

Chapter II: Special Provisions for Clearing of Interest Rate Derivative Transactions

FCM Regulations of Eurex Clearing AG

As of 20.11.2023

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AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED;

DELETIONS ARE CROSSED OUT

[...]

Part 1 General Provisions

[...]

[...]

1.2 Conclusion of Transactions

[...]

1.2.1 Novation of Original Swap Transactions

[...]

- (3) Any acceptance of the Original Swap Transaction by Eurex Clearing AG for inclusion in the Clearing and the related novation pursuant to Chapter I Number 1.3.3 (1) will be subject to the novation criteria pursuant to Number 1.2.3 and will be based on the Trade Record, including, as the case may be, a Credit Limit Token, provided by the ATS on behalf of the parties to the Original Swap Transaction. Eurex Clearing AG relies on the accuracy of the data set out in the Trade Record, including, as the case may be, a Credit Limit Token, and that such data reflect any and all adjustments to the Original OTC Transaction that were conducted after the conclusion of the Original OTC Transaction based on law, contract or regulation and is neither able nor obliged to verify whether the Trade Record received properly reflects the terms of the Original Swap Transaction entered into by the relevant parties, nor whether the respective FCM Clearing Member – as indicated in the Credit Limit Token submitted to Eurex Clearing AG via the ATS – has actually approved that it will act as a FCM Clearing Member for the respective party with respect to such Original Swap Transaction and any novated Swap Transaction and clear such transactions.

[...]

- (5) If an Original Swap Transaction or a FCM-Client Transaction, or any provision thereof, is not valid or not enforceable vis-à-vis the other party or the respective FCM

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Client, this shall not affect the validity and enforceability of the Swap Transaction between Eurex Clearing AG and the relevant FCM Clearing Member. The FCM Clearing Member shall be liable vis-à-vis Eurex Clearing AG for any Trade Records transmitted to Eurex Clearing AG via an ATS.

(65) For the purposes of this Chapter II,

[...]

(b) **“FCM-Client Transaction”** means a transaction corresponding to a Swap Transaction and which has been created between the FCM Clearing Member and a FCM Client of the FCM Clearing Member in accordance with the contractual arrangements between them. A FCM-Client Transaction shall exclusively be subject to the contractual arrangements between the relevant FCM Clearing Member and its FCM Client, which may refer to these FCM Regulations.

(bc) **“Swap Trade Daily Summary Report”** means a report that lists events occurring after the original novation which will be made available to FCM Clearing Members electronically via Eurex Clearing AG's system on each Business Day. The last Swap Trade Daily Summary Report will be made available at or around 11:00 p.m. (Frankfurt am Main time).

(ed) **“Swap Trade Novation Report”** means a report produced by Eurex Clearing AG on the basis of the Trade Records transmitted via the relevant ATS which specifies the Original Swap Transactions to be novated into the respective Swap Transactions.

[...]

1.2.4 Specific Provisions with respect to the Conclusion of Swap Transactions

(1) If the FCM Clearing Member (i) authorizes Eurex Clearing AG to capture and maintain records vis-à-vis any ATS, and (ii) confirms that it has appointed the relevant ATS to receive trade communications and generate and send trade communications to Eurex Clearing AG for the FCM Clearing Member, Eurex Clearing AG may rely on such trade communications. The FCM Clearing Member authorizes Eurex Clearing AG to submit information on the trade economics of selected Swap Transactions to the relevant ATS. Eurex Clearing AG will provide the ATS after validation of a respective request sent on behalf of the FCM Clearing Member with the requested trade economics of the selected Swap Transaction (“Trade Economic’s Request”). The FCM Clearing Member may revoke such authorization vis-à-vis Eurex Clearing AG.

[...]

(4) The FCM Clearing Member acknowledges that Eurex Clearing AG does not assume any liability vis-à-vis such FCM Clearing Member

(i) in respect of inaccuracies in the Trade Record submitted to Eurex Clearing AG;

- (ii) if the Trade Record or Trade Economic's Request has not been initiated by the FCM Clearing Member or the FCM Client;
- (iii) if the respective FCM Clearing Member has not approved outside the system of Eurex Clearing AG and prior to the conclusion of the Original Swap Transaction that it will act as a FCM Clearing Member for such party with respect to such Original Swap Transaction and any novated Swap Transaction and clear such transaction, as indicated in the Credit Limit Token, or
- (iv) if the Credit Limit Token was created incorrect or incomplete or should not have been created.

[...]

1.7 Certain Definitions

[...]

(9) The "Currency/Business Day Matrix" shall be the following matrix:

Currency	Defined Term	Definition: The lawful currency of:	Financial Center(s)	Currency specific provision/ rounding of amounts
[...]				
Norwegian Krone	NOK	The Kingdom of Norway	Oslo	
<u>Polish Zloty</u>	<u>PLN</u>	<u>The Republic of Poland</u>	<u>Warsaw</u>	
[...]				

[...]

Part 2 Clearing of Interest Rate Derivative Transactions

2.1 General Provisions

[...]

2.1.3 Interest Rate Derivatives Clearing License

[...]

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2.1.3.1 Requirements for the Granting of an Interest Rate Derivatives Clearing License

[...]

- (4) if the Interest Rate Derivatives Clearing License of the relevant FCM Clearing Member covers Interest Rate Derivative Transactions CHF, EUR, GBP, JPY, USD, CZK, DKK, HUF, NOK, PLN and/or SEK, bank cash account(s) in the relevant currency or currencies; and

[...]

[...]

2.1.5 Novation Criteria and Process Regarding Interest Rate Derivative Transactions

[...]

2.1.5.1 Specific Novation Criteria and Terms for Swap Transactions

[...]

(2) Currencies

The currency must be

- (i) for IRS (excluding basis swaps) and FRA: EUR, CZK, DKK, HUF, PLN, SEK or NOK;
- (ii) for basis swaps: EUR, USD, DKK, PLN, NOK, CZK or HUF and
- (iii) for OIS: CHF, EUR, GBP, DKK, JPY or USD;

[...]

(3) Payment types

[...]

Fees or other payments are defined at contract conclusion. The fees must be in trade currency.

- (a) For IRS, OIS and FRA, in case of a termination, fees are settled one day after the termination date for CHF, EUR, GBP, ~~and~~ USD and PLN and two days after the termination date for JPY, CZK, DKK, HUF, NOK and SEK. In case of maturity, fees are settled on the maturity date.

[...]

(4) Maximum remaining term / Termination Date

[...]

- (a) in case of IRS (excluding basis swaps)

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[...]

(iii) for Original Swap Transactions in PLN, CZK ~~and~~ HUF, no more than 16 years (5,871 calendar days),

(b) in case of basis swaps,

[...]

(iv) for Original OTC Transactions in PLN, CZK and HUF, no more than 16 years (5,871 calendar days).

(c) in case of OIS,

[...]

(ii) for Original Swap Transactions in CHF or JPY, no more than 31 years (11,375 calendar days); ~~and~~

(iii) for Original Swap Transactions in GBP or USD, no more than 51 years (18,675 calendar days); and

(iv) for Original OTC Transactions in DKK, no more than and 11 years (4,050 calendar days).

(d) in case of FRA, for Original Swap Transactions in EUR, USD, CZK, DKK, HUF, PLN, NOK or SEK, no more than 3 years (1,225 calendar days).

(5) Minimum remaining term

In case of IRS and OIS, the minimum period between the date of novation and the Termination Date must be at least one Business Day for CHF, EUR, GBP, ~~and~~ USD and PLN and two Business Days for JPY, CZK, DKK, HUF, NOK or SEK.

In case of FRA which are settled in advance or in arrears, the minimum period between the date of novation and the payment date must be at least one Business Day for EUR and PLN and two Business Days for CZK, DKK, HUF, NOK and SEK.

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

[...]

(b) The minimum period length of short Interest Rate Stub Periods is one day. The maximum period length for long Interest Rate Stub Periods for both, fixed rate payments under IRS in any eligible currency, and OIS is not restricted. The maximum period length for long Interest Rate Stub Periods is one year and one month for floating rate payments under IRS (including basis swaps) in EUR and under basis swaps in USD. For floating rate payments under IRS in CZK, DKK, HUF, ~~and~~ NOK and PLN, the maximum length for long Interest Rate Stub Periods is seven months and for floating rate payments under IRS (excluding

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basis swaps) in SEK the maximum length for long Interest Rate Stub Periods is four months.

- (c) For IRS floating payments, the floating rates for Interest Rate Stub Periods must be specified in the Trade Record submitted via the ATS as follows:

[...]

(bb) if a floating rate index tenor is specified, which is used for the fixing in respect of the Interest Rate Stub Period, the respective tenors. The following tenors (W = week(s), M = month(s), Y = year) are eligible:

[...]

(iii) in case the currency is NOK: 1W, 1M, 2M, 3M, 6M;

(iv) in case the currency is PLN: 1W, 2W, 1M, 3M, 6M;

(iv) in case the currency is SEK: 1W, 1M, 2M, 3M.

(vi) in case the currency is CZK or HUF: 1W, 2W, 1M, 2M, 3M, 6M.

[...]

- (7) Floating Amount

[...]

- (7a) Floating Rate Options

[...]

Floating Rate Options (minor currencies)
CZK-PRIBOR (also referred to as CZK-PRIBOR-PRBO);
DKK-CIBOR (also referred to as DKK-CIBOR-DKNA13); DKK-CIBOR2 (also referred to as DKK-CIBOR2-DKNA13); <u>DKK-DESTR-OIS Compound;</u>
HUF-BUBOR (also referred to as HUF-BUBOR-Reuters); [±]
[...]

For ZCIS, the following indices are eligible:

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Indices
FRCPIx (for ZCIS in trade currency EUR);
HICPxT (for ZCIS in trade currency EUR);
UK RPI (for ZCIS in trade currency GBP)

[...]

(7d) Fixing Day offset

[...]

(b) for IRS: -10 to 0 Business Days

[...]

(B): ~~EUR-EuroSTR-OIS Compound, GBP-SONIA-OIS Compound, JPY-TONA-OIS Compound, USD-SOFR-OIS Compound, USD-Federal Funds-OIS Compound~~: 0 Business Days.

(c) for FRAs:

(i) where settlement in advance is specified, for the floating leg referencing

[...]

(B) ~~EUR-EURIBOR, PLN-WIBOR~~: -10 to -1 Business Days;

(ii) where settlement in arrears is specified, -10 to 0 Business Days.

(8) Fixed Amounts

[...]

(8a) Delayed Payments

[...]

(a) for IRS:

(i) between 0 and 2 Business Days for legs referencing EUR-EURIBOR, CZK-PRIBOR, DKK-CIBOR, HUF-BUBOR, SEK-STIBOR, NOK-NIBOR, PLN-WIBOR,

[...]

(b) for OIS

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- (i) subject to (ii) and (iii), between 0 and 2 Business Days,
- (ii) between 1 and 2 Business Days for the legs referencing USD-SOFR-OIS Compound, USD-Federal Funds-OIS Compound, EUR-EuroSTR-OIS Compound, JPY-TONA-OIS Compound,
- (iii) 2 Business Days for the legs referencing DKK-DESTROIS Compound.

(c) for FRA: 0 Business Days, and

[...]

(10) Calculation periods

[...]

(b) for IRS: if the relevant rate is

[...]

- ii. CZK-PRIBOR, DKK-CIBOR, DKK-CIBOR2, HUF-BUBOR, NOK-NIBOR, PLN-WIBOR or SEK-STIBOR:

[...]

(c) for basis swaps: if the relevant floating rate is

[...]

- ii. CZK-PRIBOR, DKK-CIBOR, DKK-CIBOR2, HUF-BUBOR, ~~NOK-NIBOR~~ or PLN-WIBOR:

for both legs: quarterly, semi-annually, annually, zero coupon;

[...]

(11) Notional amount

The minimum notional amount must be (i) 0.01 for CHF, EUR, GBP, USD, CZK, DKK, NOK, ~~SEK~~ or PLN or (ii) 1.00 for JPY and HUF.

[...]

(13) Business Days

[...]

- (b) At least the specification of the following financial center(s) and/or terms is mandatory for the Interest Rate Derivative Transaction, further financial center(s) and/or terms may be added optionally as set out in limb (a):

Referenced floating rate index	FpML code of the mandatory financial center(s) and/or terms		
	For Payment Date	For Effective Date, Termination Date	For Fixing Days
EUR-EURIBOR	EUTA	EUTA	EUTA
DKK-CIBOR, DKK-CIBOR2, <u>DKK-DESTR-OIS Compound</u>	DKCO	DKCO	DKCO
[...]			
NOK-NIBOR	NOOS	NOOS	NOOS
<u>PLN-WIBOR</u>	<u>PLWA</u>	<u>PLWA</u>	<u>PLWA</u>
[...]			
JPY-TONA-OIS Compound	JPTO	JPTO	JPTO
<u>CHF-SARON-OIS Compound</u>	<u>CHZU</u>	<u>CHZU</u>	<u>CHZU</u>

(14) Business Day Convention

[...]

(iv) No Adjustment (which is ~~only not~~ supported in respect of the ~~Effective Payment~~ Date).

[...]

2.2 Product-related terms for Interest Rate Derivative Transactions

[...]

2.2.1 Payment Obligations

[...]

(3) Payments under the relevant Original Swap Transaction will not be owed under the relevant Swap Transaction and are not subject to these FCM Clearing Conditions in

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case these payments (i) are in CHF, EUR, GBP, ~~or~~ USD and PLN and were due on or before the day of novation or (ii) are in JPY, CZK, DKK, HUF, NOK or SEK and will become due on the next Business Day following the day of novation.

[...]

(5) The following additional primary payment obligations apply:

[...]

(b) A price alignment amount (“**Price Alignment Amount**” or “**PAA**”) shall be payable by the FCM Clearing Member or Eurex Clearing AG, as the case may be, together with the Variation Settlement Amount.

(aa) The Price Alignment Amount means the overnight interest paid or received on the cumulative Variation Settlement Amounts over the lifetime of the Interest Rate Derivative Transaction.

[...]

For CHF and PLN, PAA is defined as:

$$PAA(T) = - MtM_{exCF}(T-1) * ONR(T, T+1) * YF(T, T+1),$$

[...]

For T+2 currencies (JPY, CZK, DKK, HUF; NOK and SEK) the Variation Settlement Amount is settled on T+2 (in contrast to CHF, EUR, GBP, ~~and~~ USD, PLN where the Variation Settlement Amount is settled on T+1). The value of the Variation Settlement Amount instructed on T settles on T+2 and reflects the interest payment from T+1 to T+2. It is calculated as:

[...]

(bb) The relevant indices to determine the PAA are

[...]

(x) In case the currency is SEK then STIBOR T/N (the day-to-day fixing (known as the Tomorrow/Next (or T/N fixing)) of the rate for deposits in Swedish Krona known as the Stockholm Interbank Offered Rate);

(xi) In case the currency is PLN then WIBOR (Warsaw Interbank Offered Rate);

(xii) In case the currency is DKK then DESTB (Denmark Short Term Rate).

[...]

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2.2.5 Rates for calculating the Floating Amount

- (1) Subject to Number 1.8, when calculating the Floating Amounts, the applicable Relevant Rate will be determined by Eurex Clearing AG on the basis of the Floating Rate Option label (and Designated Maturity, where applicable) as specified in the Swap Trade Novation Report in accordance with the following matrix (the “**Floating Rate Matrix**”):

Floating Rate Option: label specified in the Swap Trade Novation Report	Category / style	Underlying index and index administrator	Designated Maturity	Fixing Time (unless specified otherwise in the Swap Trade Novation Report)	Fixing Day (unless specified otherwise in the Swap Trade Novation Report)	Floating Rate Day Count Fraction	Rounding
[...]							
DKK-CIBOR2 (or DKK-CIBOR2-DKNA13)	Category: Screen Rate Style: Term Rate	Index: Copenhagen Interbank Offered Rate Index Administrator: Danish Financial Benchmark Facility	Applicable	11:00, Copenhagen time	Two Copenhagen Business Days preceding the Reset Date	As specified in the Swap Trade Novation Report	
<u>DKK-DESTR-OIS Compound</u>	<u>Category: Calculated Rate</u> <u>Style: Compounded Floating Rate Option</u> <u>Compounding Method: OIS Compounding</u>	<u>Index: Denmark Short Term Rate</u> <u>Index Administrator: National Bank of Denmark</u>	<u>Not Applicable</u>	<u>10:00, Copenhagen time</u>	<u>One Copenhagen Business Day following the day "i"</u>	<u>As specified in the OTC Trade Novation Report</u>	<u>To the nearest one ten-thousandth of a percentage point (0.0001 %)</u>
[...]							
NOK-NIBOR (or NOK-NIBOR-NIBR, NOK-NIBOR-OIBOR)	Category: Screen Rate Style: Term Rate	Index: Norwegian Interbank Offered Rate (" NIBOR ") Index Administrator: Norske Finansielle Referanser AS	Applicable	12:00, Oslo time	2 Oslo Business Days preceding the Reset Date	As specified in the Swap Trade Novation Report	
<u>PLN-WIBOR</u>	<u>Category: Screen Rate</u>	<u>Index: Warsaw Interbank Offered Rate ("WIBOR")</u>	<u>Applicable</u>	<u>11:00, Warsaw time, with the exception of the overnight and</u>	<u>2 Warsaw Business Days</u>	<u>Actual/365 (Fixed)</u>	

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Floating Rate Option: label specified in the Swap Trade Novation Report	Category / style	Underlying index and index administrator	Designated Maturity	Fixing Time (unless specified otherwise in the Swap Trade Novation Report)	Fixing Day (unless specified otherwise in the Swap Trade Novation Report)	Floating Rate Day Count Fraction	Rounding
<u>(or PLN-WIBOR-WIBO)</u>	<u>Style: Term Rate</u>	<u>Index Administrator: GPW Benchmark S.A.</u>		<u>tomorrow/next rates for which the fixing time shall be 17:00, Warsaw time</u>	<u>preceding the Reset Date</u>		
[...]							

[...]
