Clearing of OTC Interest Rate Derivative Transactions, OTC FX Transactions and OTC XCCY Transactions

As of 13.12.2021

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AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED

DELETIONS ARE CROSSED OUT

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[…]

Part 4   Clearing of OTC XCCY Transactions

4.1   General Provisions

[…]

4.1.5   Novation Criteria and Process Regarding OTC XCCY Transactions

[…]

4.1.5.1   Transaction Type Specific Novation Criteria and Terms for OTC XCCY Transactions

[…]

(3a) Initial Exchange and Final~~e~~ Exchange

[…]

(6)   Shortened or extended calculation period (stub period)

[…]

(b)   The minimum period length of short XCCY Stub Periods is one Business Day. The maximum period length for long XCCY Stub Periods is one year and one month for floating rate payments in EUR ~~and GBP~~ and seven months for floating rate payments in USD.

(c)   […]

(bb) […]

(ii)   in case the currency is GBP: ~~1W, 1M, 2M, 3M, 6M~~<u>n/a</u>;

[…]

(cc) Whether "Linear Interpolation" applies, and if so, the respective floating rate index and tenors. The tenors used for interpolation must be the two neighbours of the XCCY Stub Period length (*e.g.* 3M and 6M for XCCY Stub Period length 3M+1W). The eligible tenors are the same as for the method set out under lit. (bb) above<u>; and</u>~~.~~

(d) may only be for the Currency Pair EUR/USD.

[…]

(7a) Rate Options

[…]

(b) GBP-SONIA-Compound (also referred to as GBP-SONIA-COMPOUND)~~GBP-LIBOR (also referred to as GBP-LIBOR-BBA)~~;

(c) USD-LIBOR (also referred to as USD-LIBOR-BBA)~~;~~

(d) USD-SOFR-Compound (also referred to as USD-SOFR-COMPOUND).

[…]

(7e) Delayed Payments

Delayed Payments (also called payment lags or payment offsets and which shall be interpreted in accordance with Section 3.1.9 of the 2021 ISDA Definitions) may be specified with~~in~~ the following parameters: ~~between~~ 0 Business Days for legs referencing EUR-EURIBOR and USD-LIBOR ~~and~~ or 2 Business Days for legs referencing GBP-SONIA-Compound and USD-SOFR-Compound.

[…]

(11) Day Count Franction conventions

The Day Count Fraction conventions applicable to the OTC XCCY Transactions must comply with Number 4.2.7.

(12) Business Days

(a) For purposes of defining the applicable Business Days, the following financial center(s) and/or terms may be specified:

Financial center(s) and/or terms	fpML code
Vienna	ATVI
Brussels	BEBR
Zurich	CHZU
Frankfurt	DEFR
Copenhagen	DKCO

Financial center(s) and/or terms	fpML code
Madrid	ESMA
TARGET or TARGET Settlement Day	EUTA
Helsinki	FIHE
Paris	FRPA
London	GBLO
Athens	GRAT
Dublin	IEDU
Milan	ITMI
Rome	ITRO
Tokyo	JPTO
Oslo	NOOS
Warsaw	PLWA
Stockholm	SEST
U.S. Government Securities Business Day (as defined in Section 2.1.8 of the 2021 ISDA Definitions)	USGS
New York	USNY

~~For purposes of defining the applicable Business Day, details of the relevant financial/business center(s) and/or terms must be provided, which (i) for the Currency Pair EUR/USD must be TARGET (EUTA) and New York (USNY) and (ii) for the Currency Pair GBP/USD must be London (GBLO), New York (USNY) and TARGET (EUTA).~~(b)   At least the specification of the following financial center(s) and/or terms is mandatory for the OTC XCCY Transaction, further financial center(s) and/or terms may be added optionally (except for Fixing Days) as set out in limb (a):

Currency Pairs	Referenced floating rate index	FpML code of the mandatory financial center(s) and/or terms		
		For Payment Dates	For Effective Date, Termination Date	For Fixing Days
EUR/USD	EUR-EURIBOR	EUTA & USNY	EUTA & USNY	EUTA
	USD-LIBOR			GBLO
GBP/USD	GBP-SONIA-Compound	GBLO & USNY & EUTA	GBLO & USNY & EUTA	GBLO
	USD-SOFR-Compound			USGS

[…]

(19) No application of Rate Cut-off Dates

For the avoidance of doubt, a "Rate Cut-off Date" (as used in Section 6.4.2 of the 2021 ISDA Definitions) is not supported for OTC XCCY Transactions and and will be disregarded if specified in a Trade Record transmitted to Eurex Clearing.

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4.2 Product-related terms for OTC XCCY Transactions

[…]

4.2.4 Calculation of Floating Amounts

(1) Floating Amount EUR/USD

For the Currency Pair EUR/USD, Eurex Clearing AG will calculate the respective floating amounts on the basis of the following formulae:

[…]

(2) Floating Amount GBP/USD – Straight Compounding

For the Currency Pair GBP/USD, "Straight Compounding" applies to the OTC XCCY Transaction and the Floating Amount shall be an amount equal to the Straight Compounding Amount for each of the Compounding Periods in the related Calculation Period.

(3) If the Floating Amount payable by a party on a Payment Date has a negative value (either due to a negative Floating Rate or by application of a negative Spread to the Floating Rate), then the Floating Amount payable by that party on that Payment Date shall be deemed to be zero; and the other party shall pay to that party the absolute value of the negative Floating Amount, in addition to any amounts otherwise payable by the other party for the related Calculation Period, on that Payment Date.

[…]

4.2.7   Day Count Fraction Conventions

(1) The following Day Count Fraction conventions may be specified in the OTC Trade Novation Report based on the trade record transmitted via the ATS for determining the applicable day count fraction:

(1) (i) for EUR and USD: ACT/360, which shall have the meaning given to "**Act/360**" in the 2021 ISDA Definitions; and

(2) (ii) for GBP: ACT/365.FIXED, which shall have the meaning given to "**Act/365 (Fixed)**" in the 2021 ISDA Definitions.

(2) Additionally to No. (1) (i) and (ii) above, the following Day Count Fraction conventions may be specified:

(i) 30/360, which shall have the meaning given to "**30/360**" in the 2021 ISDA Definitions;

(ii) 30E*/360, which shall have the meaning given to "**30E/360**" in the 2021 ISDA Definitions;

(iii) 30E/360 or 30E/360.ISDA, which shall have the meaning given to "**30E/360 (ISDA)**" in the 2021 ISDA Definitions and which, for the avoidance of doubt, will also be specified in the OTC Trade Novation Report if, in the Trade Record transmitted via the ATS, "30E/360.ISDA" is selected;

(iv) ACT/360, which shall have the meaning given to "**Act/360**" in the 2021 ISDA Definitions;

(v) ACT/365.FIXED, which shall have the meaning given to "**Act/365 (Fixed)**" in the 2021 ISDA Definitions;

(vi) ACT/ACT.ISDA, which shall have the meaning given to "**Act/Act (ISDA)**" in the 2021 ISDA Definitions and which, for the avoidance of doubt, will also be specified in the OTC Trade Novation Report if in the Trade Record transmitted via the ATS "ACT/365.ISDA" and – as the applicable contractual definitions – "2000 ISDA" are selected; and

(vii) ACT/ACT.ICMA, which shall have the meaning given to "**Act/Act (ICMA)**" in the 2021 ISDA Definitions and which, for the avoidance of doubt, will also be specified in the OTC Trade Novation Report if, in the Trade Record transmitted via the ATS, "ACT/ACT.ISMA" and – as the applicable contractual definitions – "2000 ISDA" are selected.

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4.8 Trade Netting and Accumulation

(1) Eurex Clearing AG may agree with a Clearing Member upon the mutual cancellation ("**N**etting") and the accumulation of OTC XCCY Transactions provided that such OTC XCCY Transactions are part of the same Standard Agreement. In this case, the Netting and accumulation shall be carried out on the basis of the following provisions agreed upon by Eurex Clearing AG and the Clearing Member.

If (i) Eurex Clearing AG and a Clearing Member have agreed upon the Netting and accumulation of OTC XCCY Transactions pursuant to this Number 4.8 and (ii) the relevant Clearing Member holds an Interest Rate Derivatives Clearing License, the Netting and accumulation shall also be carried out with respect to OTC Interest Rate Derivative Transactions pursuant to Part 2 Number 2.6.

(2) To the extent the OTC XCCY Transactions that are subject to Netting or accumulation pursuant to Number 4.8.1 and 4.8.2 are DC-Related Transactions or UDC-Related Transactions, it is a matter of the relevant parties to agree, whether as a result of such Netting or accumulation, any CM-Customer Transactions shall be subject to netting or accumulation. The relevant Clearing Member is obliged to obtain the required instruction from the relevant Direct Client before initiating any such Netting or accumulation.

(3) For the avoidance of doubt, Eurex Clearing AG is not obliged to verify whether the Netting or accumulation instructions were given by the relevant Direct Client to the Clearing Member and whether a netting or accumulation of CM-Customer Transactions is contractually possible or valid.

4.8.1 Inclusion of OTC XCCY Transactions in the Netting and Accumulation Process

(1) All OTC XCCY Transactions are eligible for netting provided that

(a) the relevant XCCY Trade Criteria are identical; and

(b) OTC XCCY Transactions may not be netted with OTC XCCY Transactions booked on an account that belongs to a different Transaction Accounts Group or ISA Transaction Accounts Group.

"**XCCY Trade Criteria**" means the commercial terms of the relevant OTC XCCY Transactions, in particular:

(i) the following basic criteria:

~~Currency Pairs, Floating Rate Option (including, where applicable, the relevant Designated Maturity), termination date, all future payment dates, current applicable floating rate that has been fixed, day count fraction convention (for each of the relevant floating rate payment obligations of each party), reset date, business day convention(s); and~~

~~(ii) the following additional criteria, as applicable:~~

~~with respect to XCCY Stub Periods that have not expired:~~

~~stub period start date, stub period length, type of XCCY Stub Period, stub index tenors, manually provided first fixed floating rate.~~

~~(2) With respect to the eligibility of OTC XCCY Transactions for accumulation, Paragraph (1) shall apply *mutatis mutandis*.~~

~~(3) OTC XCCY Transactions will be netted and/or accumulated if the OTC XCCY Transactions have been designated for Netting and/or accumulation, as the case may be, by the respective Clearing Member (or DC With System Access acting on behalf of the relevant Clearing Member) in the system of Eurex Clearing AG. Such designation shall be submitted no later than by 10:00 p.m. (Frankfurt am Main time) on the relevant Business Day.~~

~~4.8.2 Netting and Accumulation Procedure~~

~~(1) The OTC XCCY Transactions selected for Netting shall be netted with each other to the maximum extent possible on each Netting Level. Upon closing of the netting, all OTC XCCY Transactions that were included in the Netting are cancelled.~~

~~The remaining OTC XCCY Transactions for which there is no counter-position with which they can be netted may be accumulated and novated to one or more CC OTC XCCY P Transaction(s) with the aggregate notional amount of the accumulated OTC XCCY Transactions. The OTC XCCY Transactions that were accumulated shall be cancelled.~~

~~(2) The OTC XCCY Transactions to be accumulated shall be novated to one or more OTC XCCY Transaction(s) with the aggregate notional amount of the accumulated OTC XCCY Transactions. The OTC XCCY Transactions that were accumulated shall be cancelled.~~

~~(3) The netting and the accumulation, respectively, of the OTC XCCY Transactions will become effective when the OTC Trade Daily Summary Report, in which such event is included, is made available to the relevant Clearing Members.~~ <u>The mutual cancellation (netting) and accumulation of OTC XCCY Transactions is not possible.</u>

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