clear to trade

# eurex clearing *circular 055/16*

**Date:** 21 April 2016
**Recipients:** All Clearing Members, Non-Clearing Members and Registered Customers of Eurex Clearing AG and Vendors
**Authorized by:** Heike Eckert

## Amendments to the Clearing Conditions and other related documents of Eurex Clearing AG

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| **Content may be most important for:** | **Attachments:** |
|---|---|
| ➲ All departments | 1 - 2: Updated sections of the Clearing Conditions of Eurex Clearing AG<br>3. Updated sections of the Price List of Eurex Clearing AG |

**Summary:**

This circular contains information with respect to Eurex Clearing's service offering and corresponding amendments to the Clearing Conditions of Eurex Clearing AG (Clearing Conditions) and other related documents for Eurex Clearing AG regarding the following topics:

1. Foreign Exchange (FX) derivatives: Removal of settlement amount limits
2. Reflection of Irish Stock Exchange's rule book name change in Chapter VI
3. Offering of clearing services to OTC IRS RCs located in Guernsey
4. Lending CCP: Service fees for Dispute Resolution Procedure

The amended sections of the Clearing Conditions and Price List of Eurex Clearing AG (Price List), as decided by the Executive Board of Eurex Clearing AG, are attached to this circular.

The amendments related to Number 3 will come into effect on **2 May 2016**.

The adjustments related to Numbers 1 and 2 will come into effect on **6 June 2016**.

The amendments related to Number 4 will come into effect on **11 May 2016**.

# Amendments to the Clearing Conditions and other related documents of Eurex Clearing AG

This circular contains information with respect to Eurex Clearing's service offering and corresponding amendments to the Clearing Conditions of Eurex Clearing AG (Clearing Conditions) and other related documents for Eurex Clearing AG regarding the following topics:

1. Foreign Exchange (FX) derivatives: Removal of settlement amount limits
2. Reflection of Irish Stock Exchange's rule book name change in Chapter VI
3. Offering of clearing services to OTC IRS RCs located in Guernsey
4. Lending CCP: Service fees for Dispute Resolution Procedure

The amended sections of the Clearing Conditions and Price List of Eurex Clearing AG (Price List) as decided by the Executive Board of Eurex Clearing AG are attached to this circular.

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The adjustments related to Numbers 1 and 2 will come into effect on 6 June 2016.

The amendments related to Number 4 will come into effect on 11 May 2016.

## 1. Foreign Exchange (FX) derivatives: Removal of settlement amount limits

On 7 July 2014, Eurex Clearing started offering special clearing services for FX futures and FX options with settlement via Continuous Linked Settlement (CLS). As part of the service, settlement amount limits were implemented.

Eurex Clearing has changed the CLS third party service provider and as a result the settlement amount limits are being removed. Effective 6 June 2016, these limits will no longer apply.

The following provisions of the Clearing Conditions will be amended as outlined in attachment 1:

- Deletion of Chapter II Part 1 Number 1.10, Part 2 Number 2.19.5, Part 3 Number 3.13.5
- Correction of cross-references in Chapter II Part 2 Number 2.18, 2.19 and 2.19.1

This circular overrides the information regarding settlement amount limits described in Eurex Clearing circular 067/14.

## 2. Change of Irish Stock Exchange's rulebook name in Chapter VI

The Irish Stock Exchange (ISE) has changed the name of their rulebook from "Rules of the Irish Stock Exchange" to "Member Firm Rules". The updated version of the rulebook is effective as of 21 March 2016.

The following provisions of the Clearing Conditions will be amended as outlined in attachment 2:

- Chapter VI Part 1 Number 1.1.2 (d), Part 2 Number 2.1.1 (8)

## 3. Offering of clearing services to OTC IRS RCs located in Guernsey

Eurex Clearing will extend its clearing services offering to OTC IRS RCs located in Guernsey.

## 4. Lending CCP: Service fees for Dispute Resolution Procedure

Pursuant to Number 15.1 of the Dispute Resolution Rules in connection with a Dispute Resolution Procedure in accordance with the Dispute Resolution Rules, service fees will be charged from the Lender Clearing Members or Borrower Clearing Members. The fee shall be charged according to the following table:

| Service fees for Dispute Resolution Procedure | |
|---|---|
| **Service** | **Fixed fee per procedure** |
| Dispute Resolution Procedure | EUR 5,000.00 |

The service fees for the Dispute Resolution Procedure will be included in the Price List and will be effective as of 11 May 2016.

The following provisions of the Price List will be amended as outlined in attachment 3:

- Number 11.2.5

As of the effective dates 2 May 2016 and 6 June 2016 respectively, the full updated Clearing Conditions will be published on the Eurex Clearing website www.eurexclearing.com under the following link:

**Resources > Rules and Regulations > Clearing Conditions**

Pursuant to Chapter I Part 1 Number 17.2.3 of the Clearing Conditions, the changes and amendments to the Clearing Conditions communicated with this circular are deemed to have been accepted by each Clearing Member, Non-Clearing Member and each Registered Customer unless it objects in writing to Eurex Clearing AG before the end of the Business Day prior to 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 remains unaffected.

As of the effective date 11 May 2016, the full updated Price List will be published on the Eurex Clearing website under the following link:

**Resources > Rules and Regulations > Price list**

Pursuant to Number 14 Paragraph 3 of the Price List for Eurex Clearing AG, 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 within ten (10) business days after publication.

If you have any questions or require further information, please contact Group Client Services & Administration at tel. +49-69-211-1 17 00 or send an e-mail to: memberservices@eurexclearing.com.

21 April 2016

Chapter II of the Clearing Conditions of Eurex Clearing AG

# Transactions Concluded at Eurex Deutschland and Eurex Zürich

(Eurex Exchanges)

As of 06.06.2016

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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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~~**1.10 Settlement Amount Limits**~~

~~(1) Eurex Clearing AG may determine dedicated settlement thresholds or limits (each a "**Settlement Amount Limit**") limiting the maximum permissible Projected Settlement Amount applicable with respect to a Clearing Member, including Settlement Amount Limits that - if breached - entitle Eurex Clearing AG to (i) demand immediate actions from the respective Clearing Member to reduce the Projected Settlement Amount below the limit, as further set out in this Number 1.9 ("**Category 1 Settlement Amount Limits**") and/or (ii) to effect Transactions in FX Futures contracts and/or FX Options contracts for and on behalf of the Clearing Member to remedy the breach, as further set out in this Number 1.9 ("**Category 2 Settlement Amount Limits**"). For this purpose "**Projected Settlement Amount**" means at any time, with respect to a Clearing Member and a final settlement day (Number 1.18.4 of the Eurex Contract Specifications and/or Number 2.13.5 of the Eurex Contract Specifications), the aggregate gross short amount for any individual and/or all currencies in which FX Futures and Options contracts are to be settled that in the determination of Eurex Clearing AG would be required to be settled by the Clearing Member on the relevant final settlement day taking into account all FX Futures contracts and FX Options contracts that are Own Transactions, Customer-Related Transactions, NCM-Related Transactions or RC-Related Transactions of the Clearing Member.~~

~~To the extent necessary or practicable Eurex Clearing AG shall for the purposes of determination of Projected Settlement Amounts convert any amounts at prevailing exchange rates into the amount in which the Settlement Amount Limit is expressed.~~

~~The Clearing Member is required to ensure that the Projected Settlement Amount does not exceed the relevant Settlement Amount Limit (if any).~~

~~(2) Where Eurex Clearing AG has determined Settlement Amount Limits, it will provide at least a daily report to each Clearing Member detailing the related Projected Settlement Amounts determined with respect to the Clearing Member. Eurex Clearing AG will publish further details and guidelines regarding the determination of Settlement Amount Limits and the applicable mitigation measures on its website~~

~~(www.eurexclearing.com). These details and guidelines may be amended from time to time and published accordingly.~~

~~(3) In case the Projected Settlement Amount of a Clearing Member exceeds a related Settlement Amount Limit, applicable at that point in time, this shall constitute a breach by the Clearing Member. In this case Eurex Clearing AG shall - in addition to any other measures available to it under these Clearing Conditions - be entitled to take the following mitigation measures:~~

~~(a) In case of a breach of a Category 1 Settlement Amount Limit Eurex Clearing AG shall be entitled to demand that the Clearing Member breaching a Category 1 Settlement Amount Limit immediately takes any measures that are necessary or expedient to reduce the Projected Settlement Amount below this limit.~~

~~(b) In case of a breach of a Category 2 Settlement Amount Limit, Eurex Clearing AG shall be entitled to, and the Clearing Member hereby irrevocably authorises (*bevollmächtigt*) Eurex Clearing AG to, (i) effect Own Transactions of the Clearing Member in FX Futures contracts and/or FX Options contracts for and on behalf of the Clearing Member (ii) take any actions it deems necessary or expedient in relation thereto, in each case with the aim to remedy the breach of the Category 2 Settlement Amount Limit.~~

**~~1.11~~1.10 Requirements for Non-Clearing Members regarding Qualified Back Office Staff Members**

A Non-Clearing Member is required to use at least one sufficiently qualified staff member in the back-office; a sufficient qualification is assumed if either the Market Module Eurex Exchanges of the Clearer Test or the final exam of the certificate programme Certified Clearing Specialist (both offered by Eurex Clearing AG) has been passed successfully.

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## Part 2 Clearing of Futures Contracts

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**2.18 Clearing of Futures Contracts on Exchange Traded Commodities Securities**

The following provisions shall apply to the Clearing of futures contract transactions in Exchange-Traded Commodities Securities which have been specified in Number ~~1.18~~1.17 of the Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich (“ETC Futures”).

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**2.19 Clearing of FX Futures Contracts**

The following provisions shall apply to the Clearing of FX Futures contracts specified in Number ~~1.18~~1.19 of the Eurex Contract Specifications.

**2.19.1 Payment Procedures**

(1) All payments for the fulfilment of FX Futures contracts shall be settled directly between each Clearing Member and Eurex Clearing AG on the settlement day (Number ~~1.18~~1.19.6 Paragraph (1) of the Eurex Contract Specifications) via the Continuous Linked Settlement system ("**CLS**") operated by CLS Bank International ("**CLS Bank**").

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~~**2.19.5 Settlement Amount Limits**~~

~~Eurex Clearing AG may determine Settlement Amount Limits for FX Futures contracts in accordance with Part 1 Number 1.9.~~

~~**2.19.6**~~**2.19.5 Specific Provisions for Interim Participation**

In the case that a Non-Clearing Member has been admitted by Eurex Clearing AG as an Interim Participant pursuant to Chapter I Part 3 Subpart A Number 11 in respect of FX Futures contracts that are Covered Transactions, the following applies:

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[…]

## Part 3 Clearing of Options Contracts

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~~**3.13.5 Settlement Amount Limits**~~

~~Eurex Clearing AG may determine Settlement Amount Limits for FX Options contracts in accordance with Part 1 Number 1.9.~~

~~**3.13.6**~~**3.13.5 Failure to Pay**

(1) If a Transaction cannot be settled within CLS due to the fact that a Clearing Member (i) does not provide sufficient funding on its CLS Account to cover the currency amount payable by it in respect of a Transaction on the settlement day (as per Number 3.13.1) or (ii) fails to match a corresponding settlement instruction in accordance with the CLS procedures by 23.00 CET on the Business Day immediately prior to the settlement day, and the Clearing Member's failure to settle a Transaction cannot be attributed to a Termination Event in respect of this Clearing Member, Eurex Clearing AG shall be entitled to take the same measures as set out in Part 2 Number 2.19.4.

(2) The provisions on contractual penalties, costs and damages set out in Part 2 Number 2.19.4 shall apply accordingly.

**~~3.13.7~~3.13.6 Specific Provisions for Interim Participation**

In the case that a Non-Clearing Member has been admitted by Eurex Clearing AG as an Interim Participant pursuant to Chapter I Part 3 Subpart A Number 11 in respect of FX Options contracts that are Covered Transactions, Part 2 Number 2.19.5 shall apply accordingly.

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Chapter VI of the Clearing Conditions of Eurex Clearing AG

# Transactions Concluded at the Irish Stock Exchange

(ISE Dublin)

As of 06.06.2016

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AMENDMENTS ARE MARKED AS FOLLOWS:

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DELETIONS ARE CROSSED OUT

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# Part 1 General Provisions

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### 1.1 Clearing Licenses

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#### 1.1.2 Prerequisites for Clearing Licenses

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(2) The applicant shall meet the following additional requirements:

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(d) Evidence of status as an ISE "**member firm**" or at least "**Clearing Only Member Firm**" as defined in the Member Firm Rules of the Irish Stock Exchange ("**ISE Member Firm Rules**"). ~~ISE rules (at least **Clearing Only Member Firm**) or of status as member firm shall be provided.~~

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# Part 2 Clearing of transactions concluded at the Irish Stock Exchange (ISE)

### 2.1 Settlement of ISE Transactions

#### 2.1.1 General Privisions

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(8) The Non-Clearing Member shall notify Eurex Clearing AG and the Clearing Member in writing in advance if it intends to settle due to Model B pursuant to Number 8.1.8 and 8.1.18 of the ISE Member Firm Rules ~~ISE Rules~~ and upon becoming aware of any matter, circumstance or event that an existing Model B settlement arrangement might be endangered or if it intends to terminate its Model B arrangement.

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## 11. Clearing Fees and Service Fees for Securities Lending Transactions

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## 11.2 Service Fees

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### 11.2.5 Service Fees for Dispute Resolution Procedure

~~Until and including 31 March 2016 no Service Fees pursuant to Number 15.1 of the Dispute Resolution Rules in connection with a Dispute Resolution Procedure in accordance with the Dispute Resolution Rules will be charged from the Lender Clearing Members or Borrower Clearing Members.~~

~~The Service Fees applicable as of 1 April 2016 will be set out and published in time in this Price List for Eurex Clearing AG.~~

Pursuant to Number 15.1 of the Dispute Resolution Rules in connection with a Dispute Resolution Procedure in accordance with the Dispute Resolution Rules, Service Fees will be charged from the Lender Clearing Members or Borrower Clearing Members. The fee shall be charged according to the following table:

| **Service Fees for Dispute Resolution Procedure** | |
|---|---|
| **Service** | **Fixed Fee per Procedure** |
| Dispute Resolution Procedure | EUR 5,000.00 |

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