

Chapter IX of the Clearing Conditions of Eurex Clearing AG

Clearing of Securities Lending Transactions

As of 11.12.2017

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Chapter IX Preamble	

AMENDMENTS ARE MARKED AS FOLLOWS:
INSERTIONS ARE UNDERLINED
DELETIONS ARE CROSSED OUT

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Part 1 General Provisions

[...]

1.1 Clearing License

[...]

1.1.3 Specific Lender License

[...]

(5) The prerequisites to be fulfilled for the granting of the Specific Lender License are the following:

[...]

- (f) the applicant has authorised Eurex Clearing AG, by providing the appropriate power of attorney, to give, release and transmit all delivery instructions in its name vis-à-vis the respective settlement location recognised by Eurex Clearing AG and to supplement, change or cancel delivery instructions as may be necessary for the timely and correct fulfilment of its delivery and payment obligations vis-à-vis Eurex Clearing AG (provided that no such authorisation is required with respect to (i) Eligible Principal Collateral Assets that are or shall be subject to a pledge and (ii) Loaned Securities or Equivalent Loaned Securities for which EUI acts as the settlement location);

[...]

1.2 Conclusion of Transactions

[...]

1.2.1 Novation

(1) [...]

Chapter I Part 14 Number 1.2.2 Paragraph (6) applies *mutatis mutandis*.

[...]

1.2.2 Novation Principles and Criteria

[...]

- (3) The Securities Lending Transactions resulting from the novation shall be established with the agreed terms (including, without limitation, the loan quantity, the Value Date, whether the Securities Lending Transaction is an Open Term Loan or a Fixed Term Loan, whether "net exposure calculation" or "gross exposure calculation" shall apply, the Underlying Securities or, in the case of Loaned Assets in the form of cash, their

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underlying currency, the lending rate, the rebate and the manufactured payment rate) set out in the respective loan information received by Eurex Clearing AG from the relevant Clearing Members via the Third Party Flow Provider (such information, as amended from time to time and accepted by Eurex Clearing AG, the “**Loan Information**”).

[...]

Part 2 Terms and Conditions of Securities Lending Transactions

[...]

2.1 General Provisions of Securities Lending Transactions

[...]

In the Loan Information relating to a Securities Lending Transaction the Lender Clearing Member and the Borrower Clearing Member may specify whether "net exposure calculation" or "gross exposure calculation" in respect of Non-Cash Principal Collateral shall apply (if "net exposure calculation" is so specified, this constitutes a "**Net Exposure Election**"). If no election is made in the Loan Information, "gross exposure calculation" shall apply. A Net Exposure Election that has been received by Eurex Clearing AG (as part of the relevant Loan Information) cannot be revoked or changed. The Securities Lending Transactions (between the Lender Clearing Member and Eurex Clearing Borrower and between Eurex Clearing Lender and the Borrower Clearing Member, respectively) for which a Net Exposure Election has been made will be grouped into one or more units, each of which will be formed with respect to all related Securities Lending Transactions

- (i) for which the same two entities act as Lender Clearing Member and Borrower Clearing Member (provided that such unit may not include Securities Lending Transactions in respect of which such entities act in opposite roles);
 - (ii) for which the same Tri-Party Collateral Agent is used;
 - (iii) with the same set of Eligible Principal Collateral Assets determined in accordance with Number 2.1.2 Paragraph (2);
 - (iv) with the same Principal Collateral Currency in which Non-Cash Principal Collateral (as defined in Number 2.1.2 Paragraph (1)) for the relevant Securities Lending Transactions can be denominated; and
 - (v) that are subject to the same Collateralisation Model
- (each such unit an "**Exposure Netting Unit**").

Non-Cash Principal Collateral shall, subject to Number 2.3, be delivered by the Borrower Clearing Member to Eurex Clearing Lender and by Eurex Clearing Borrower to the Lender Clearing Member per Exposure Netting Unit (and not separately with respect to

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each Securities Lending Transaction included therein). A Securities Lending Transaction for which Cash Principal Collateral shall be provided cannot become part of an Exposure Netting Unit (notwithstanding any Net Exposure Election in the related Loan Information).

“Collateralisation Model” means each of the following methods for providing Non-Cash Principal Collateral between Eurex Clearing Borrower and the Lender Clearing Member: (i) Title Transfer pursuant to Number 2.1.5 Paragraph (1) or (ii) pledge pursuant to Number 2.1.5 Paragraph (2).

[...]

2.1.2 Eligible Principal Collateral Assets and Redelivery Claim

[...]

- (3) Unless Number 2.1.5 Paragraph (2) applies, the purpose of the delivery of Principal Collateral is to cover the claim for (i) delivery of Equivalent Loaned Assets on the Maturity Date (including in the case of a transformed Securities Lending Transaction pursuant to Number 2.7.4 Paragraph (1) (c)) or (ii) payment of the applicable cash amount in the event of a cash settlement pursuant to Number 2.4.1 Paragraph (2) (c) and (d) (ii), Number 2.4.2 Paragraph (1) (a), Number 2.4.5, Number 2.6.4 Paragraph (8), (9) and (10) as well as Number 2.7.2 Paragraph (4) (b) and (c), Number 2.7.3 Paragraph (2) and Number 2.7.4 Paragraph (1) (c) (iii). If Non-Cash Principal Collateral is provided with respect to an Exposure Netting Unit, the purpose of the delivery of such Non-Cash Principal Collateral is to cover the claims referred to in the preceding sentence in relation to all Securities Lending Transactions to which such Exposure Netting Unit relates.

[...]

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) second sentence shall not apply.

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

[...]

- (2) [...]

The purpose of any such pledge is to secure Eurex Clearing Borrower's obligation (i) to deliver the Equivalent Loaned Assets on the Maturity Date (including in the case of a transformed Securities Lending Transaction pursuant to Number 2.7.4 Paragraph (1) (c)) or (ii) to pay the applicable cash amount in the event of a cash

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settlement pursuant to Number 2.4.1 Paragraph (2) (c) and (d) (ii), Number 2.4.2 Paragraph (1) (a), Number 2.4.5, Number 2.6.4 Paragraph (8), (9) and (10) as well as Number 2.7.2 Paragraph (4) (b) and (c), Number 2.7.3 Paragraph (2) and Number 2.7.4 Paragraph (1) (c) (iii), in each case with ~~regard-respect~~ to the specific Securities Lending Transaction only, except that, where Non-Cash Principal Collateral is provided in relation to an Exposure Netting Unit, the purpose of the pledge of such Non-Cash Principal Collateral is to secure such obligations of Eurex Clearing Borrower with respect to all Securities Lending Transactions to which such Exposure Netting Unit relates.

[...]

The obligation of the Lender Clearing Member (Pledge) or SLLH (Pledge) to transfer the Loaned Assets to Eurex Clearing Borrower on the Value Date (as defined in Number 2.2.1 below) will only become due upon creation of the pledge over the relevant Eligible Principal Collateral Assets (if the relevant Securities Lending Transaction is included in an Exposure Netting Unit, (a) taking into account any increase or decrease of the obligation to deliver Principal Collateral set out in Number 2.3.1, and (b) subject to the proviso in Number 2.2.1 Paragraph (2)).

~~The~~ obligation of the Lender Clearing Member (Pledge) or SLLH (Pledge) to release the pledge on the Maturity Date (as defined in Number 2.2.2 below) will only become due after Eurex Clearing Borrower has actually delivered Equivalent Loaned Assets to the Lender Clearing Member (Pledge) or SLLH (Pledge).

[...]

(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

2.2.1 Delivery of Loaned Assets

[...]

(2) On the Value Date,

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- (i) the Lender Clearing Member shall transfer the Loaned Assets specified in the Loan Information to Eurex Clearing Borrower against delivery by Eurex Clearing Borrower of Initial Principal Collateral (if the relevant Securities Lending Transaction is included in an Exposure Netting Unit, taking into account any increase or decrease of the obligation to deliver Principal Collateral set out in Number 2.3.1) to the Lender Clearing Member or, if Principal Collateral is provided by way of a pledge pursuant to Number 2.1.5 Paragraph (2), upon creation of such pledge by Eurex Clearing Borrower; and
- (ii) Eurex Clearing Lender shall transfer the Loaned Assets specified in the Loan Information to the Borrower Clearing Member against delivery by the Borrower Clearing Member of Initial Principal Collateral (if the relevant Securities Lending Transaction is included in an Exposure Netting Unit, taking into account any increase or decrease of the obligation to deliver Principal Collateral set out in Number 2.3.1) to Eurex Clearing Lender;

provided that if such Securities Lending Transaction forms part of an Exposure Netting Unit, the Value Date relates to more than one Securities Lending Transaction comprised in such Exposure Netting Unit and the Borrower Clearing Member does not offer to deliver to Eurex Clearing Lender the aggregate required Initial Principal Collateral for all Securities Lending Transactions comprised in such Exposure Netting Unit (in accordance with Number 2.3.1):

(a) Eurex Clearing AG shall be entitled to decide (in its discretion, based on reasonable criteria and taking into account the value of Eligible Principal Collateral Assets that the Borrower Clearing Member has offered to deliver in respect of such Exposure Netting Unit) in respect of which of the Securities Lending Transactions comprised in such Exposure Netting Unit the obligation of the Lender Clearing Member to transfer the Loaned Assets to Eurex Clearing Borrower becomes due (and in which order); and

(b) Number 2.6.2 applies with respect to (i) any Securities Lending Transaction for which, as a result of the decision taken by Eurex Clearing AG in accordance with sub-paragraph (a), the obligation to transfer the relevant Loaned Assets does not become due and (ii) the related Securities Lending Transaction.

Eurex Clearing AG will notify the Lender Clearing Member and the Borrower Clearing Member of any decision taken in accordance with sub-paragraph (a).

If Principal Collateral is transferred pursuant to Number 2.1.5 Paragraph (1) between Eurex Clearing Borrower and the Lender Clearing Member, all physical deliveries and payments between such parties shall (subject, in respect of Securities Lending Transactions which form part of an Exposure Netting Unit, to sub-paragraphs (a) and (b) above, if applicable) be concurrently (*Zug um Zug*) performed. If Principal Collateral is provided by way of a pledge pursuant to Number 2.1.5 Paragraph (2), the obligation of the Lender Clearing Member (Pledge) or SLLH (Pledge) to transfer the Loaned Assets to Eurex Clearing Borrower shall (subject, in respect of Securities Lending Transactions which form part of an Exposure Netting Unit, to sub-

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paragraphs (a) and (b) above, if applicable only become due upon creation of such pledge by Eurex Clearing Borrower.

Eurex Clearing Lender shall transfer the Loaned Assets specified in the Loan Information to the Borrower Clearing Member immediately after the Borrower Clearing Member has actually delivered the Initial Principal Collateral to Eurex Clearing Lender (subject, in respect of Securities Lending Transactions which form part of an Exposure Netting Unit, to sub-paragraphs (a) and (b) above, if applicable). The obligation of Eurex Clearing Lender to deliver the Loaned Assets to the Borrower Clearing Member shall only become due after the Borrower Clearing Member has actually delivered the Initial Principal Collateral to Eurex Clearing Lender (subject, in respect of Securities Lending Transactions which form part of an Exposure Netting Unit, to sub-paragraphs (a) and (b) above, if applicable).

[...]

2.2.2 Return of Equivalent Loaned Assets

- (1) On the Maturity Date (as defined in Paragraph (8) below), the Borrower Clearing Member and Eurex Clearing Borrower are each required to transfer Equivalent Loaned Assets to Eurex Clearing Lender and the Lender Clearing Member, respectively, (i) against delivery of Equivalent Principal Collateral by each of the Lender Clearing Member to Eurex Clearing Borrower and by Eurex Clearing Lender to the Borrower Clearing Member, respectively, or (ii), if Principal Collateral is provided by Eurex Clearing Borrower by way of a pledge pursuant to Number 2.1.5 Paragraph (2), against release of such pledge (in accordance with Number 2.1.5 Paragraph (2)) by the Lender Clearing Member (Pledge) or SLLH (Pledge), provided in the case of (i) above, that if such Securities Lending Transaction forms part of an Exposure Netting Unit, the Maturity Date relates to more than one Securities Lending Transaction comprised in such Exposure Netting Unit and the Lender Clearing Member (other than an SLLH (Pledge) or Lender Clearing Member (Pledge)) does not offer to deliver the aggregate Equivalent Principal Collateral for all Securities Lending Transactions comprised in such Exposure Netting Unit:

- (a) Eurex Clearing AG shall be entitled to decide (in its discretion, based on reasonable criteria and taking into account the value of Eligible Principal Collateral Assets that the Lender Clearing Member offers to deliver in respect of such Exposure Netting Unit) in respect of which of the Securities Lending Transactions comprised in such Exposure Netting Unit the obligation to transfer Equivalent Loaned Assets shall become due (and in which order); and
- (b) Number 2.6.5 applies with respect to (i) any Securities Lending Transaction for which, as a result of the decision taken by Eurex Clearing AG in accordance with sub-paragraph (a), the obligation to transfer the relevant Equivalent Loaned Assets does not become due and (ii) the related Securities Lending Transaction.

Eurex Clearing AG will notify the Lender Clearing Member and the Borrower Clearing Member of any decision taken in accordance with sub-paragraph (a).

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If Principal Collateral is transferred pursuant to Number 2.1.5 Paragraph (1) between Eurex Clearing Borrower and the Lender Clearing Member, all physical deliveries and payments between such parties shall (subject, in respect of Securities Lending Transactions which form part of an Exposure Netting Unit, to sub-paragraphs (a) and (b) above, if applicable) be concurrently (*Zug um Zug*) performed. If Principal Collateral is provided by way of a pledge pursuant to Number 2.1.5 Paragraph (2), the obligation of the Lender Clearing Member (Pledge) or SLLH (Pledge) to release such pledge shall only become due after Eurex Clearing Borrower has actually delivered Equivalent Loaned Assets to the Lender Clearing Member (Pledge) or SLLH (Pledge).

Eurex Clearing Lender shall transfer Equivalent Principal Collateral to the Borrower Clearing Member immediately after the Borrower Clearing Member has actually delivered (subject, in respect of Securities Lending Transactions which form part of an Exposure Netting Unit, to sub-paragraphs (a) and (b) above, if applicable) Equivalent Loaned Assets to Eurex Clearing Lender. The obligation of Eurex Clearing Lender to deliver Equivalent Principal Collateral to the Borrower Clearing Member shall only become due after the Borrower Clearing Member has actually delivered (subject, in respect of Securities Lending Transactions which form part of an Exposure Netting Unit, to sub-paragraphs (a) and (b) above, if applicable) Equivalent Loaned Assets to Eurex Clearing Lender.

[...]

2.3 Delivery and Return of Principal Collateral and Pledge-Back Principal Collateral

On any Business Day (including any Value Date and any Maturity Date), any mutual obligations between the Lender Clearing Member and Eurex Clearing Borrower or between Eurex Clearing Lender and the Borrower Clearing Member to deliver any amount of Principal Collateral or Equivalent Principal Collateral pursuant to Numbers 2.3.1 to 2.3.3 that are or, at such point in time, are certain to become due on such Business Day (including any Value Date and Maturity Date) under one or several related Securities Lending Transactions that are included in the same Exposure Netting Unit shall be netted (*verrechnet*) with each other and only the resulting net delivery obligation (if any) shall be due by the relevant party.

2.3.1 Initial Delivery of Principal Collateral and Pledge-Back Principal Collateral

— On the Value Date, each of the Borrower Clearing Member and Eurex Clearing Borrower shall transfer Eligible Principal Collateral Assets to Eurex Clearing Lender and the Lender Clearing Member, respectively, in accordance with Number 2.1.5 Paragraph (1) or, in the case of an initial delivery of Principal Collateral by Eurex Clearing Borrower to a Lender Clearing Member, in accordance with Number 2.1.5 Paragraph (2), as applicable, in an amount equal to the initial principal exposure determined by Eurex Clearing AG by using the Market Value (as defined in 2.3.2 Paragraph (4) below) of the Loaned Assets as of the previous Business Day (the “**Initial Principal Collateral**”). For the purpose of determining the initial principal exposure and to the extent the rules of the Third Party Flow Provider so provide, the Loan Information may provide for a mark-up percentage to be applied to the Market Value of the Loaned

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Assets, which must not be less than 70 per cent and must not be more than 120 per cent (the “**Mark-Up Percentage**”).

On the Value Date, the SLLH (Title Transfer/Pledge) shall, in accordance with Number 2.1.5 Paragraph (5), provide Pledge-Back Principal Collateral to Eurex Clearing Borrower in the form of Eligible Principal Collateral Assets equivalent to the Initial Principal Collateral actually delivered to such SLLH (Title Transfer/Pledge) by Eurex Clearing Borrower with respect to such Securities Lending Transaction (or, if such Securities Lending Transaction is included in an Exposure Netting Unit, in respect of such Exposure Netting Unit).

2.3.2 Marking to Market of Principal Collateral and Pledge-Back Principal Collateral during the term of a Securities Lending Transaction

- (1) The aggregate Market Value (as defined in Paragraph (4) below) of the Eligible Principal Collateral Assets (where applicable, determined in respect of an Exposure Netting Unit) actually delivered in respect of the Principal Collateral to Eurex Clearing Lender by the Borrower Clearing Member and to the Lender Clearing Member by Eurex Clearing Borrower (excluding any Equivalent Principal Collateral repaid or re-delivered under Paragraph (2)) in respect of a Securities Lending Transaction (the “**Posted Collateral**”) shall equal the Market Value of the number or aggregate nominal amount, as applicable, of the Underlying Assets equivalent to the Loaned Assets taking into account the applicable Mark-Up Percentage, if any, ~~(“~~in respect of such Securities Lending Transaction (the “**Required Collateral Value**”).-)

[...]

2.4 Corporate Actions

[...]

2.4.3 Principal Collateral Distributions and Principal Collateral Mandatory Reorganisations

- (1) If a Principal Collateral Distribution Record Date or Principal Collateral Mandatory Reorganisation Record Date, as the case may be, falls in the period from, and including, the Value Date (taking into account any postponement pursuant to Number 2.6.1 or 2.6.2) to, and excluding the Maturity Date (or, in the case of an Exposure Netting Unit, the last Maturity Date of the Securities Lending Transactions which form part of the Exposure Netting Unit) (taking into account any postponement pursuant to Number 2.6.4 or 2.6.5), the Borrower Clearing Member shall take all relevant actions to effect a substitution of the relevant Non-Cash Principal Collateral in accordance with the TPCA Documentation no later than on the Business Day preceding the relevant Principal Collateral Distribution Record Date or Principal Collateral Mandatory Reorganisation Record Date, as the case may be.

[...]

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2.4.4 Principal Collateral Voluntary Reorganisations

- (1) If a Principal Collateral Market Deadline, falls in the period from, and including, the Value Date (taking into account any postponement pursuant to Number 2.6.1 or 2.6.2) to, and excluding the Maturity Date (or, in the case of an Exposure Netting Unit, the last Maturity Date of the Securities Lending Transactions which form part of the Exposure Netting Unit) (taking into account any postponement pursuant to Number 2.6.4 or 2.6.5), the Borrower Clearing Member shall take all relevant actions to effect a substitution of the relevant Non-Cash Principal Collateral in accordance with the TPCA Documentation no later than by the Principal Collateral Eurex Clearing Deadline.

[...]

2.7 Specific Provisions relating to Termination Events and Default Management Process

[...]

2.7.3 Cash Settlement and Marking to Market upon Termination of Open Term Loans

[...]

- (2) Upon the occurrence of a Termination Event or Insolvency Termination Event and a Termination Date with respect to a Borrower Clearing Member, Eurex Clearing Borrower shall upon giving a Return request pursuant to Number 2.2.2 Paragraph (2) to the relevant Lender Clearing Member with respect to related Securities Lending Transactions, be entitled to request the return of (or release of the pledge over) all Equivalent Principal Collateral (in respect of a Securities Lending Transaction which forms part of an Exposure Netting Unit, only in an amount equal to the Required Collateral Value of such Securities Lending Transaction) (or release of the pledge) by the Lender Clearing Member on the Maturity Date.

[...]

2.7.4 Effect of Termination on Process relating to Voluntary Reorganisations

(1) [...]

(c) [...]

[...]

- (ii) If a Dispute Resolution Procedure has already been commenced in respect of a relevant Securities Lending Transaction, such Dispute Resolution Procedure shall, subject to and in accordance with the Dispute Procedure Resolution Rules, be converted into an Ad hoc Verification Procedure.

[...]