

Chapter IV of the Clearing Conditions of Eurex Clearing AG

Clearing of Transactions at Eurex Repo GmbH

(Eurex Repo)

As of 20.06.2016

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AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED,

DELETIONS ARE CROSSED OUT.

Preamble

This Chapter IV forms an integral part of the Clearing Conditions of Eurex Clearing AG and respective references in other rules or documents to the Clearing Conditions shall also apply to this Chapter IV.

In accordance with Chapter I Part 2 Number 2.1.1 or Chapter I Part 6 Number 4.1.1, as the case may be, Chapter I together with this Chapter IV and all references to other Chapters or Annexes of the Clearing Conditions shall apply for (i) all Clearing Members (including FCM Clearing Members) with a respective Clearing License, their Non-Clearing Members, Registered Customers, ICM Clients and FCM Clients ~~as well as, (ii) all Basic Clearing Members, (iii)~~ all holders of a Specific Repo License and (iv) all Interim Participants (if applicable).

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Part 1 General Provisions

[...]

[...]

1.1 Clearing Licenses

1.1.1 Granting of Clearing Licenses

A Clearing License or Basic Clearing Member Clearing License is required in order to participate in the Clearing of Eurex Repo Transactions concluded through the System of Eurex Repo AG GmbH; Eurex Clearing AG shall grant such Clearing License or Basic Clearing Member Clearing License upon written application. For the avoidance of doubt, this Clearing License or Basic Clearing Member Clearing License does not relate to the Clearing of Securities Lending Transactions (regardless of whether these have been executed through the systems of Eurex Repo GmbH), which are subject to a separate Clearing License for the clearing of Securities Lending Transactions pursuant to Chapter IX.

1.1.2 Prerequisites for Clearing Licenses

(1) With regard to the prerequisites to be fulfilled within the scope of granting of the Clearing License, Chapter I Part 1 Numbers 2.1.1 to 2.1.3 apply. With regards to the prerequisites to be fulfilled within the scope of granting of the Basic Clearing Member Clearing License, Chapter I Part 6 Numbers 2.1.1 to 2.1.2 apply.

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

(a) Evidence of technical connection to the systems of Eurex Clearing AG,

[...]

aa) either via own participation authorisation in Xemac, ~~or~~

bb) via a respective agreement with another settlement institute which is authorised to participate in Xemac -, or

cc) in case of Basic Clearing Members only, via their Clearing Agent.

(3) The applicant shall – insofar as it intends to use the Gross Delivery Management service (Chapter I Part 1 Number 1.4.2 Paragraph (2) and Number 1.3.1 Paragraph (1) (b) – (e)) also optionally offered by Eurex Clearing AG vis-à-vis Clearing Members, Basic Clearing Members and settlement institutions (Chapter I Part 1 Number 2.1.2 Paragraph (7)) in connection with the implementation of the clearing of Eurex Repo Transactions – provide evidence of a technical and functional

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connection to the respective interface of the technical systems used by Eurex Clearing AG pursuant to the specifications set forth by Eurex Clearing AG.

1.2 Provision of Margin

- (1) In connection with GC Pooling Repo transactions, the determination of the margin requirement (including the Additional Margin), with regard to the securities assigned within the scope of the Front-Leg, also in case of cross-border collateral provision, shall be calculated directly by Xemac of CBF. During calculation, Xemac shall, according to the provisions of the Special Conditions for Collateral Management (“**SC Xemac**”), consider the respective currency in which the underlying transaction has been concluded. Also, the securities admissible as securities serving as collateral in connection with the delivery of GC Pooling Repo transactions shall be determined by Xemac on basis of the Special Conditions for SC Xemac. Other than described in Sentence 1, Eurex Clearing AG may demand that, in excess of the margin requirement calculated by Xemac, Additional Margin has to be provided in accordance with the calculation method published pursuant to Chapter I Part 1 Number 3.1.8. The possibility of requiring additional Margin pursuant to Chapter I Part 1 Number 3.3 together with Chapter I Part 2 Number 6.3 or Chapter I Part 3 Subpart A Number 5.3 or additional Basic Clearing Member Margin in accordance with Chapter I Part 6 Number 7.3, in particular for collateralisation of exchange rate risks in case of foreign currency transactions, remains unaffected. This in particular applies for the collateralisation of exchange rate risks in case of foreign currency transactions and as well for the delivery of securities as collateral which qualify as own issues in the meaning of the Terms and Conditions for Participation and Trading on Eurex Repo GmbH (“**GTC’s Repo**”) in relation to the Clearing Member or Basic Clearing Member. With regard to securities which become own issues during the term of the Transaction, this provision applies also. The Clearing Members or Basic Clearing Members are obliged to refrain from provisioning of such own securities as collateral. For the provision respectively collection of Margin, the provisions of Chapter I Part 1 Number 3.2 together with Part 2 Number 6 or Part 3 Subpart A Number 5 and Subpart B Number 4 apply or in case of Basic Clearing Member Margin, Chapter I Part 6 Number 7 apply.
- (2) With regard to GC Pooling Equity Repo transactions, Eurex Clearing AG shall – in deviation to Paragraph (1) Sentence 3 – define a list of equities included in the HDAX[®] which are eligible as securities serving as collateral (“**eligibility list**”) and shall review such list on a monthly basis. The equities are admitted to this list in accordance with a catalogue of criteria which takes into account the turnover volumes and risk aspects. Any changes resulting from the regular review shall be announced by Eurex Clearing AG by way of electronic circular no later than 5 Business Days prior to their effectiveness. As a rule, such changes shall take effect on the 15th day of a calendar month. If such day is not a Business Day, the changes shall take effect on the next Business Day. Irrespective of the regular review, Eurex Clearing AG shall – due to risk management reasons – be entitled at any time to exclude individual securities from the eligibility list with effect to the next Business Day. Such changes shall be announced to Clearing Members and Basic

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Clearing Members via the Eurex Clearing Newsboard at http://www.eurexchange.com/production_newsboards/eurex/newsboard_en.html.
The eligibility list will be made available in Xemac on a daily basis.

Regarding the selection of securities serving as collateral to be transferred from the GC Pooling Equity Basket, concentration limits of Eurex Clearing AG shall apply.

To the extent a Clearing Member or Basic Clearing Member which has available an insufficient amount of eligible securities serving as collateral for the GC Pooling Equity Basket is instead allowed to transfer ownership of securities eligible for the GC Pooling ECB Basket, the rules for settlement of GC Pooling ECB Basket Repo transactions shall apply to such securities serving as collateral.

- (3) In addition to the provisions of Paragraph 1 and 2, the provisions of Chapter I Part 1 Number 3 together with Part 2 Number 6 or Part 3 Subpart A Number 5, Subpart B Number 4 and Chapter I Part 6 Number 7 shall apply with regard to the basic principles of the margin requirement and – unless aforementioned paragraphs state otherwise – the obligation to provide margin. The provisions of Paragraph (1) Sentence 4 – 10 apply to Special and GC Repo accordingly. In the case securities collateral are qualified as own issues after the settlement of the Front-Leg, Eurex Clearing may apply an adequate haircut to cover a higher liquidation risk for Eurex Clearing AG. No automatic substitution is processed.

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Part 2 Clearing of Transactions at Eurex Repo GmbH

2.1 Eurex Repo Transactions Concerned

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[...]

- (3) Eurex Clearing AG shall determine in consultation with Eurex Repo GmbH, which kind of Eurex Repo Transactions or securities underlying these Eurex Repo Transactions shall be included in the Clearing. Clearing Members and Basic Clearing Members will be notified by Eurex Clearing AG via electronic publication in the internet exclusively, available on the internet pages of Eurex Clearing AG (www.eurexclearing.com), as regards those securities transactions that are included in the Clearing. In connection with GC Pooling Repo transactions, the notification for included securities shall be carried out in Xemac.

2.2 General Provisions

- (1) For the settlement of Eurex Repo Transactions, Chapter I Part 1 Numbers 1.2.5 and 1.4 applies, unless otherwise provided in Paragraph 2. With regard to the securities admitted to delivery of GC Pooling Repo transactions, the participating Clearing Members and Basic Clearing Members shall receive a report on the available assets respectively held in their depositories.

(2) [...]

- (a) Purchase Agreement (Front Leg):

All physical deliveries and payments shall be concurrently performed between the Clearing Member or Basic Clearing Member obliged to deliver and Eurex Clearing AG, and, accordingly, between Eurex Clearing AG and the Clearing Member or Basic Clearing Member which is to receive delivery on the agreed delivery day of the Front Leg. Physical deliveries shall be made through a Settlement Location, and payments shall be made through the corresponding account determined by such Settlement Location.

- (b) Repurchase Agreement (Term Leg):

All physical deliveries and payments shall be concurrently performed between the Clearing Member or Basic Clearing Member obliged to deliver and Eurex Clearing AG, and, accordingly, between Eurex Clearing AG and the Clearing Member or Basic Clearing Member which is to receive delivery on the agreed delivery day of the Term Leg. Physical deliveries shall be made through a Settlement Location, and payments shall be made through the corresponding account determined by such Settlement Location.

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(c) Physical Deliveries:

Eurex Clearing AG shall, with respect to the possession of the securities delivered to it pursuant to Paragraph (2) a) and b), act as an intermediary of the Clearing Members or Basic Clearing Members which are obliged to deliver in order to subsequently deliver such securities to the Clearing Members or Basic Clearing Members which are to receive delivery. With respect to the settlement of transactions concluded by Clearing Members or Basic Clearing Members, the transfer of ownership in respect of the securities to be delivered will thus be performed directly between the Clearing Members or Basic Clearing Members involved.

(d) Delivery and payment with regard to GC Pooling Repo transactions:

[...]

For the procedure regarding deliveries and payments pursuant to Paragraph (1), the following deviating provisions apply:

The transfer of ownership regarding the securities to be delivered between the Clearing Members or Basic Clearing Members and Eurex Clearing AG, and vice versa, shall be carried out, depending on the account relevant for such transfer, pursuant to German law or pursuant to the laws of the Grand Duchy of Luxembourg and pursuant to the additional contracts having been used as basis by the parties. The provision of Chapter I Part 1 Number 1.4.2 Paragraph (4) and (7) applies with the proviso that the payment is settled via the account of the Clearing Member or Basic Clearing Member which is determined for settlement in the currency of the underlying transaction.

With regard to GC Pooling transactions settled in Euro on a Business Day other than the trade date, any delivery or payment incumbent on the Clearing Member or Basic Clearing Member must be made available for settlement in such a way that the Clearing Member or Basic Clearing Member is able to fulfil its obligations vis-à-vis Eurex Clearing AG for the relevant day of performance during the first Same Day Settlement run of the day ("**SDS1**") of Clearstream Banking AG. With regard to GC Pooling Transactions, which are settled in U.S. Dollar and whose trade date equals the settlement date of the Front Leg, any delivery or payment incumbent on the Clearing Member or Basic Clearing Member must be made available for settlement in such a way that the Clearing Member or Basic Clearing Member is able to fulfil its obligations vis-à-vis Eurex Clearing AG no later than 30 minutes after the conclusion of the GC Pooling Transaction.

With regard to GC Pooling transactions settled in U.S. Dollar on a Business Day other than the trade date, any delivery or payment incumbent on the Clearing Member or Basic Clearing Member must be made available for settlement in such a way that the Clearing Member or Basic Clearing Member is able to fulfil its obligations vis-à-vis Eurex Clearing AG until 3:00 p.m. CET on the relevant

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day of performance. With regard to GC Pooling Transactions, which are settled in U.S. Dollar and whose trade date equals the settlement date of the Front Leg, any delivery or payment incumbent on the Clearing Member or Basic Clearing Member must be made available for settlement in such a way that the Clearing Member or Basic Clearing Member is able to fulfil its obligations vis-à-vis Eurex Clearing AG in a way that

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- [...]

With regard to GC Pooling transactions settled in currencies other than Euro or U.S. Dollar on a Business Day other than the trade date, any delivery or payment incumbent on the Clearing Member or Basic Clearing Member must be made available for settlement in such a way that the Clearing Member or Basic Clearing Member is able to fulfil its obligations vis-à-vis Eurex Clearing AG until 11:30 a.m. CET on the relevant day of performance.

2.3 Daily Settlement

- (1) [...]
- (2) The daily settlement price shall be determined by Eurex Clearing AG after close of trading and notified to the Clearing Members and Basic Clearing Members (or the Clearing Agents acting in the name of a Basic Clearing Member).

[...]

2.4 Performance

[...]

- (2) Eurex Clearing AG shall deliver the securities due for delivery to the Clearing Members or Basic Clearing Members entitled to delivery.

[...]

2.5 Payment of Interests and Dividends, as well as other Corporate Actions (Compensation)

- (1) If interests or dividends are paid on the underlying security during the term of a Eurex Repo Transaction, e.g. during the Purchase Agreement and the Repurchase Agreement, Eurex Clearing AG shall arrange for the credit of the accrued amount of interests or dividends to the Clearing Member or Basic Clearing Member which has sold the respective securities. Besides, Eurex Clearing AG shall arrange for the charge of an amount equal to the amount of interests or dividends to the Clearing Member or Basic Clearing Member which has purchased the respective securities. Cash settlement shall be made through the RTGS Accounts, the euroSIC Accounts, the accounts with Euroclear Bank S.A./N.V. in Brussels or with Clearstream

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Banking S.A. In case of Euro GC Pooling Repo transactions, the compensation payment shall be initiated via Eurex Clearing AG through Xemac.

- (2) With regard to securities serving as collateral which are involved in GC Pooling Equity Basket Repo transactions, as a rule a substitution of such securities serving as collateral is arranged in Xemac – prior to corporate actions which do not represent a cash payment, provided that the issuer of the security has informed CBF of such corporate action on time. The timely re-transfer by substitution shall remain in the sole responsibility of the Clearing Member or Basic Clearing Member which has transferred the securities serving as collateral. Such Clearing Member or Basic Clearing Member must take the necessary measures to enable a timely re-transfer, thus enabling such Clearing Member or Basic Clearing Member to exercise or respectively perform its rights relating to the respective corporate action. Irrespective of such measures and based on the SBSC Xemac CBF may decide to exclude such securities temporary as being eligible securities serving as collateral with view to upcoming corporate actions following the requirements of Eurex Clearing AG.

2.6 Failure to Deliver

- (1) Any failure to make a payment or delivery when due shall be governed by the following procedure:
- (a) Failure to Deliver by the delivery day of the Front Leg:

In the event that a Clearing Member or Basic Clearing Member which is obliged to deliver fails to transfer the underlying securities on the delivery day of the Front Leg (as per Number 2.2.(2) a)) of the respective Eurex Repo Transaction and pursuant to the instructions of Eurex Clearing AG, Eurex Clearing AG shall be entitled and, on request of the Clearing Member or Basic Clearing Member (or the Clearing Agents acting in the name of the Basic Clearing Member) which did not receive delivery in time, obliged to set the present Business Day, at the latest the delivery day of the Term Leg, as an advanced repurchase date of the Term Leg. As a consequence thereto, the mutual obligations arising out of the Eurex Repo Transaction which had originally been agreed upon, shall be offset against each other so that the parties, with the exception of the Repo interests agreed upon, do not owe each other any further payment or delivery. The payable Repo interests shall be calculated on the basis of the period of default, in each case for the period from the purchase date (inclusive) until the Business Day to which the Term Leg was advanced (exclusive).

At the same time, Eurex Clearing AG shall be entitled to set an earlier date as repurchase date for the Term Leg of the equivalent Eurex Repo Transaction concerned between Eurex Clearing AG and the Clearing Member or Basic Clearing Member which did not receive delivery from Eurex Clearing AG in time; the legal consequence thereof will be the same as described above. In connection with the delivery of GC Pooling Repo transactions the procedure pursuant to Sentence 1 to 4 shall apply, if the Clearing Member or Basic Clearing Member obliged to deliver shall not dispose of the necessary bulk of

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securities, which are admissible for the delivery in the respective basket and the underlying currency, on delivery day in its collateral pool. Eurex Clearing AG shall be, if necessary, informed of this matter by CBF.

If, as opposed to the provisions in Chapter IV Number 2.2 Paragraph (2) (d), a Clearing Member or Basic Clearing Member does not comply with its obligation to perform until the time there mentioned, it may – irrespective of the above provision – be in intraday default. To the extent a Clearing Member or Basic Clearing Member is in intraday default, Eurex Clearing AG may charge an expense allowance of EUR 2,000 for each defaulting GC Pooling Repo Transaction to cover its operative additional expenditure. Furthermore, Eurex Clearing AG shall be entitled to invoice the Clearing Member or Basic Clearing Member – until such point in time on which the obligation to perform is fulfilled – for any interim financing costs incurred, up to the value of the STOXX GC Pooling EUR ON Index (“**SGCPON**”) published by Bloomberg or Reuters plus 50 basis points p.a., in relation to the value of the underlying GC Pooling Transaction or the due cash amount respectively.

(b) Failure to Deliver by the delivery day of the Term Leg

In the event that the Clearing Member or Basic Clearing Member obliged to deliver fails to deliver the underlying securities on the delivery day of the Term Leg (as per Number 2.2.(2) b)) of the respective Eurex Repo Transaction and pursuant to the instructions of Eurex Clearing AG, Eurex Clearing AG shall be entitled and, on request of the Clearing Member or Basic Clearing Member (or the Clearing Agents acting in the name of a Basic Clearing Member) which did not receive delivery in time, obliged to make a replacement purchase with respect to the undelivered securities as from the 5th day following the delivery date of the Term Leg and to deliver these to the Clearing Member or Basic Clearing Member (or the Clearing Agents acting in the name of a Basic Clearing Member) which did not receive delivery in time or, in the case of a wholly or partially unsuccessful replacement purchase, to perform a cash settlement. The replacement and the cash settlement are performed pursuant to Chapter V Number 2.2, the provisions on contractual penalties apply accordingly. Notwithstanding Chapter V Number 2.2.1 Paragraph (3) (b) (aa), the cash settlement amount is determined by the highest of (i) the settlement price of the respective class of securities as determined by Eurex Clearing AG, (ii) the selling price and (iii) the purchase price of the relevant Eurex Repo Transaction plus a premium of 300 basis points, accrued interest and the applicable repo rate. In connection with any default in effecting performance with regard to GC Pooling Repo Transactions, the provisions of Number 2.6 Paragraph (1) a) shall apply accordingly, taking into account that an executed Buy-In according to Number 2.6 Paragraph (1) b) Sentence 1 shall be considered equivalent to reaching the point in time on which performance is effected.

- (2) Measures set forth in Paragraph (1) shall be binding on the Clearing Member or Basic Clearing Member which did not receive delivery in time.

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- (3) The defaulting Clearing Member or Basic Clearing Member shall bear the costs arising from measures taken pursuant to Paragraph (1) of this Number.
- (4) The right to claim further damages shall be excluded for Eurex Clearing AG as well as for the Clearing Member or Basic Clearing Member which did not receive delivery in time.

2.7 Investment limits for pending Euro GC Pooling transactions after 4:00 p.m. CET

[...]

The aggregate cash amount of the affected GC Pooling transactions of a Clearing Member or Basic Clearing Member, the Front Leg of which has not yet been completely fulfilled and with regard to which the respective Clearing Member or Basic Clearing Member is the buyer of the Front Leg (“**Pending Cash Provider Transactions**”) is not to exceed EUR 1,000,000,000 (in words: One billion) (the “**Investment Limit**”). With regard to GC Pooling transactions in currencies other than Euro, such amount shall be determined by currency conversion of the cash amount into Euro.

If the aggregate cash amount of the Pending Cash Provider Transactions of a Clearing Member or Basic Clearing Member exceeds the Investment Limit at any point in time, the Clearing Member or Basic Clearing Member must ensure that there are sufficient amounts in the relevant currency available on the relevant accounts in order that Pending Cash Provider Transactions can be fulfilled without undue delay – and in any event, no later than 10 minutes from the time the Investment Limit has been exceeded – thus ensuring compliance with the Investment Limit thereafter. If the Clearing Member or Basic Clearing Member does not comply with such obligation, the Clearing Member or Basic Clearing Member shall have to pay to Eurex Clearing AG a contractual penalty pursuant to Chapter 1 Part 1 Number 14.2.2 on the aggregate cash amount of all Pending Cash Provider Transactions.

2.8 Risk limitation possibilities for Clearing Agents

For the avoidance of doubt, the Clearing Agent shall subject to and in accordance with the rules of Eurex Repo GmbH be entitled to suspend the trading of the Basic Clearing Member at Eurex Repo GmbH. In this case no new Repo Transactions may be included in the Clearing.

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Part 3 Special Conditions regarding the Clearing of GC Pooling Repo Transactions with holders of a Specific Repo License and corresponding GC Pooling Repo Transactions with Clearing Members

With regard to the Clearing of GC Pooling Repo Transactions involving holders of a Specific Repo License and corresponding GC Pooling Repo Transactions with Clearing Members, the provisions of Parts 1 and 2 shall apply unless hereinafter otherwise provided for. If, in this Part 3, reference is made to GC Pooling Repo Transactions or to Original GC Pooling Repo Transactions, such reference is always to be interpreted as a reference to GC Pooling Repo Transactions involving holders of a Specific Repo License.

3.1 Specific Repo License

- (1) Eurex Clearing AG offers a Specific Repo License in accordance with this Number 3.1 ("**Specific Repo License**"). Eurex Clearing AG may grant the Specific Repo License upon written application subject to the condition that the applicant is not a Clearing Member and does not apply for becoming a Clearing Member pursuant to Chapter I Part 1 Number 2- or a Basic Clearing Member pursuant to Chapter I Part 6 Number 2. An application for and the granting of a Specific Lender License pursuant to Chapter IX does not oppose the granting of a Specific Repo License.

[...]

3.2 Conclusion of Transactions

[...]
