX~~LDX IRS Constant Maturity Futures Contracts | |
| Constant Maturity Futures Contracts on swap rates with tenors of 2-30 years (GE02-GE30) | 1 |
| […] | |

[…]

## Annex A to the General Conditions for Participation:

**Off-Book Periods of Use (all times in CET)**

**Futures Contracts**

[…]

**~~GMEX~~LDX IRS Constant Maturity Futures Contracts**

| Product | Product-ID | Start-End |
|---|---|---|
| Constant Maturity Futures Contracts on swap rates with tenors of 2-30 years | GE02-GE30 | 07:30 - 18:15 |

[…]

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