Eurex Clearing Focus Call

OTC Clear Release 11.3 and 12.0

15 September 2021
Support pages

All topics discussed in this call can be found on our website on our dedicated initiatives pages which contain up-to-date information and roadmaps, screencasts and FAQ:

Agenda

1. Eurex Clearing release roadmap
2. 2021 ISDA Definitions
3. EONIA to €STR conversion
4. Transition of CHF, GBP and JPY Libor references to RfR
5. Netting enhancements
6. Additional topics
7. Q & A
8. Annexes
Eurex OTC Clear Release Roadmap
# Eurex OTC Clear Roadmap 2021 and 2022 Q1-Q2

<table>
<thead>
<tr>
<th></th>
<th>2021-Q3</th>
<th>2021-Q4</th>
<th>2022-Q1</th>
<th>2022-Q2</th>
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<td>Jun</td>
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</tr>
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</table>

**Eurex OTC Clear**

- **Release 11.3**: 17 Aug, 18 Oct
- **Release 12.0**: 13 Oct, 22 Nov
- **Release 13.0**: 9 May, 27 Jun

*For further details on key dates for OTC, please have a look at slide 32*
2021 ISDA Definitions
Background: Eurex Clearing’s offering for OTC transactions

- **Background:** At the inclusion of a bilateral OTC transaction into clearing by Eurex Clearing by way of novation, the Clearing Conditions (or FCM Regulations) apply to the cleared transaction. For cleared OTC IRD/XCCY transactions, the Clearing Conditions (and FCM Regulations) aim in principle to mirror the market standard set by ISDA to the extent feasible, in the context of cleared transactions, to align with the non-cleared OTC environment. Hence, the provisions of the Clearing Conditions (and FCM Regulations) for OTC IRD/XCCY transactions are currently broadly based on the 2006 ISDA Definitions.

- As announced in [circular 074/21](#), Eurex Clearing plans to support clearing of bilateral OTC IRD/XCCY transactions that are concluded based on the 2021 ISDA Definitions as of **4th October 2021**. Clearing of bilateral OTC IRD/XCCY transactions referencing the 2006 ISDA Definitions (as well as other master agreements such as the German Master Agreement) will be continued.
2021 ISDA Definitions: Eurex Clearing’s Implementation

- Eurex Clearing plans to support clearing of bilateral OTC IRD/XCCY transactions that are concluded based on the 2021 ISDA Definitions as of 4th October 2021.

- Clearing of bilateral OTC IRD/XCCY transactions referencing the 2006 ISDA Definitions (as well as other master agreements such as the German Master Agreement) will be continued.

- Eurex Clearing will maintain fungibility of cleared transactions, irrespective of whether they are submitted based on 2000 ISDA Definitions, 2006 ISDA Definitions, 2021 ISDA Definitions, the German Master Agreement or other contractual definitions.

- The Clearing Conditions (and FCM Regulations) will be updated to account for the changes introduced by the 2021 ISDA Definitions to the extent relevant for Eurex Clearing and feasible in the context of cleared transactions.

- Floating Rate Options (FRO) labels: Eurex Clearing will support both 2006 ISDA-based FRO labels as well as 2021 ISDA-based FRO labels to facilitate the transition phase for the Clearing Members.

- Eurex Clearing will not update the FRO labels of cleared legacy transactions to 2021 ISDA Definitions-based FRO labels at this stage.

- Eurex Clearing will not change the current FpML version/structure, but will simply show the “new” values (ISDA2021-based + new FRO labels) for transactions that reference the ISDA 2021 Definitions in the broadcast messages and reports.

- Period End Date/Termination Date adjustments for Unscheduled Holidays (as used Section 2.3.6 of the 2021 ISDA Definitions) will not be supported and will be discarded if specified in a Trade Record transmitted to Eurex Clearing. It is however clarified that, if the application of the Mod Following/Preceding Business Day Convention led to a day in the past for any payment date (due to a short holiday announcement period), the respective payment obligation is instead moved to the next good business day.
3 EONIA to €STR conversion
EONIA Transition at Eurex Clearing

Key elements of the EONIA/€STR conversion

- **Timeline**: Friday 15 October / the following weekend (aligned across cleared markets)

- **Two dress rehearsals** around 17 Aug 2021 and 31 Aug 2021 already completed with indicative conversion reports already available in Production

- **Economics of replacement trade**: conversion to €STR flat (no added spread), preservation of fixed leg

- **Legal treatment**: “Trade Amendment”

- **Operation processing**: Cancel (termination) and rebook (replacement) via a post trade event “RateIndexConversion” on Saturday 16 October

- **Cash compensation**: booked as an upfront fee on the €STR replacement trade with settlement Tuesday 19 October 2021, net with all other EUR settlements on that day, calculated as-of Conversion Friday EOD

- **Trades in scope**: all EONIA referencing OIS or basis swaps that are live on the date of conversion

- **Contractual definitions** of original trade preserved

- **Netting Sync with MarkitWire** on Saturday 16 October

- **No conversion or booking fees** apply

- **Clearing eligibility cut-off date**: SOD Monday 18 October 2021 no EONIA-referencing trades will be accepted for clearing
## EONIA Transition at Eurex Clearing

### Overview of conversion process

<table>
<thead>
<tr>
<th>Time</th>
<th>Process step</th>
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<tbody>
<tr>
<td>Friday SOD</td>
<td>Disallow any PTEs for all EUR denominated trades until Tuesday SOD</td>
</tr>
<tr>
<td>Friday EOD</td>
<td>Snap EOD market data (€STR OIS quotes, EURIBOR par swap quotes) to be used for curve constructions. Run the current EOD process for valuations, i.e. the Friday EOD batch using EONIA coupons. Use the conversion transparency report CC350 per Friday EOD to fix the compensation fees on a trade level</td>
</tr>
<tr>
<td>Saturday</td>
<td>Terminate all OTCClear trades referencing EONIA via a PTE <em>RateIndexConversion</em>. Create an €STR replacement trade for each EONIA trade. Attach an (upfront) compensation fee to each €STR trade with settlement for the fee Tuesday SOD</td>
</tr>
<tr>
<td></td>
<td>Synchronize all terminated and new trades with MarkitWire via a Netting Synchronisation</td>
</tr>
<tr>
<td></td>
<td>Generate one-off reports CC350, CD200, CB201 and CB202 (with a timestamp Saturday 16 October 2021)</td>
</tr>
<tr>
<td>Monday SOD</td>
<td>Disallow Netting</td>
</tr>
<tr>
<td></td>
<td>Run margining and valuation processes using the new €STR trades</td>
</tr>
<tr>
<td>Tuesday SOD</td>
<td>Settle the compensation fees at the same time and via the same process all EUR based payments are handled</td>
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<tr>
<td></td>
<td>Allow PTEs of EUR denominated trades and Netting</td>
</tr>
</tbody>
</table>
# EONIA Transition at Eurex Clearing

**Conversion transparency reports offered for EONIA to €STR conversion**

<table>
<thead>
<tr>
<th>ID</th>
<th>Report name</th>
<th>Publication dates</th>
<th>File Delivery /Format</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>CB201</td>
<td>Trade Daily Summary Report</td>
<td>Conversion Saturday 16 October 2021</td>
<td>Common Report Engine / xml</td>
<td>Terminated &amp; newly created from conversion only trades</td>
</tr>
<tr>
<td>CB202</td>
<td>Trade Inventory Report</td>
<td>Conversion Saturday 16 October 2021</td>
<td>Common Report Engine / xml</td>
<td>Terminated &amp; newly created from conversion trades plus all other active trades unaffected by the conversion</td>
</tr>
<tr>
<td>CC350</td>
<td>Trade Conversion Transparency Report</td>
<td>Daily (bus) EOD, final report conversion</td>
<td>Common Report Engine / csv</td>
<td>The report shows NPV change and cash compensation on a trade level. The final report on conversion Saturday will contain the TradeIDs and UTIs of the replacement trade. The report is available Production since 23 August 2021</td>
</tr>
<tr>
<td>CD200</td>
<td>Cash Forecast Report for OTC IRS</td>
<td>Conversion Saturday 16 October 2021</td>
<td>Common Report Engine / xml</td>
<td>The report will include only the mandatory cash compensation fee</td>
</tr>
<tr>
<td>CC333</td>
<td>IRS Zero Rate Sensitivity Shadow Report</td>
<td>Daily (bus) EOD until Friday 15 October</td>
<td>Common Report Engine / csv</td>
<td>The report displays the zero-rate sensitivity of the replacement trades split into maturity buckets</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>The report will be available in Production since 23 August 2021</td>
</tr>
</tbody>
</table>

**FAQ on Common Report Engine (CRE):**
- For queries about report availability, access or report paths, members should contact [cts@deutsche-boerse.com](mailto:cts@deutsche-boerse.com)
Transition of CHF, GBP and JPY Libor references to RfR
Benchmark and IBOR milestones

- **2019**
  - Eonia recalibrated to €STR by EMMI (2 Oct 2019)
  - Cleared €STR OIS (18 Nov 2019)

- **2020**
  - €STR discounting (27 July 2020)
  - Launch SOFR OIS (27 July 2020)

- **2021**
  - SOFR discounting (19 Oct 2020)
  - Conversion of all €STR trades to €STR (15 Oct 2021)
  - Conversion of all Eonia trades to €STR (15 Oct 2021)
  - Conversion of all GBP Libor trades to SONIA (17 Dec 2021)

- **2022**
  - Conversion of CHF, JPY, GBP Libor trades to SARON and TONAR (03 Dec 2021)

- **2023**
  - USD Libor cessation (30 Jun 2023)

- **15 September 2021**

**ECAG includes general fallback provisions for all benchmarks (Oct 2019) – BMR compliant**

**ECAG adopts latest ISDA fallback provisions for IBOR trades (25 Jan 2021) – BMR compliant**

**ISDA IBOR fallbacks included in bilateral documentation (new trades) (25 Jan 2021)**

**Conversion of all CHF, JPY Libor trades to SARON and TONAR (31 Dec 2021)**

**Conversion of all GBP Libor trades to SONIA (17 Dec 2021)**
Libor Transition at Eurex Clearing

Key elements of the Libor conversion

- **Timeline (aligned across cleared markets):**
  - CHF and JPY Libor: 3 December / the following weekend
  - GBP Libor: 17 December / following weekend

- **Two dress rehearsals** around **19 October 2021** and **09 November 2021** for all three currencies planned

- **Trades in scope:** all Libor referencing IRS or basis swaps in CHF, JPY and GBP trades requiring a reset after index cessation effective date

- **Out of scope trades:**
  - Libor referencing trades in CHF, JPY and GBP with final reset before index cessation
  - FRAs: Eurex Clearing ceased clearing FRAs in May 2021
  - OTC trades in other currencies

- **Economics of the replacement RfR swap**
  - Spread adjustment: ISDA fixed spread adjustment on floating leg (no rounding)
  - Observation period: No shift (vs. observation period shift for ISDA fallbacks)
  - Payment date offset: Payment lag on floating leg where applicable (2D for CHF/JPY, 0D for GBP), no payment lag on fixed leg
  - Libor fixing: wherever necessary, Eurex Clearing will book up to two overlay swaps additional to the RfR replacement swap (3 swaps in total) in order to preserve Libor fixings ahead of index cessation

- **Pricing** in line with ISDA fallbacks introduced with Release 12.0 and used for calculating compensation fees

- **Contractual definitions** of original trade preserved
Libor Transition at Eurex Clearing

Key elements of the Libor conversion (cont’d)

- **Legal treatment**: “Trade Amendment”

- **Operation processing**: Cancel (termination) and rebook (replacement) via post trade event “LiborConversion” on Conversion Saturday

- **Cash compensation for** a PV difference to today mitigated by adding a compensation fee attached as an upfront fee (or termination fee if no replacement trade) to the full maturity RfR OIS replacement swap / shorten maturity basis swap with settlement:
  - CHF: Tuesday 7 December
  - JPY: Wednesday 8 December
  - GBP: Tuesday 21 December

- **Value Transfer** and compensation fees: calculated as-of Conversion Friday EOD

- **Netting Sync with MarkitWire** on Saturday

- **Clearing eligibility cut-off dates**:
  - SOD Monday 06 December 2021: CHF and JPY Libor-referencing trades
  - SOD Monday 20 December 2021: GBP Libor-referencing trades

- **Indicative conversion reports** available in Production daily from 18 October (in Simulation from 01 September)

- **No forced pre-compression, conversion or booking fees** apply
## Libor Transition at Eurex Clearing

### Trade Scenarios

<table>
<thead>
<tr>
<th>Scenario Description</th>
<th>Replacement Trade Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Forward start IRS Swap (first reset after index cessation effective date)</strong></td>
<td>Single replacement trade: Full maturity replacement RFR OIS with cash compensation attached as upfront fee, no overlay swaps</td>
</tr>
<tr>
<td><strong>Fixed Float IRS (Non-compounded)</strong></td>
<td>Three replacement trades: 1. Full maturity RFR OIS, with cash compensation attached as upfront fee 2. Shortened maturity* RFR OIS with mirrored fixed leg to the shortened maturity Libor IRS (trade 3) 3. Shortened maturity* Libor IRS</td>
</tr>
<tr>
<td></td>
<td>*For trades 2 and 3, the swap Maturity Date will be the end of the last Libor floating coupon that fixes before index cessation effective date and both trades will have 0% fixed coupon</td>
</tr>
<tr>
<td><strong>2: Fixed Float IRS (Compounded, Zero coupon)</strong></td>
<td>Three replacement trades: 1. Full maturity RFR OIS, with cash compensation attached as upfront fee 2. Shortened maturity* RFR OIS with mirrored fixed leg to the shortened maturity Libor IRS (trade 3) 3. Shortened maturity* Libor IRS</td>
</tr>
<tr>
<td></td>
<td>*For trades 2 and 3, the swap Maturity Date will be the end of the last Libor floating coupon that fixes before index cessation effective date and both trades will have 0% fixed coupon</td>
</tr>
<tr>
<td></td>
<td>If a compounding period requires Libor fixing post index cessation effective date, this entire period will be replaced in the full maturity RFR OIS trade with compounded RFR + spread adjustment. For compounding with a zero coupon pay frequency, the replacement trade compounds over the whole calculation period. Currently, Eurex Clearing has no open interest in such type of trades.</td>
</tr>
<tr>
<td><strong>3: Basis Swap Non-compounded</strong></td>
<td>Single replacement trade: Shortened maturity Libor basis swap, with cash compensation attached as upfront fee. Each floating leg will have its final cash flow at the end of the last respective Libor floating coupon that fixes before index cessation effective date.</td>
</tr>
<tr>
<td><strong>4: Basis Swap comp. / having stubs / Forward start with first reset after index cessation effective date</strong></td>
<td>Terminate with termination fee and no replacement trade</td>
</tr>
<tr>
<td><strong>5: FRA</strong></td>
<td>N/A</td>
</tr>
</tbody>
</table>
# Libor Transition at Eurex Clearing

## Conversion transparency reports offered for Libor to RfR conversions

<table>
<thead>
<tr>
<th>ID</th>
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<td>CB201</td>
<td>Trade Daily Summary Report</td>
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<td>Common Report Engine / xml</td>
<td>Terminated &amp; newly created from conversion only trades</td>
</tr>
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<td>CB202</td>
<td>Trade Inventory Report</td>
<td>Conversion Saturday (4 Dec. / resp. 18 Dec.)</td>
<td>Common Report Engine / xml</td>
<td>Terminated &amp; newly created from conversion trades plus all other active trades unaffected by the conversion</td>
</tr>
<tr>
<td>CC350</td>
<td>Trade Conversion Transparency Report</td>
<td>Daily (bus) EOD and one-off versions on Conversion Saturdays</td>
<td>Common Report Engine / csv</td>
<td>The report shows NPV change and cash compensation on a trade level. A one-off version on a conversion Saturday will contain the TradeIDs and UTIs of the replacement trade(s).</td>
</tr>
<tr>
<td>CB301</td>
<td>Trade Daily Summary Shadow Report</td>
<td>Daily (bus) EOD</td>
<td>Common Report Engine / xml</td>
<td>Contains all trades that have been created as replacement trades of original LIBOR trades as if the date of the creation of the report is the conversion date.</td>
</tr>
<tr>
<td>CD200</td>
<td>Cash Forecast Report for OTC IRS</td>
<td>Conversion Saturday (4 Dec. / resp. 18 Dec.)</td>
<td>Common Report Engine / xml</td>
<td>Includes only the mandatory cash compensation fees.</td>
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<td>IRS Zero Rate Sensitivity Shadow Report</td>
<td>Daily (bus) EOD</td>
<td>Common Report Engine / csv</td>
<td>Displays the zero-rate sensitivity of the replacement trades split into maturity buckets</td>
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</tbody>
</table>

The report will be available from 18 October 2021.
Netting Enhancements
Netting Enhancements: Summary

Enhancement I (Rate Blending)
- Current
  - Only possible to blend two different fixed rate trades per netting run
  - Longer time required for compressing the portfolio
- Enhancement
  - Remove restriction of two fixed rates per cycle
  - All nettable trades are blended together in one cycle
  - Blending run only breaks in case of exceptions

Enhancement II (Reporting)
- New simplified CSV Netting Portfolio Forecast Report
- Netting Reports will be made available multiple times intraday – 10:00, 14:00 and 18:00 in addition to existing 21:00 report
- Introduction of preNettingID which will also be available in the OTC Clear GUI on trade level

Enhancement III (OTC Clear GUI)
- Members can run adhoc check on their cleared trades
- Realtime outcome of results
- Upfront analysis as to why a set of trades do not net
- Netting results downloadable
- Netting string assignment enhanced
- Apply strings to multiple trades at once
- Assign system generated netting strings
Netting Enhancements: Rate Blending – Status Quo

Scenario 1

T (cob)  T+1 (cob)

All blending eligible

Trade ID 1
Trade ID 2
Trade ID 3
Trade ID 4

Trade ID A
Trade ID B
Trade ID C

Scenario 2

T (cob)  T+1 (cob)

All blending eligible

Trade ID 1
Trade ID 2
Trade ID 3
Trade ID 4

Trade ID A
Trade ID B

Trade ID D
Trade ID E

Exception Handling
Netting Enhancement: Rate Blending - Envisaged

One Cycle

Rate Blending will continue until exception handling occurs and then restart, all within one netting cycle
Netting Enhancement: Rate Blending – Exception Handling

If two blending eligible trades cannot be blended into one trade. Overall notional will still be reduced, but number of line items stays the same.

- Min Notional: 100 (excl. JPY )
- Min Fixed Rate: +/- 20%
- Allowed Cash Flow Deviation: 1

Case 1: Inadmissible Fixed Rate
- Blended Fixed Rate has too many fractional digits
  ➔ Rate Split Algorithm

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<thead>
<tr>
<th>Type</th>
<th>Notional</th>
<th>Rate</th>
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<tbody>
<tr>
<td>Fixed Payer</td>
<td>11 Mio.</td>
<td>3 %</td>
</tr>
<tr>
<td>Fixed Receiver</td>
<td>2 Mio.</td>
<td>1 %</td>
</tr>
<tr>
<td>Fixed Payer</td>
<td>9 Mio.</td>
<td>3.444444... %</td>
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Case 2: Fixed Rate too high
- Blended Swap has higher coupon than admissible
  ➔ Exception Handling Algorithm

<table>
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<th>Rate</th>
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<tbody>
<tr>
<td>Fixed Payer</td>
<td>15 Mio.</td>
<td>4%</td>
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<tr>
<td>Fixed Receiver</td>
<td>14 Mio.</td>
<td>1%</td>
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<tr>
<td>Fixed Payer</td>
<td>1 Mio.</td>
<td>46 %</td>
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Case 3: Notional too small
- Notional of blended swap is too small
  ➔ Exception Handling Algorithm

<table>
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<th>Type</th>
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<td>Fixed Payer</td>
<td>11 Mio.</td>
<td>3%</td>
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<tr>
<td>Fixed Receiver</td>
<td>10,97 Mio.</td>
<td>2.97%</td>
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<tr>
<td>Fixed Payer</td>
<td>30,000</td>
<td>13.97%</td>
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# Netting Enhancement – New Simplified Netting Forecast Report in CSV (Processed)

## Table

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<td>1</td>
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<td>PV-IRS</td>
<td>3</td>
<td>3</td>
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<td>PV-IRS</td>
<td>3</td>
<td>3</td>
<td></td>
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</tbody>
</table>

### Report Interpretation

- Trades 1315280 and 1315283 are accumulated at level 2. Result is intermediate trade ID - 10.
- Trades 1315272 and 1315276 are netted at level 1. Result is intermediate trade ID - 5.
- Trades -5 and - 10 are blended at level 3. Final Result is Remnant trade ID 11.
Netting Enhancement: Netting String Assignment

Possibility to select one or multiple trades with or without pre-netting IDs in the Trade Search Results table for netting string assignment.

Netting String field is modifiable. It is prefilled with the Pre-Netting ID from the most recent forecast run or, if available, with the current netting string.

In the table edit section, a new netting string can be entered or selected from the drop-down list.

Netting string can be assigned to all trades at once.
The new Netting Forecast window allows the user to simulate netting runs for the selected trades.

Trades can be submitted via Cleared Trades tab or via CSV File Upload.

There is no limit to the number of trades which can be processed with the netting forecast requests.

Forecast view displays the most relevant columns of the forecast results.

Comparison view shows all trades with different netting parameter columns.
Additional topics
The Clearing Eligibility Checker is a GUI tool to allow members to validate the trade economics according to the trade loading eligibility criteria defined by Eurex OTC Clear Service for the OTC products.

Following subproducts are supported:

- IRS (Interest Rate Swap)
- FRA (Forward Rate Agreement)
- OIS (Overnight Index Swap)
- ZCIS (Zero Coupon Inflation Swap)
- Basis Swap
Functional Changes relevant for OTC IRS

TriOptima - Client Compression
Multilateral Risk-constrained Client Compression including of end clients into existing compression cycles for EurexOTC Clear Members will be introduced. This enhancement will allow Clearing Member to include client accounts alongside with house accounts. With OTC Release 12.0, technical readiness of TriOptima client compression will be achieved. Service go-live of the functionality will be announced before the relevant TriOptima compression cycle.

Changes in the Product Scope
Starting from Monday 6 December 2021 and respectively Monday 20 December 2021, OTCClear trades referencing Floating Rate Options as mentioned in the table below, will no longer be eligible for clearing.

<table>
<thead>
<tr>
<th>Floating Rate Options</th>
<th>No longer clearing eligible starting from</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHF-LIBOR-BBA</td>
<td>6 December 2021</td>
</tr>
<tr>
<td>JPY-LIBOR-BBA</td>
<td>6 December 2021</td>
</tr>
<tr>
<td>GBP-LIBOR-BBA</td>
<td>20 December 2021</td>
</tr>
</tbody>
</table>
Other GUI Changes

Download Buttons are replaced by a Download Window
In the Cleared and Bilateral Trades windows the existing download buttons will be replaced by a single download button which gives access to the new Download window. The existing download functions are displayed in a list from which the user may select an option for download. Further a new option to download FpML information in CSV format will be introduced.

Enhancement of the PTE Authorization Process
The PTE authorization process on the Cleared Trades window will be enhanced. Up to 100 trades can be selected and displayed in the corresponding PTE authorization window. The selected trades can be authorized in one go.
Report Changes*

- New tag "PortfolioId" is visible in the CI201 Intraday Trade Daily Summary Report which is generated after a successful portfolio transfer.

- Changes in the CB204 Compression Fee Breakdown Report will be implemented.
- "PTE" field will have new value "Compression" in reports: CB200, CB201, CB202, CI280, CI205, CC205, CI206, CI207, CC207, CI203, CC203, CD200

- The new element bunched order identifier will be visible in the following member reports: Trade Novation Reports (CI200/CB200), Trade Daily Summary Reports.
- CI201/CB201 and Full Inventory reports CB202/CB207. The element will be displayed with the xml tag "bunchedOrderId".

*For further details please refer to the EurexOTC Report Manual for OTC Release 12.0, which has been published in the Member Section.
Summary: Upcoming Key OTC dates in 2021

- **4 Oct**: Starting to accept transactions for clearing with ISDA 2021 Definitions
- **18 Oct**: Production switch of EONIA/€STR (OTC Release 11.3)
- **1. 19 - 21 Oct**: For transactions referencing CHF, GBP and JPY LIBOR to risk-free rates (RfR)
- **2. 9 - 11 Nov**: OTC Release 12.0
- **22 Nov**: ▪ CHF and JPY LIBOR executed over 3 December
  ▪ GBP LIBOR executed over 17 December
- **3 Dec and 17 Dec**: Implementation of ISDA 2021 Definitions
- **4 Oct**: Single-Step Conversion with Cash Compensation to €STR-flat
- **18 Oct**: Dress-rehearsal of CHF, JPY and GBP LIBORs conversion
- **3 Dec and 17 Dec**: Service go-live date of OTC Release 12.0
- **3 Dec and 17 Dec**: CHF, JPY and GBP LIBORs conversion
Q & A
8 Annexes
FAQs

Access to referred reports and Simulation environment

How can a client access the OTC GUI (Simu)?

▪ Members should request access via their dedicated Key Account Manager or address client.services@eurex.com.
▪ The key account manager can also provide an overview of which persons within the member entity already have access.
▪ OTC GUI password reset queries should be addressed to clearingdata@eurex.com.

How can a member access the reports addressed in the EONIA, and CHF, JPY and GBP LIBORs conversion operational manual?

▪ Reports are available on the Common Report Engine.
▪ For queries about report availability, access or report paths, members should contact cts@deutsche-boerse.com.

How can a member upload trades to the UAT environment?

▪ Eurex Clearing cannot upload trades on behalf of a member into the UAT environment or mirror the production trades.
▪ Members can submit trades as usual using any of the approved trade sources e.g. MarkitWire, Bloomberg or Tradeweb.
▪ MarkitWire has a bulk upload functionality where multiple trades can be sent for clearing. Members are encouraged to contact MarkitWire directly about how to use this functionality.

Do members need to provide the open positions that will be used for the dress rehearsal?

▪ Yes, all open CHF, JPY and GBP positions referencing CHF, JPY and GBP LIBORs at the time of the switch in the UAT environment will be considered.

How to register for Member section and find relevant booklets for the conversion?

▪ Members can register for access to the member section on https://membersection.deutsche-boerse.com/. The most recent versions of our manuals and other documents can be found here.
▪ The document “Eurex Clearing - Libor Trade Conversion Booklet” is available here.
▪ The document “Eurex Clearing - EONIA Trade Conversion Booklet” is available here.
Implementation Details of 2021 ISDA Definitions 1/3

### Clearing of new Trades

<table>
<thead>
<tr>
<th>Pre-Novated Trade</th>
<th>Novated Trade</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISDA 2006 + Legacy FRO e.g. “EUR-EURIBOR-Reuters”</td>
<td>ISDA2006-based and Legacy FRO e.g. “EUR-EURIBOR-Reuters”</td>
</tr>
<tr>
<td>ISDA 2006 + New FRO e.g. “EUR-EURIBOR”</td>
<td>ISDA2021-based and New FRO e.g. “EUR-EURIBOR”</td>
</tr>
<tr>
<td>ISDA 2021 + New FRO e.g. “EUR-EURIBOR”</td>
<td>ISDA2021-based and New FRO e.g. “EUR-EURIBOR”</td>
</tr>
<tr>
<td>ISDA 2021 + Legacy FRO e.g. “EUR-EURIBOR-Reuters”</td>
<td>ISDA2021-based and New FRO e.g. “EUR-EURIBOR”</td>
</tr>
</tbody>
</table>

### Treatment of Master Agreements & Contractual Definitions for novated trades

- The FRO label is based on the value of the Contractual Definitions of the novated trade.
- If the Contractual Definitions are “ISDA2021-based”, then the new FRO label (e.g. “EUR-EURIBOR”) will be used.
- If the Contractual Definitions are “ISDA2006-based”, then the old FRO label (e.g. “EUR-EURIBOR-Reuters”) will be used.

<table>
<thead>
<tr>
<th>“Contractual Definitions” of prenovated trade</th>
<th>“Master Agreement” of prenovated trade</th>
<th>“Contractual Definitions” of novated trade</th>
<th>“Master Agreement” of novated trade</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISDA2021 or ISDA2000</td>
<td>any value other than DRV or DERV</td>
<td>ISDA2021-based</td>
<td></td>
</tr>
<tr>
<td>ISDA2000, ISDA2006 or ISDA2021</td>
<td>DRV or DERV</td>
<td>DRV-based</td>
<td></td>
</tr>
<tr>
<td>ISDA2006, ISDA2006Inflation or ISDA2008Inflation</td>
<td>any value other than DRV or DERV</td>
<td>ISDA2006-based</td>
<td>ECAG_CC</td>
</tr>
</tbody>
</table>

* Once bilateral trades are novated, the Master Agreement of the cleared trade is always populated with the term “ECAG_CC” to reflect the validity of the Eurex Clearing Conditions regardless of the value in field “Master Agreement” of the bilateral (prenovated) trade.
Implementation Details of 2021 ISDA Definitions 2/3

**Portfolio Compression**
- Remnant/new trade will have the Contractual Definitions and FRO of the original trade.

<table>
<thead>
<tr>
<th>Original Trade</th>
<th>Remnant/New Trade</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISDA2006-based + Legacy FRO e.g. &quot;EUR-EURIBOR-Reuters&quot;</td>
<td>ISDA2006-based and Legacy FRO e.g. &quot;EUR-EURIBOR-Reuters&quot;</td>
</tr>
<tr>
<td>ISDA2021-based + New FRO e.g. &quot;EUR-EURIBOR&quot;</td>
<td>ISDA2021-based and New FRO e.g. &quot;EUR-EURIBOR&quot;</td>
</tr>
</tbody>
</table>

**Post Trade Events**
e.g. Trade Transfer, Account Transfer, Portfolio Transfer
- FRO label is populated in the FpML tag “floatingRateIndex” of broadcast messages and reports*.
- No changes to field names or report structure.
- FRO label is based on the value of the Contractual Definitions of the novated trade.

**Reports**

**Broadcast Messages**
- No changes to field names or report structure.
- FRO label is based on the value of the Contractual Definitions of the novated trade.

<table>
<thead>
<tr>
<th>Contractual Definitions</th>
<th>FRO label</th>
</tr>
</thead>
<tbody>
<tr>
<td>If Contractual Definitions are “ISDA2021-based”</td>
<td>new FRO e.g. “EUR-EURIBOR” will be populated</td>
</tr>
<tr>
<td>If Contractual Definitions are “ISDA2006-based”</td>
<td>old FRO e.g. “EUR-EURIBOR-Reuters” will continue to be populated</td>
</tr>
</tbody>
</table>

* Reports including FpML trade details: CB202/CB207, CD202, CD203, CD204, CI200/CB200, CI201/CB201, CI205/CC205, CI206, CI207/CC207. Please see Appendix for more details.
FRO label is based on the value of the Contractual Definitions of the new/remnant trade.

New trade will have the Contractual Definitions based on the following logic:

### Netting Level 1 (Basic) & 2 (Fee)

**Scenario 1: 2 gross trades are netted**

- The field “Contractual Definitions” of the new trade is always populated with the value of the field “Contractual Definitions” of the gross trade with the bigger notional.
- However, if one of the gross trades has “ISDA2021-based” as “Contractual Definitions”, then the field “Contractual Definitions” of the new trade is always filled with ”ISDA2021-based”.

**Scenario 2: More than 2 gross trades are netted**

- If all gross trades have the same value in field “Contractual Definitions”, then the new trade will have this value as well (e.g. “ISDA2021-based”, “ISDA2006-based” or “DRV-based”).
- If one of the gross trades has “ISDA2021-based” as “Contractual Definitions”, then the field “Contractual Definitions” of the new trade is always filled with ”ISDA2021-based”.
- If the gross trades only reference to “ISDA2006-based and “DRV-based” in the “Contractual Definitions”, then the field “Contractual Definitions” of the new trade is always filled with ”ISDA2006-based”.

### Netting and Accumulation

Unlike Netting Level 1 & 2, the value of the field “Contractual Definition” of the accumulated or netted (Level 3) trade(s) are independent on the number of gross trades.