

# FCM Default Rules of Eurex Clearing AG

As of 01.02.2022

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THE FCM DEFAULT RULES WILL BE AMENDED.

AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED,

DELETIONS ARE CROSSED OUT.

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[...]

#### **4 Default Management Process**

[...]

##### **4.1 Default Management Committees**

[...]

4.1.2 Eurex Clearing AG has the right to convene a meeting of one or more DMCs

[...]

- (4) any further matters relating to the consequences and risks of an FCM Clearing Conditions Termination Event, an FCM Clearing Conditions Insolvency Termination Event, a Clearing Conditions Termination Event or a Clearing Conditions Insolvency Termination Event.

~~If there is at least one Interest Rate Derivative Transaction among the Terminated FCM Clearing Member Transactions or one OTC Interest Rate Derivative Transaction among the Terminated Clearing Member Transactions, respectively, Eurex Clearing AG shall, subject to Number 2.4.4 Paragraph (6) of the DMC Rules, in any event convene a DMC Meeting (as defined in the DMC Rules) for such DMC that has been established with respect to the Liquidation Group to which such Interest Rate Derivative Transaction or OTC Interest Rate Derivative Transaction belongs.~~

[...]

##### **4.3 Establishment of FCM Clearing Member Transactions by way of independent trades or by conducting DM Auctions**

4.3.1 At any time after the Termination Time, the Basic Clearing Member Termination Time or the Clearing Member Termination Time, Eurex Clearing AG may in its discretion, take the following measures:

- (1) Enter into independent trades to

- (i) establish new FCM Clearing Member Transactions or new Clearing Member Transactions equivalent ~~(except, as relevant, for the governing law)~~ to

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Terminated FCM Clearing Member Transactions or Terminated Clearing Member Transactions and/or new FCM Clearing Member Transactions or new Clearing Member Transactions reciprocal (~~except, as relevant, for the governing law~~) to DM Hedging Transactions, and

- (ii) buy or sell securities underlying the Terminated FCM Clearing Member Transactions or Terminated Clearing Member Transactions ~~which are required to enter into new FCM Clearing Member Transactions or Clearing Member Transactions~~, as deemed appropriate by Eurex Clearing AG in consultation with the relevant DMC(s).

[...]

- (2) If it is deemed appropriate by Eurex Clearing AG in consultation with the relevant DMC, Eurex Clearing AG may conduct one or more auctions with respect to one or several Liquidation Groups (in whole or in part the **"DM Auctions"** or each a **"DM Auction"**) to establish

- (i) new FCM Clearing Member Transactions specified by Eurex Clearing AG which are – taken as a whole – equivalent to Terminated FCM Clearing Member Transactions or equivalent (except for the governing law) to Terminated Clearing Member Transactions and/or reciprocal (except, as relevant, for the governing law) to DM Hedging Transactions or

- (ii) new Clearing Member Transactions specified by Eurex Clearing AG which are – taken as a whole – equivalent (except for the governing law) to Terminated FCM Clearing Member Transactions of the Affected FCM Clearing Member or equivalent to Terminated Clearing Member Transactions of the Affected Clearing Member and/or reciprocal (except, as relevant, for the governing law) to DM Hedging Transactions

[...]

4.3.3 The following provisions apply to FCM Clearing Members in respect of DM Auctions that relate to Terminated FCM Clearing Member Transactions that are Interest Rate Derivative Transactions or to Terminated Clearing Member Transactions that are OTC Interest Rate Derivative Transactions:

[...]

- (4) ~~Each~~ If a FCM Mandatory Participant (i) that does not submits an Insufficient Bid for the relevant Auction Unit in accordance with this Number 4.3.3 and the DM Auction Rules, or (ii) if such FCM Mandatory Participant has appointed a Selected Auction Participant, whose Selected Auction Participant does not submits a Selected Auction Participant Insufficient Bid in accordance with this Number 4.3.3 and the DM Auction Rules ~~during the relevant DM Auction, shall be subject to the following contractual penalty:~~ such FCM Mandatory Participant qualifies as **"FCM Non-Bidding Participant"** subject to the following provisions:

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~~(a) If the FCM Mandatory Participant submits an Insufficient Bid (or if its Selected Auction Participant submits a Selected Auction Participant Insufficient Bid) and if, following a Realization Event in relation to the relevant Affected FCM Clearing Member or the relevant Affected Clearing Member (but not with respect to any other Realization Event), Contributions of Non-Affected FCM Clearing Members and/or Non-Affected Clearing Members are realized, the Contributions of such FCM Non Bidding Participant with respect to the relevant Liquidation Group of all FCM Mandatory Participants submitting at least one Insufficient Bid (or for which any of their Selected Auction Participants has submitted at least one Selected Auction Participant Insufficient Bid) and of all other CM Mandatory Participants submitting at least one Insufficient Bid shall be realized (in accordance with Number 3.2.1) prior to the Contributions of the other Non-Affected Clearing Members and Non-Affected FCM Clearing Members.~~

"Selected Auction Participant Insufficient Bid" means a Bid by a Selected Auction Participant that, if such Bid were a Mandatory Bid, would qualify as an Insufficient Bid.

~~(5)(b) If the FCM Mandatory Participant (i) submits a Medium Bid (or if its Selected Auction Participant submits a Selected Auction Participant Medium Bid) and for the relevant Auction Unit in accordance with this Number 4.3.3 and the the DM Auction Rules; or (ii) if such FCM Mandatory Participant has appointed a Selected Auction Participant, its Selected Auction Participant submits a Medium Bid in accordance with this Number 4.3.3 and the DM Auction Rules, such FCM Mandatory Participant qualifies as FCM Non-Bidding Participant subject to the following provisions:~~

~~If, following a Realization Event with respect to the relevant Affected Clearing Member or the relevant Affected FCM Clearing Member (but not with respect to any other Realization Event), Contributions of Non-Affected FCM Clearing Members and Non-Affected Clearing Members are realized, the Contributions of such FCM Non-Bidding FCM Clearing Member with respect to the relevant Liquidation Group of all FCM Mandatory Participants submitting at least one a Medium Bid (or for which any of their Selected Auction Participants has submitted a Selected Auction Participant Medium Bid) and all other CM Mandatory Participants submitting a Medium Bid shall in such DM Auction be realized, in accordance with Number 3.2.1, prior to the Contributions of the other Non-Affected FCM Clearing Members and the other Non-Affected Clearing Members, but simultaneously with the Contributions of those FCM Mandatory Participants and those CM Mandatory Participants that have submitted Insufficient Bids (or for which a Selected Auction Participant has submitted a Selected Auction Participant Medium Bid) in such DM Auction, up to an amount which shall be calculated by Eurex Clearing AG as follows: the difference between (i) the winning Bid minus the product of 0.5 and the Auction Unit Margin Amount and (ii) the respective Medium Bid (or Selected Auction Participant Medium Bid), such difference divided by the Auction Unit Margin Amount and subsequently multiplied by the relevant FCM Mandatory Participant's (or CM Mandatory Participant's, as relevant) Contributions.~~

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Any remainder of the Contributions of the FCM Mandatory Participant submitting a Medium Bid (or whose Selected Auction Participant has submitted a Selected Auction Participant Medium Bid) shall be considered as Contributions of a Non-Affected FCM Clearing Member that is not a FCM Non-Bidding Participant.

~~"Selected Auction Participant Insufficient Bid" means a Bid by a Selected Auction Participant that, if such Bid were a Mandatory Bid, would qualify as an Insufficient Bid.~~

**"Selected Auction Participant Medium Bid"** means a Bid by a Selected Auction Participant that, if such Bid were a Mandatory Bid, would qualify as a Medium Bid.

- (56) ~~If a~~An FCM Mandatory Participant, which does not submit a Mandatory Bid (or if its Selected Auction Participant does not submit a Bid) for any relevant Auction Unit in accordance with the DM Auction Rules during such DM Auction, ~~(such FCM Mandatory Participant is also qualifies as FCM Non-Bidding Participant with respect to the relevant Liquidation Group and is subject to the following provisions, to which the DM Auction relates, a "FCM Non-Bidding Participant"),~~

- (a) ~~The~~ FCM Non-Bidding Participant shall pay to Eurex Clearing AG an amount which shall be calculated by Eurex Clearing AG as follows: the fraction of (i) the FCM Non-Bidding Participant's Contributions with respect to the Relevant Liquidation Group and in the relevant currency (numerator) and (ii) the aggregate sum of all CM Contributions and FCM Contributions with respect to the Relevant Liquidation Group and in the relevant currency (denominator), such fraction, multiplied by 100 and further multiplied by EUR 500,000 (or the corresponding equivalent in any other FCM Clearing Currency as determined by Eurex Clearing AG), but subject to a maximum aggregate amount of EUR 5,000,000 (or the corresponding equivalent in any other FCM Clearing Currency as determined by Eurex Clearing AG) per DM Auction.

Any amount received by Eurex Clearing AG from the relevant FCM Non-Bidding Participant shall be added to, and forthwith be part of, the Dedicated Amount of Eurex Clearing AG.

- (b) If, following a Realisation Event in relation to the relevant Affected Clearing Member or the relevant Affected FCM Clearing Member (but not with respect to any other Realisation Event) Contributions of the Non-Affected Clearing Members and/or Non-Affected FCM Clearing Members are realised, the Contributions of such FCM Non-Bidding Participant with respect to the relevant Liquidation Group shall be realised prior to the Contributions of the other Non-Affected Clearing Members and/or Non-Affected FCM Clearing Members in accordance with Number 3.2.1. ~~If, upon the occurrence of a Realization Event, any FCM Contributions of the FCM Non-Bidding Participant are realized, the amount calculated in accordance with the preceding sentence shall be reduced by the sum of the realized FCM Contributions (but shall in no case be a negative amount). The provisions under Number 3.2.1 Paragraphs (7) and (8) shall apply *mutatis mutandis* with respect to the Contributions to the Default~~

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Fund of the relevant FCM Non-Bidding Participant. Any amount received by Eurex Clearing AG from the relevant FCM Non-Bidding Participant shall be added to, and forthwith be part of, the Dedicated Amount of Eurex Clearing AG.

~~(6) With respect to any FCM Further Contributions provided by the FCM Mandatory Participant submitting an Insufficient Bid or a Medium Bid (or whose Selected Auction Participant has submitted a Selected Auction Participant Insufficient Bid or a Selected Auction Participant Medium Bid), the provisions under Number 4.3.3 Paragraph (4) above shall apply *mutatis mutandis* in relation to the realization of the FCM Further Contributions.~~

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