

Chapter IX of the Clearing Conditions of Eurex Clearing AG

Clearing of Securities Lending Transactions

As of 05.03. 2018

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AMENDMENTS ARE MARKED AS FOLLOWS:
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[...]

Part 2 Terms and Conditions of Securities Lending Transactions

[...]

2.1 General Provisions of Securities Lending Transactions

[...]

2.1.2 Eligible Principal Collateral Assets and Redelivery Claim

[...]

(3) [...]

For the avoidance of doubt, in respect of a Securities Lending Transaction relating to Loaned Securities or Equivalent Loaned Securities for which EUI acts as the settlement location, Principal Collateral shall not cover any claims of the Lender Clearing Member against Eurex Clearing Borrower and Eurex Clearing Lender against the Borrower Clearing Member, that, in each case, result from any Securities Distribution (including any Securities Distribution resulting from any Dividend With Options).

[...]

2.1.4 Delivery of Loaned Securities and Equivalent Loaned Securities

Loaned Securities and Equivalent Loaned Securities shall be delivered free of payment (FoP), and Chapter I Part 1 Numbers 1.2.5, 1.4.2 (except for Paragraph (2)) and 1.4.3 shall insofar apply *mutatis mutandis* to the delivery of Loaned Securities and Equivalent Loaned Securities. With respect to Loaned Securities and Equivalent Loaned Securities for which EUI acts as the settlement location, the obligation to provide a power of attorney to Eurex Clearing AG set out in Chapter I Part 1 Number 1.4.2 Paragraph 3 Clause 2second sentence shall not apply.

2.1.5 Provision of Principal Collateral, Equivalent Principal Collateral and Pledge-Back Principal Collateral

[...]

(2) [...]

[...]

The pledge will not secure a Difference Claim of a Clearing Member against Eurex Clearing AG upon the occurrence of a Termination with respect to the Clearing Member or a difference claim of the Clearing Member against Eurex Clearing AG in the event of a close-out with respect to Eurex Clearing AG pursuant to Chapter I Part 1 Number 9. For the avoidance of doubt, in respect of a Securities Lending Transaction relating to Loaned Securities or Equivalent Loaned Securities for which EUI acts as the settlement location, the pledge shall not secure any obligations of

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Eurex Clearing Borrower in respect of any Securities Distribution (including any Securities Distribution resulting from any Dividend With Options).

[...]

- (3) With respect to a Securities Lending Transaction between Eurex Clearing Borrower and a Lender Clearing Member (Pledge),
- (a) the Lender Clearing Member (Pledge) (i) shall not be subject to a margin requirement pursuant to Number 1.3 with regard to such Securities Lending Transaction and (ii) shall not be required to pay Contributions to the Default Fund pursuant to Chapter I Part ~~1~~ Number 6.1.1 with regard to such Securities Lending Transactions, accordingly,

[...]

- (5) [...]

The purpose of any such pledge over Pledge-Back Principal Collateral is to secure the obligation of the SLLH (Title Transfer/Pledge) (i) to deliver Equivalent Principal Collateral pursuant to Number 2.3.3 on the Maturity Date and (ii) to make any payment to Eurex Clearing Borrower resulting from a netting pursuant to Number 2.7.2 Paragraph (6), in each case with regard to the specific Securities Lending Transaction only, except that, where the Principal Collateral or Initial Principal Collateral is delivered in respect of an Exposure Netting Unit, the purpose of the pledge of such Pledge-Back Principal Collateral is to secure such obligations of the SLLH (Title Transfer/Pledge) with respect to all Securities Lending Transactions to which such Exposure Netting Unit relates.

[...]

2.2 Delivery and Return of Loaned Assets

[...]

2.2.2 Return of Equivalent Loaned Assets

[...]

- (2) In respect of any Securities Lending Transaction which is an Open Term Loan, ~~(i)~~ —the Borrower Clearing Member and Eurex Clearing Borrower are each entitled to return to Eurex Clearing Lender and the Lender Clearing Member, respectively, all (or, to the extent provided for by the rules of the relevant Third Party Flow Provider, any part of) the Equivalent Loaned Securities at any time. ~~;~~ and

(ii) —In respect of any Securities Lending Transaction, the Borrower Clearing Member and the Lender Clearing Member may mutually agree to return all (or, to the extent provided for by the rules of the relevant Third Party Flow Provider, any part of) the Equivalent Loaned Assets at any time.

[...]

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(3) In respect of any Securities Lending Transaction which is an Open Term Loan, ~~(i)~~ —the Lender Clearing Member and Eurex Clearing Lender are each entitled to recall from Eurex Clearing Borrower and the Borrower Clearing Member, respectively, all (or, to the extent provided for by the rules of the relevant Third Party Flow Provider, any part of) the Equivalent Loaned Securities at any time; ~~and~~

~~(ii)~~—In respect of any Securities Lending Transaction, the Borrower Clearing Member and the Lender Clearing Member may mutually agree on a recall of all (or, to the extent provided for by the rules of the relevant Third Party Flow Provider, any part of) the Equivalent Loaned Assets at any time.

[...]

(4) Except in the case of the second sub-paragraphs of Paragraph (2) ~~(iii)~~ and Paragraph (3) ~~(ii)~~ above, any Return or Recall requests may be made independently of the other party to the Securities Lending Transaction. To the extent the rules of the Third Party Flow Provider contain such provisions, the placement of a Return request shall automatically create a Recall request and the placement of a Recall request shall automatically create a Return request.

[...]

2.4 Corporate Actions

[...]

In respect of any corporate action (other than any Dividend With Options) relating to Loaned Securities or Equivalent Loaned Securities for which EUI acts as the settlement location, a Clearing Member shall not provide any instruction to EUI that changes the default processing of such corporate action ("*Skip Transformation*"). If, contrary to the previous sentence, a Clearing Member negligently or wilfully provides any such "Skip Transformation" instruction to EUI, Eurex Clearing AG may, in order to enhance settlement discipline, irrespective of whether Eurex Clearing AG has suffered a loss, charge such Clearing Member an amount of EUR 300 or USD 500 for each such instruction.

"Dividends With Options" are corporate actions in relation to Distributions granting the relevant holder of the relevant Underlying Securities the option (i) to receive securities or other instruments instead of a cash dividend or (ii) to have a cash dividend re-invested and to receive, in lieu of such re-invested cash, securities or other instruments (the securities or other instruments received pursuant to (i) and (ii) above, the "Option Securities") or (iii) to receive a cash dividend payment in an alternative currency (the "Option Cash").

2.4.1 Distributions in respect of Underlying Securities

In relation to any Securities Lending Transaction, if a relevant date on which the holders of the Underlying Securities are identified as being holders of an entitlement to any interest, dividends, rights or other distributions of any kind (the "**Record Date**") falls in the period from, and including, the Value Date (taking into account any postponement

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pursuant to Number 2.6.1 or 2.6.2) to, and excluding the Maturity Date (taking into account any postponement pursuant to Number 2.6.4 or 2.6.5), subject to and in accordance with the following provisions the Borrower Clearing Member shall pay or deliver to Eurex Clearing Lender under such Securities Lending Transaction, and Eurex Clearing Borrower shall pay or deliver to the Lender Clearing Member under the related Securities Lending Transaction, a sum of money, securities or other assets which were agreed between the Lender Clearing Member and the Borrower Clearing Member or, if no such agreement was reached, which are equivalent to the amount of such interest, dividends, rights or other distributions of any kind (including any securities or instruments or cash in lieu of such distributions as a result of the exercise of any option relating to such distributions) that would be received by the Lender Clearing Member as a holder thereof on the Record Date assuming such Loaned Securities were retained by the Lender Clearing Member on the Record Date (each a “**Distribution**”), provided that, in respect of Loaned Securities or Equivalent Loaned Securities for which EUI acts as the settlement location, the amount and type of the Distribution (including any securities or instruments or cash in lieu of such distribution as a result of the exercise of any option relating to such distribution) shall be the amount and type determined by EUI and communicated to Eurex Clearing AG (subject, however, to Number 2.1.8). No such obligation to pay a Distribution pursuant to the preceding sentence applies, if – on the trade date of the Original Securities Lending Transactions – the Underlying Securities did not include a claim to interest, dividends, rights or other distributions resulting from the respective corporate action.

Unless otherwise provided under this Number 2.4.1 and subject to Number 2.1.8, payments or deliveries of Distributions by the Borrower Clearing Member and Eurex Clearing Borrower, respectively, shall be made on the date on which they would be received by the Lender Clearing Member in respect of the Loaned Securities assuming such Loaned Securities were retained by the Lender Clearing Member on the Record Date, as determined by Eurex Clearing AG (“**Distribution Settlement Date**”), provided that, in respect of Loaned Securities or Equivalent Loaned Securities for which EUI acts as the settlement location, an obligation of Eurex Clearing AG to pay or deliver a Distribution to a Clearing Member shall (unless otherwise provided in this Number 2.4.1) only become due after Eurex Clearing AG has received delivery or payment from such Clearing Member in respect of any Distributions that are to be paid or delivered by that Clearing Member to Eurex Clearing AG with respect to any Securities Lending Transaction.-

[...]

(4) Dividends With Options in respect of Loaned Securities for which EUI acts as the settlement location

If a Dividend With Options relates to Loaned Securities or Equivalent Loaned Securities for which EUI acts as the settlement location, the following applies:

- (a) If the Lender Clearing Member, in respect of a Securities Lending Transaction to which such Dividend With Options relates, wishes to select an option for a delivery of Option Securities or Option Cash (in accordance with the terms offered by the relevant issuer or the relevant other grantor of the relevant

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option) in lieu of a Cash Distribution, the Lender Clearing Member must, with respect to such Securities Lending Transaction and by no later than 24 hours prior to the applicable Election Deadline, (i) submit an instruction to Eurex Clearing Borrower through the CREST system of EUI (subject to the requirements as to form and content as determined by EUI from time to time) cancelling the cash income claim of the Lender Clearing Member against Eurex Clearing Borrower that, by default, is established in the CREST system of EUI with respect to such Dividend With Options (a "**Lender Income Cancellation Instruction**") and (ii) notify Eurex Clearing AG of the submission of such Lender Income Cancellation Instruction.

"**Election Deadline**" means the latest point in time at which, pursuant to the terms of the relevant Dividend With Options, the option for a delivery of Option Securities or the payment of Option Cash can validly be exercised.

- (b) If the Lender Income Cancellation Instruction and the related notification have been submitted in compliance with Paragraph (4) (a), Eurex Clearing Lender shall, by no later than the applicable Election Deadline (i) submit to the Borrower Clearing Member an instruction through the CREST system of EUI (subject to the requirements as to form and content as determined by EUI from time to time) cancelling the cash income claim of Eurex Clearing Lender against the Borrower Clearing Member that, by default, is established in the CREST system of EUI with respect to such Dividend With Options (a "**Eurex Clearing Lender Income Cancellation Instruction**") and (ii) notify the Borrower Clearing Member of the receipt of the Lender Income Cancellation Instruction and the submission of the Eurex Clearing Lender Income Cancellation Instruction.
- (c) If the Lender Income Cancellation Instruction and the related notification have been submitted in compliance with Paragraph (4) (a), Eurex Clearing Borrower shall, in addition to its obligations set out in Paragraph (4) (b), by no later than the applicable Payment Date, (i) submit to the Lender Clearing Member an instruction through the CREST system of EUI (subject to the requirements as to form and content as determined by EUI from time to time) matching the Lender Income Cancellation Instruction and (ii) notify the Lender Clearing Member of such submission.

"**Payment Date**" means the date on which, pursuant to the terms of the relevant Dividend With Options, the relevant Cash Distribution would be payable (if no option for a delivery of Option Securities or a payment of Option Cash has been exercised).

- (d) If Eurex Clearing Lender has submitted a Eurex Clearing Lender Income Cancellation Instruction in compliance with Paragraph (4) (b), the Borrower Clearing Member shall, prior to the applicable Payment Date, (i) submit an instruction to Eurex Clearing Lender through the CREST system of EUI (subject to the requirements as to form and content as determined by EUI from time to time) matching the Eurex Clearing Lender Income Cancellation Instruction (a

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"Borrower Income Cancellation Instruction") and (ii) notify Eurex Clearing Lender of such submission.

(e) If the Lender Clearing Member has submitted a Lender Income Cancellation Instruction in compliance with Paragraph (4) (a), the Lender Clearing Member, by no later than the end of business on the second Business Day prior to the applicable Payment Date, (i) may, with respect to such Securities Lending Transaction submit to Eurex Clearing Borrower an instruction through the CREST system of EUI (subject to the requirements as to form and content as determined by EUI from time to time) for a delivery of the relevant Option Securities or a payment of the relevant Option Cash with respect to the Dividend With Options to the Lender Clearing Member (a "**Lender Delivery Instruction**") and (ii) shall, if it submits such Lender Delivery Instruction, notify Eurex Clearing Borrower of such submission.

(f) If the Lender Delivery Instruction and the related notification have been submitted in compliance with Paragraph (4) (e), Eurex Clearing Lender shall, prior to the applicable Payment Date, (i) submit to the Borrower Clearing Member an instruction through the CREST system of EUI (subject to the requirements as to form and content as determined by EUI from time to time) for a delivery of the relevant Option Securities or the payment of the relevant Option Cash with respect to the Dividend With Options to Eurex Clearing Lender (a "**Eurex Clearing Lender Delivery Instruction**") and (ii) notify the Borrower Clearing Member of the receipt of the Lender Delivery Instruction and the submission of the Eurex Clearing Lender Delivery Instruction.

Upon the submission of such Eurex Clearing Lender Delivery Instruction, a claim of Eurex Clearing Lender against the Borrower Clearing Member for the delivery of the relevant Option Securities or the payment of the relevant Option Cash, as applicable, to Eurex Clearing Lender ("**Eurex Clearing Delivery Claim**") shall arise under the Clearing Conditions with respect to such Dividend With Options (irrespective of whether (A) the Borrower Clearing Member has submitted the relevant Borrower Income Cancellation Instruction or (B) the Borrower Clearing Member submits a matching Borrower Delivery Instruction (as defined in Paragraph (4)(h)), provided that a Eurex Clearing Delivery Claim shall not arise to the extent that a corresponding delivery or payment claim of Eurex Clearing Lender against the Borrower Clearing Member for the relevant Option Securities or the relevant Option Cash is also established in the CREST system of EUI. If a Eurex Clearing Delivery Claim has arisen and subsequently a corresponding delivery or payment claim of Eurex Clearing Lender against the Borrower Clearing Member for the relevant Option Securities or the relevant Option Cash is established in the CREST system of EUI, the Eurex Clearing Delivery Claim shall expire to the extent that such delivery or payment claim established in the CREST system of EUI is equal to the Eurex Clearing Delivery Claim.

(g) If the Lender Delivery Instruction and the related notification have been submitted in compliance with Paragraph (4) (e), Eurex Clearing Borrower shall, (irrespective of whether the Borrower Clearing Member has submitted the

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related Borrower Income Cancellation Instruction), no later than on the applicable Payment Date, (i) submit to the Lender Clearing Member an instruction through the CREST system of EUI (subject to the requirements as to form and content as determined by EUI from time to time) matching the Lender Delivery Instruction ("**Eurex Clearing Borrower Delivery Instruction**") and (ii) notify the Lender Clearing Member of such submission.

- (h) The Borrower Clearing Member shall, by no later than the applicable Payment Date, (i) submit an instruction to Eurex Clearing Lender through the CREST system of EUI (subject to the requirements as to form and content as determined by EUI from time to time) matching the Eurex Clearing Lender Delivery Instruction (a "**Borrower Delivery Instruction**") and (ii) notify Eurex Clearing Lender of such submission.
- (i) If a Eurex Clearing Delivery Claim has been established, but the Borrower Clearing Member has failed to submit the related Borrower Income Cancellation Instruction such that the cash income claim of Eurex Clearing Lender against the Borrower Clearing Member that, by default, has been established in the CREST system of EUI with respect to such Dividend With Options is not cancelled and Eurex Clearing Lender receives any payment from the Borrower Clearing Member in discharge of such cash income claim, Eurex Clearing Lender shall repay to the Borrower Clearing Member the amount so received.
- (j) Any payment or delivery claims arising with respect to a Dividend With Options between the Lender Clearing Member and Eurex Clearing Borrower or between Eurex Clearing Lender and the Borrower Clearing Member pursuant to this Paragraph (4) shall only result in separate unilateral claims between the relevant parties, but shall not result in any amendment of any existing Securities Lending Transaction or in the creation of any new Securities Lending Transaction.

2.4.2 **Mandatory Reorganisations, Voluntary Reorganisations and Mandatory Reorganisations With Options**

[...]

- (4) Mandatory Reorganisations With Options in respect of Loaned Securities for which EUI acts as the settlement location

"Mandatory Reorganisations With Options" are certain corporate actions in respect of which the participation as such of the relevant holder of the relevant Underlying Securities is mandatory, but in respect of which the holder of the relevant Underlying Securities has the option to choose between different benefits. For the avoidance of doubt, Dividends With Options do not qualify as Mandatory Reorganisations with Options.

[...]

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2.4.5 Fractions

No fractions of securities or financial instruments shall be delivered with respect to any Mandatory Reorganisation, Securities Distribution, Principal Collateral Mandatory Reorganisation or Principal Collateral Distribution. Instead, (except in respect of Loaned Securities or Equivalent Loaned Securities for which EUI acts as the settlement location) the relevant party to the Securities Lending Transaction that is subject to the respective delivery obligation shall pay to the other party to such Securities Lending Transaction a cash amount in the currency of the Underlying Securities or Principal Collateral Underlying Security equal to the value of the fractional Securities Distribution, fractional Principal Collateral Distribution or other fractional amount of securities under Number 2.4.2 or Number 2.4.4, as determined by Eurex Clearing AG as soon as reasonable practicable and in its reasonable discretion and notified to the Clearing Members. Such cash amount shall be paid on the Business Day after the notification by Eurex Clearing AG thereof.

[...]

2.6 Failure to Deliver

[...]

2.6.3 Failure to Deliver Principal Collateral or Return Equivalent Principal Collateral during the term of a Securities Lending Transaction; Failure to Deliver Pledge-Back Principal Collateral

[...]

- (2) Irrespective of the postponement of the due date pursuant to Paragraph (1), the failure by the respective Clearing Member to comply with its obligation pursuant to Number 2.3.2 Paragraphs (2) and (3), respectively, shall constitute a Termination Event; pursuant to Chapter I Part 1 Number 7.2.1 Paragraph (1) shall apply mutatis mutandis. Eurex Clearing AG is entitled at any time to increase its margin requirement accordingly if a Clearing Member fails to return Equivalent Principal Collateral or to deliver Principal Collateral pursuant to Number 2.3.2 Paragraphs (2) and (3), as the case may be.
- (3) If a SLLH (Title Transfer/Pledge) fails to deliver Pledge-Back Principal Collateral when due, this shall constitute a Termination Event; pursuant to Chapter I Part 1 Number 7.2.1 Paragraph (2) shall apply mutatis mutandis.

2.6.4 Failure to Deliver by the Borrower Clearing Member on the Maturity Date

[...]

- (2) If a Record Date for a Cash Distribution or for a Securities Distribution in the form of rights pursuant to Number 2.4.1 (including a Record Date in respect of a Dividend With Options in relation to Loaned Securities or Equivalent Loaned Securities for which EUI acts as the settlement location, but excluding any Record Date in respect of any other Securities Distribution in relation to Loaned Securities or Equivalent

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Loaned Securities for which EUI acts as the settlement location) or the Market Deadline in connection with a Voluntary Reorganisation pursuant to Number 2.4.2 (but excluding any Voluntary Reorganisation in relation to Loaned Securities or Equivalent Loaned Securities for which EUI acts as the settlement location) occurs with respect to a Non-Performed Transaction between Eurex Clearing Lender and the Borrower Clearing Member, the Borrower Clearing Member shall be obliged to pay a contractual penalty to Eurex Clearing AG irrespective of whether Eurex Clearing AG has suffered a loss.

Such contractual penalty shall be determined as follows:

- (a) with respect to Cash Distributions pursuant to Number 2.4.1 Paragraph (1), the contractual penalty shall be 35.8 per cent of the net Cash Distribution, multiplied by the number of Equivalent Loaned Securities owed by the Borrower Clearing Member to Eurex Clearing Lender on the Maturity Date. The contractual penalty shall be payable in the currency of the Equivalent Loaned Securities and only be charged by Eurex Clearing AG if the calculation in the applicable currency results in a value of at least EUR 5,000, GBP 5,000, CHF 7,000 or USD 7,000;

[...]

- (c) with respect to Voluntary Reorganisations pursuant to Number 2.4.2 Paragraph (2), the contractual penalty shall be calculated on the basis of the offer as follows:

[...]

The contractual penalty shall be payable in the currency of the Equivalent Loaned Securities and only be charged by Eurex Clearing AG if the calculation in the applicable currency results in a value of at least EUR 5,000, GBP 5,000, CHF 7,000 or USD 7,000.

[...]

2.6.6 Failure to Deliver by the Borrower Clearing Member on the due date for a Securities Distribution or a Dividend With Options with respect to Securities for which EUI acts as the settlement location

- (1) If, in any of the circumstances set out in Number 2.4.1 Paragraph (3) or Number 2.4.2 Paragraph (3) (e) (B) or, with respect to Option Securities, Number 2.4.1 Paragraph (4) (f), the Borrower Clearing Member fails to actually deliver the relevant securities to Eurex Clearing Lender on the relevant due date or, if such delivery obligation has been postponed, on the relevant next Business Day (the “**Non-Performed Delivery Obligation**” and the securities not delivered, the “**Non-Delivered Securities**”), such delivery obligation (and the corresponding delivery obligation of Eurex Clearing Borrower to the Lender Clearing Member) shall, subject to Paragraph (2), be postponed to the next following Business Day.

[...]
