

# Eurex Clearing Focus Call

OTC Clear Release 11.3 and 12.0

15 September 2021

# Support pages

All topics discussed in this call can be found on our website on our dedicated initiatives pages which contain up-to-date information and roadmaps, screencasts and FAQ:

- EurexOTC Clear Release 11.3 dedicated initiative page under the following link:  
[www.eurex.com/ec-en](http://www.eurex.com/ec-en) Support > Initiatives & Releases > EurexOTC Clear Releases > EurexOTC Clear Release 11.3
- EurexOTC Clear Release 12.0 dedicated initiative page under the following link:  
[www.eurex.com/ec-en](http://www.eurex.com/ec-en) Support > Initiatives & Releases > EurexOTC Clear Releases > EurexOTC Clear Release 12.0

# Agenda

- 1** Eurex Clearing release roadmap
- 2** 2021 ISDA Definitions
- 3** EONIA to €STR conversion
- 4** Transition of CHF, GBP and JPY Libor references to RfR
- 5** Netting enhancements
- 6** Additional topics
- 7** Q & A
- 8** Annexes

The background of the slide is an aerial photograph of a dark asphalt road that winds through a dense, lush green forest. The road curves in an S-shape, starting from the bottom left, curving to the right, then back to the left, and finally curving to the right again towards the top right. The trees are tall and thin, creating a textured green canopy.

# 1 Eurex OTC Clear Release Roadmap

# Eurex OTC Clear Roadmap 2021 and 2022 Q1-Q2



● Simulation start date    ● Production go-live

\*For further details on key dates for OTC, please have a look at slide 32

# 2 2021 ISDA Definitions

# Background: Eurex Clearing's offering for OTC transactions

- **Background:** At the inclusion of a bilateral OTC transaction into clearing by Eurex Clearing by way of novation, the Clearing Conditions (or FCM Regulations) apply to the cleared transaction. For cleared OTC IRD/XCCY transactions, the Clearing Conditions (and FCM Regulations) aim in principle to mirror the market standard set by ISDA to the extent feasible, in the context of cleared transactions, to align with the non-cleared OTC environment. Hence, the provisions of the Clearing Conditions (and FCM Regulations) for OTC IRD/XCCY transactions are currently broadly based on the 2006 ISDA Definitions.
- As announced in [circular 074/21](#), Eurex Clearing plans to support clearing of bilateral OTC IRD/XCCY transactions that are concluded based on the 2021 ISDA Definitions as of **4<sup>th</sup> October 2021**. Clearing of bilateral OTC IRD/XCCY transactions referencing the 2006 ISDA Definitions (as well as other master agreements such as the German Master Agreement) will be continued.

# 2021 ISDA Definitions: Eurex Clearing's Implementation

- Eurex Clearing plans to support clearing of bilateral OTC IRD/XCCY transactions that are concluded based on the 2021 ISDA Definitions as of **4<sup>th</sup> October 2021**.
- Clearing of bilateral OTC IRD/XCCY transactions referencing the 2006 ISDA Definitions (as well as other master agreements such as the German Master Agreement) **will be continued**.
- Eurex Clearing will maintain **fungibility of cleared transactions**, irrespective of whether they are submitted based on 2000 ISDA Definitions, 2006 ISDA Definitions, 2021 ISDA Definitions, the German Master Agreement or other contractual definitions.
- The **Clearing Conditions** (and FCM Regulations) **will be updated** to account for the changes introduced by the 2021 ISDA Definitions to the extent relevant for Eurex Clearing and feasible in the context of cleared transactions.
- **Floating Rate Options (FRO) labels**: Eurex Clearing will support both 2006 ISDA-based FRO labels as well as 2021 ISDA-based FRO labels to facilitate the transition phase for the Clearing Members.
- Eurex Clearing will not update the FRO labels of cleared **legacy transactions** to 2021 ISDA Definitions-based FRO labels at this stage.
- Eurex Clearing will **not change the current FpML version/structure**, but will simply show the “new” values (ISDA2021-based + new FRO labels) for transactions that reference the ISDA 2021 Definitions in the broadcast messages and reports.
- Period End Date/Termination Date adjustments for **Unscheduled Holidays** (as used Section 2.3.6 of the 2021 ISDA Definitions) will not be supported and will be discarded if specified in a Trade Record transmitted to Eurex Clearing. It is however clarified that, if the application of the Mod Following/Preceding Business Day Convention led to a day in the past for any payment date (due to a short holiday announcement period), the respective payment obligation is instead moved to the next good business day.



# 3 EONIA to €STR conversion

# EONIA Transition at Eurex Clearing

## Key elements of the EONIA/€STR conversion

- ❑ **Timeline:** Friday 15 October / the following weekend (aligned across cleared markets)
- ❑ **Two dress rehearsals** around 17 Aug 2021 and 31 Aug 2021 already completed with indicative **conversion reports** already available in Production
- ❑ **Economics of replacement trade:** conversion to €STR flat (no added spread), preservation of fixed leg
- ❑ **Legal treatment:** “Trade Amendment”
- ❑ **Operation processing:** Cancel (termination) and rebook (replacement) via a post trade event “RateIndexConversion” on Saturday 16 October
- ❑ **Cash compensation:** booked as an upfront fee on the €STR replacement trade with settlement Tuesday 19 October 2021, net with all other EUR settlements on that day, calculated as-of Conversion Friday EOD
- ❑ **Trades in scope:** all EONIA referencing OIS or basis swaps that are live on the date of conversion
- ❑ **Contractual definitions** of original trade preserved
- ❑ **Netting Sync with MarkitWire** on Saturday 16 October
- ❑ **No conversion** or **booking fees** apply
- ❑ **Clearing eligibility cut-off date:** SOD Monday 18 October 2021 no EONIA-referencing trades will be accepted for clearing

# EONIA Transition at Eurex Clearing

## Overview of conversion process

Time	Process step
Friday SOD	Disallow any PTEs for all EUR denominated trades until Tuesday SOD
Friday EOD	Snap EOD market data (€STR OIS quotes, EURIBOR par swap quotes) to be used for curve constructions.
	Run the current EOD process for valuations, i.e. the Friday EOD batch using EONIA coupons. Use the conversion transparency report CC350 per Friday EOD to fix the compensation fees on a trade level
Saturday	Terminate all OTCClear trades referencing EONIA via a PTE <i>RateIndexConversion</i> . Create an €STR replacement trade for each EONIA trade. Attach an (upfront) compensation fee to each €STR trade with settlement for the fee Tuesday SOD
	Synchronize all terminated and new trades with MarkitWire via a Netting Synchronisation
	Generate one-off reports CC350, CD200, CB201 and CB202 (with a timestamp Saturday 16 October 2021)
Monday SOD	Disallow Netting
	Run margining and valuation processes using the new €STR trades
Tuesday SOD	Settle the compensation fees at the same time and via the same process all EUR based payments are handled
	Allow PTEs of EUR denominated trades and Netting

# EONIA Transition at Eurex Clearing

## Conversion transparency reports offered for EONIA to €STR conversion

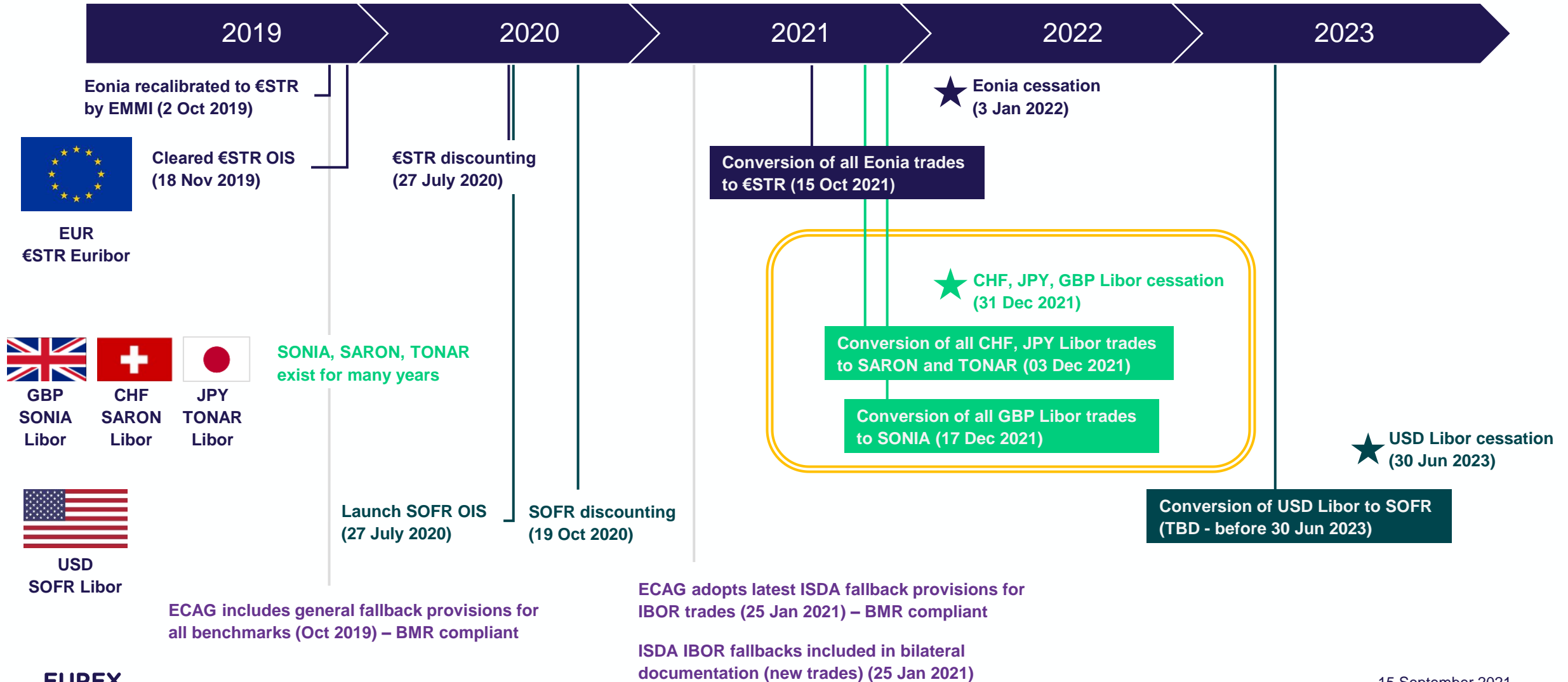
ID	Report name	Publication dates	File Delivery /Format	Description
CB201	Trade Daily Summary Report	Conversion Saturday 16 October 2021	Common Report Engine / xml	Terminated & newly created from conversion only trades
CB202	Trade Inventory Report	Conversion Saturday 16 October 2021	Common Report Engine / xml	Terminated & newly created from conversion trades plus all other active trades unaffected by the conversion
CC350	Trade Conversion Transparency Report	Daily (bus) EOD, final report conversion Saturday 16 October 2021	Common Report Engine / csv	The report shows NPV change and cash compensation on a trade level. The final report on conversion Saturday will contain the TradeIDs and UTIs of the replacement trade.  The report is available Production since 23 August 2021
CD200	Cash Forecast Report for OTC IRS	Conversion Saturday 16 October 2021	Common Report Engine / xml	The report will include only the mandatory cash compensation fee
CC333	IRS Zero Rate Sensitivity Shadow Report	Daily (bus) EOD until Friday 15 October	Common Report Engine / csv	The report displays the zero-rate sensitivity of the replacement trades split into maturity buckets  The report will be available in Production since 23 August 2021

### FAQ on Common Report Engine (CRE):

- For queries about report availability, access or report paths, members should contact [cts@deutsche-boerse.com](mailto:cts@deutsche-boerse.com)
- CRE info on Eurex Clearing website: <https://www.eurex.com/clearing-en/transaction-management/reporting>
- CRE User Guide: [https://www.eurex.com/resource/blob/240008/3c18ef9b8d687f3a04696b8c6a5a7b0f/data/Common\\_Report\\_Engine\\_User\\_Guide\\_V68.pdf](https://www.eurex.com/resource/blob/240008/3c18ef9b8d687f3a04696b8c6a5a7b0f/data/Common_Report_Engine_User_Guide_V68.pdf)

# 4 Transition of CHF, GBP and JPY Libor references to RfR

# Benchmark and IBOR milestones



# Libor Transition at Eurex Clearing

## Key elements of the Libor conversion

### ❑ Timeline (aligned across cleared markets):

- ✓ CHF and JPY Libor: 3 December / the following weekend
- ✓ GBP Libor: 17 December / following weekend

### ❑ Two dress rehearsals around **19 October 2021** and **09 November 2021** for all three currencies planned

### ❑ Trades in scope: all Libor referencing IRS or basis swaps in CHF, JPY and GBP trades requiring a reset after index cessation effective date

### ❑ Out of scope trades:

- ✓ Libor referencing trades in CHF, JPY and GBP with final reset before index cessation
- ✓ FRAs: Eurex Clearing ceased clearing FRAs in May 2021
- ✓ OTC trades in other currencies

### ❑ Economics of the replacement RfR swap

- ✓ Spread adjustment: ISDA fixed spread adjustment on floating leg (no rounding)
- ✓ Observation period: No shift (vs. observation period shift for ISDA fallbacks)
- ✓ Payment date offset: Payment lag on floating leg where applicable (2D for CHF/JPY, 0D for GBP), no payment lag on fixed leg
- ✓ Libor fixing: wherever necessary, Eurex Clearing will book up to two overlay swaps additional to the RfR replacement swap (3 swaps in total) in order to preserve Libor fixings ahead of index cessation

### ❑ Pricing in line with ISDA fallbacks introduced with Release 12.0 and used for calculating compensation fees

### ❑ Contractual definitions of original trade preserved

# Libor Transition at Eurex Clearing

## Key elements of the Libor conversion (cont'd)

- ❑ **Legal treatment:** “Trade Amendment”
- ❑ **Operation processing:** Cancel (termination) and rebook (replacement) via post trade event “*LiborConversion*” on Conversion Saturday
- ❑ **Cash compensation for a PV difference to today** mitigated by adding a compensation fee attached as an upfront fee (or termination fee if no replacement trade) to the full maturity RfR OIS replacement swap / shorten maturity basis swap with settlement:
  - ✓ CHF: Tuesday 7 December
  - ✓ JPY: Wednesday 8 December
  - ✓ GBP: Tuesday 21 December
- ❑ **Value Transfer** and compensation fees: calculated as-of Conversion Friday EOD
- ❑ **Netting Sync with MarkitWire** on Saturday
- ❑ **Clearing eligibility cut-off dates:**
  - ✓ SOD Monday 06 December 2021: CHF and JPY Libor-referencing trades
  - ✓ SOD Monday 20 December 2021: GBP Libor-referencing trades
- ❑ Indicative **conversion reports** available in Production daily from 18 October (in Simulation from 01 September)
- ❑ **No forced pre-compression, conversion or booking fees** apply



# Libor Transition at Eurex Clearing

## Trade Scenarios

<b>Forward start IRS Swap (first reset after index cessation effective date)</b>	Single replacement trade: Full maturity replacement RfR OIS with cash compensation attached as upfront fee, no overlay swaps
<b>Fixed Float IRS (Non-compounded)</b>	<p>Three replacement trades:</p> <ol style="list-style-type: none"> <li>1. Full maturity RfR OIS, with cash compensation attached as upfront fee</li> <li>2. Shortened maturity* RfR OIS with mirrored fixed leg to the shortened maturity Libor IRS (trade 3)</li> <li>3. Shortened maturity* Libor IRS</li> </ol> <p>*For trades 2 and 3, the swap Maturity Date will be the end of the last Libor floating coupon that fixes before index cessation effective date and both trades will have 0% fixed coupon</p>
<b>2: Fixed Float IRS (Compounded, Zero coupon)</b>	<p>Three replacement trades:</p> <ol style="list-style-type: none"> <li>1. Full maturity RfR OIS, with cash compensation attached as upfront fee</li> <li>2. Shortened maturity* RfR OIS with mirrored fixed leg to the shortened maturity Libor IRS (trade 3)</li> <li>3. Shortened maturity* Libor IRS</li> </ol> <p>*For trades 2 and 3, the swap Maturity Date will be the end of the last Libor floating coupon that fixes before index cessation effective date and both trades will have 0% fixed coupon</p> <p>If a compounding period requires Libor fixing post index cessation effective date, this entire period will be replaced in the full maturity RfR OIS trade with compounded RfR + spread adjustment. For compounding with a zero coupon pay frequency, the replacement trade compounds over the whole calculation period. Currently, Eurex Clearing has no open interest in such type of trades.</p>
<b>3: Basis Swap Non-compounded</b>	Single replacement trade: Shortened maturity Libor basis swap, with cash compensation attached as upfront fee. Each floating leg will have its final cash flow at the end of the last respective Libor floating coupon that fixes before index cessation effective date.
<b>4: Basis Swap comp. / having stubs / Forward start with first reset after index cessation effective date</b>	Terminate with termination fee and no replacement trade
<b>5: FRA</b>	N/A

# Libor Transition at Eurex Clearing

## Conversion transparency reports offered for Libor to RfR conversions

ID	Report name	Publication dates	File delivery / Format	Description
CB201	Trade Daily Summary Report	Conversion Saturday (4 Dec. / resp. 18 Dec.)	Common Report Engine / xml	Terminated & newly created from conversion only trades
CB202	Trade Inventory Report	Conversion Saturday (4 Dec. / resp. 18 Dec.)	Common Report Engine / xml	Terminated & newly created from conversion trades plus all other active trades unaffected by the conversion
CC350	Trade Conversion Transparency Report	Daily (bus) EOD and one-off versions on Conversion Saturdays	Common Report Engine / csv	The report shows NPV change and cash compensation on a trade level. A one-off version on a conversion Saturday will contain the TradeIDs and UTIs of the replacement trade(s).  The report will be available from 18 October 2021.
CB301	Trade Daily Summary Shadow Report	Daily (bus) EOD	Common Report Engine / xml	Contains all trades that have been created as replacement trades of original LIBOR trades as if the date of the creation of the report is the conversion date.  The report will be available from 18 October 2021.
CD200	Cash Forecast Report for OTC IRS	Conversion Saturday (4 Dec. / resp. 18 Dec.)	Common Report Engine / xml	Includes only the mandatory cash compensation fees.
CC333	IRS Zero Rate Sensitivity Shadow Report	Daily (bus) EOD	Common Report Engine / csv	Displays the zero-rate sensitivity of the replacement trades split into maturity buckets  The report will be available from 18 October 2021.

# 5 Netting Enhancements

# Netting Enhancements: Summary

## Enhancement I (Rate Blending)

- Current
  - Only possible to blend two different fixed rate trades per netting run
  - Longer time required for compressing the portfolio
- Enhancement
  - Remove restriction of two fixed rates per cycle
  - All nettable trades are blended together in one cycle
  - Blending run only breaks in case of exceptions

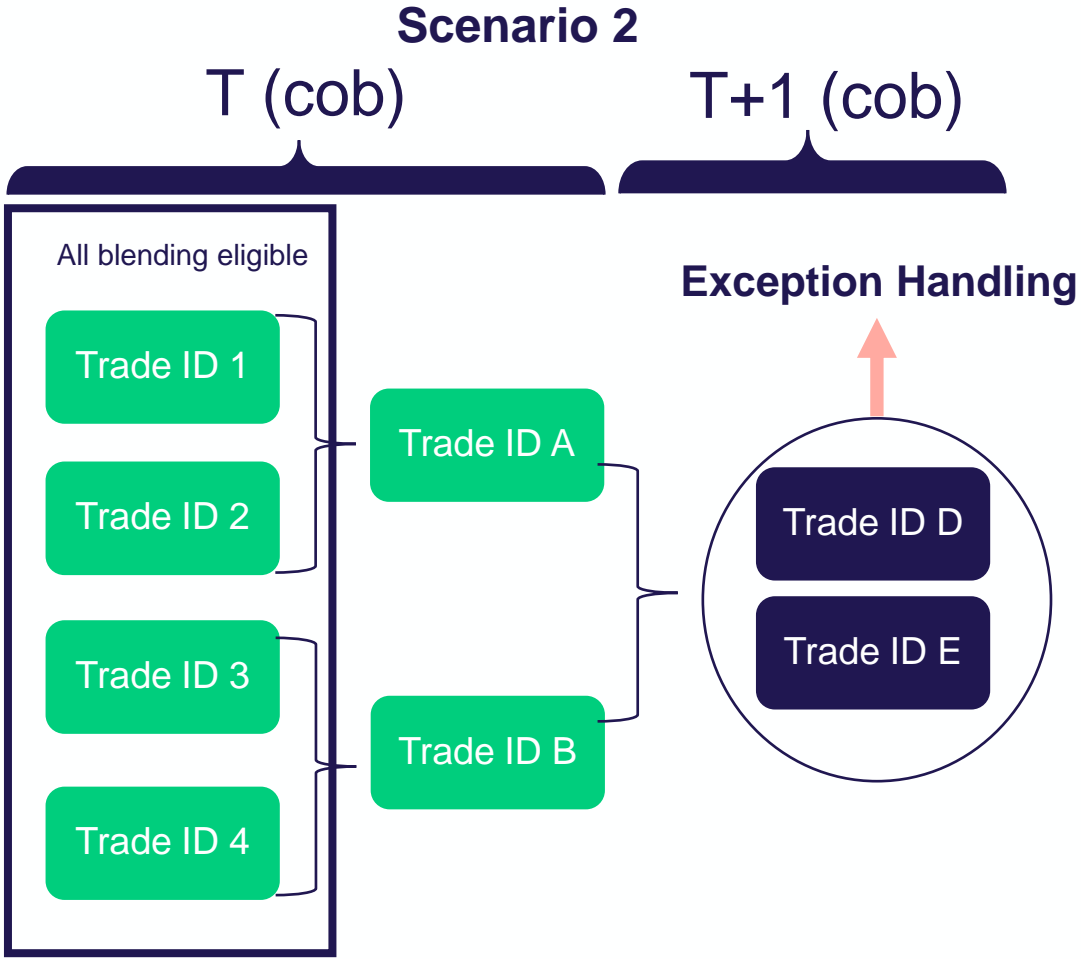
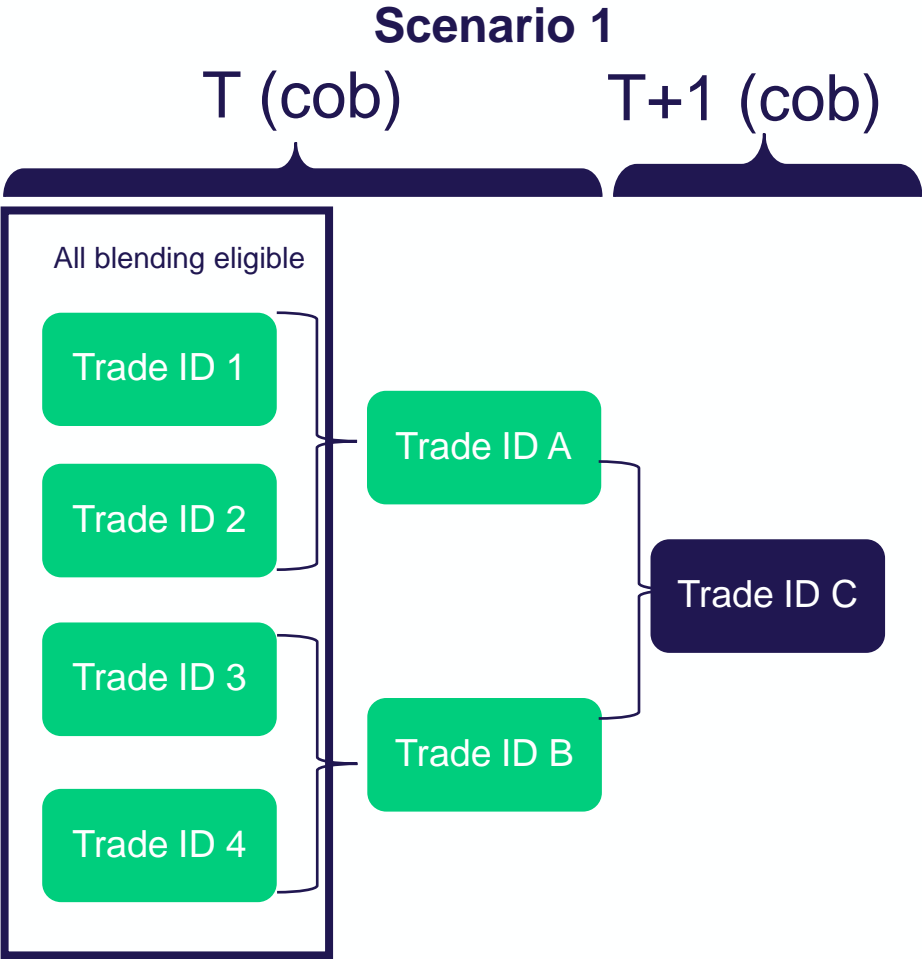
## Enhancement II (Reporting)

- New simplified CSV Netting Portfolio Forecast Report
- Netting Reports will be made available multiple times intraday – 10:00, 14:00 and 18:00 in addition to existing 21:00 report
- Introduction of preNettingID which will also be available in the OTC Clear GUI on trade level

## Enhancement III (OTC Clear GUI)

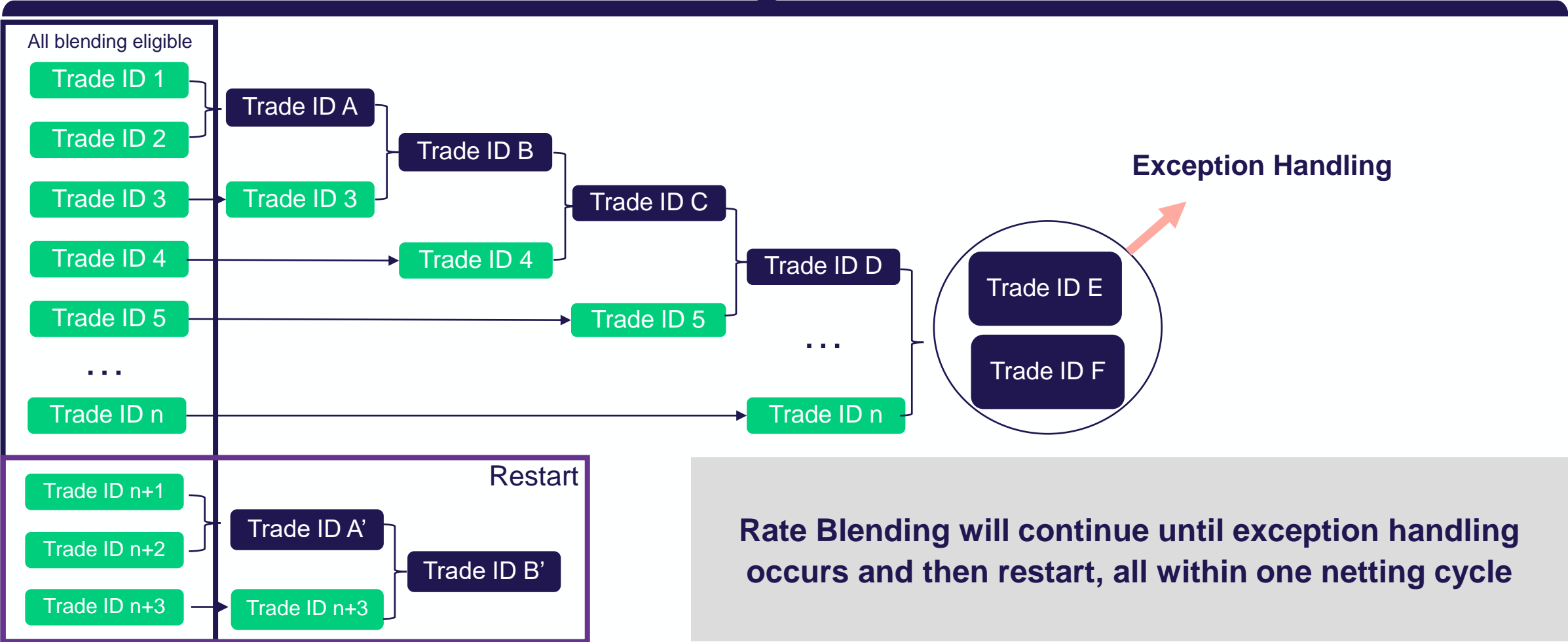
- Members can run adhoc check on their cleared trades
- Realtime outcome of results
- Upfront analysis as to why a set of trades do not net
- Netting results downloadable
- Netting string assignment enhanced
- Apply strings to multiple trades at once
- Assign system generated netting strings

# Netting Enhancements: Rate Blending – Status Quo



# Netting Enhancement: Rate Blending - Envisaged

One Cycle



Rate Blending will continue until exception handling occurs and then restart, all within one netting cycle

# Netting Enhancement: Rate Blending – Exception Handling

If two blending eligible trades cannot be blended into one trade. Overall notional will still be reduced, but number of line items stays the same.

- Min Notional: 100 (excl. JPY )
- Min Fixed Rate: +/- 20%
- Allowed Cash Flow Deviation: 1

## Case 1: Inadmissible Fixed Rate

- Blended Fixed Rate has too many fractional digits  
→ **Rate Split Algorithm**

Type	Notional	Rate
Fixed Payer	11 Mio.	3 %
Fixed Receiver	2 Mio.	1 %
Fixed Payer	9 Mio.	3.444444.... %

## Case 2: Fixed Rate too high

- Blended Swap has higher coupon than admissible  
→ **Exception Handling Algorithm**

Type	Notional	Rate
Fixed Payer	15 Mio.	4%
Fixed Receiver	14 Mio.	1%
Fixed Payer	1 Mio.	46 %

## Case 3: Notional too small

- Notional of blended swap is too small  
→ **Exception Handling Algorithm**

Type	Notional	Rate
Fixed Payer	11 Mio.	3%
Fixed Receiver	10,97 Mio.	2.97%
Fixed Payer	30,000	13.97 %

# Netting Enhancement – New Simplified Netting Forecast Report in CSV (Processed)

ACCOUNT_NAME	PRE_NETTING_ID	GROSS_CCP_TRADE_ID	GROSS_NOTIONAL	GROSS_FIXED_RATE_AMOUNT	GROSS_FIXED_LEG_DIRECTION	REMNANT_CCP_TRADE_ID	REMNANT_NOTIONAL	REMNANT_FIXED_RATE_AMOUNT	REMNANT_FIXED_LEG_DIRECTION	CURRENCY	PRODUCT_TYPE	LEVEL_APPLIE	HIGHEST_NETTING_LEVEL
MNOHB_SMBC	1315272					-11	2,000,000	0.03	Rec	EUR	PV-IRS	3	3
MNOHB_SMBC	1315272									EUR	PV-IRS	3	3
MNOHB_SMBC	1315272	1315276	2,000,000	0.01	Pay					EUR	PV-IRS	1	3
MNOHB_SMBC	1315272	1315272	1,000,000	0.01	Rec					EUR	PV-IRS	1	3
MNOHB_SMBC	1315272									EUR	PV-IRS	3	3
MNOHB_SMBC	1315272	1315283	2,000,000	0.02	Rec					EUR	PV-IRS	-2	3
MNOHB_SMBC	1315272	1315280	1,000,000	0.02	Rec					EUR	PV-IRS	-2	3
UVWCH_P	1					-14	1,000	0.01	Rec	EUR	PV-IRS	3	3
UVWCH_P	1	17	1,000	0.01	Pay					EUR	PV-IRS	3	3
UVWCH_P	1									EUR	PV-IRS	3	3
UVWCH_P	1	13	1,000	0.01	Pay					EUR	PV-IRS	3	3
UVWCH_P	1									EUR	PV-IRS	3	3
UVWCH_P	1	9	1,000	0.01	Pay					EUR	PV-IRS	3	3
UVWCH_P	1									EUR	PV-IRS	3	3
UVWCH_P	1	5	1,000	0.01	Pay					EUR	PV-IRS	3	3
UVWCH_P	1	1	1,000	0.01	Pay					EUR	PV-IRS	3	3
UVWCH_P	2					-8	1,000	0.01	Rec	EUR	PV-IRS	3	3
UVWCH_P	2					-9	1,000	0.01	Rec	EUR	PV-IRS	3	3
UVWCH_P	2	10	1,000	0.01	Pay					EUR	PV-IRS	3	3
UVWCH_P	2									EUR	PV-IRS	3	3
UVWCH_P	2	6	1,000	0.01	Pay					EUR	PV-IRS	3	3
UVWCH_P	2	2	1,000	0.01	Pay					EUR	PV-IRS	3	3

## Report Interpretation

**PRE\_NETTING\_ID: 1315272**  
 Trades 1315280 and 1315283 are accumulated at level 2. Result is intermediate trade id -10  
 Trades 1315272 and 1315276 are netted at level 1. Result is intermediate trade id -5  
 Trades -5 and -10 are blended at level 3. Final Result is Remnant trade id -11

Row Labels	Count of GROSS_CCP_TRADE_ID	Sum of GROSS_NOTIONAL	Count of REMNANT_CCP_TRADE_ID	Sum of REMNANT_NOTIONAL
MNOHB_SMBC	4	6,000,000	1	2,000,000
EUR	4	6,000,000	1	2,000,000
UVWCH_P	8	8,000	3	3,000
EUR	8	8,000	3	3,000
Grand Total	12	6,008,000	4	2,003,000

	Absolute	Percentage
Notional Reduction	4,005,000	67%
Trade Count Reduction	8	67%



# Netting Enhancement: Netting String Assignment

Possibility to select one or multiple trades with or without pre-netting IDs in the Trade Search Results table for netting string assignment

Netting String field is modifiable. It is prefilled with the Pre-Netting ID from the most recent forecast run or, if available, with the current netting string

In the table edit section, a new netting string can be entered or selected from the drop-down list

Netting string can be assigned to all trades at once

Trade Transfer Trade Amendment Account Transfer **Assign Netting Strings** Termination PTE rejection Netting Forecast

Page 1 of 1 20 Displaying 1 - 4 of 4 Modify table Download CSV Download FPML Download MC Download MC FX Download MC XCCY

CCP Trade ID	Product Description	Book	Netting ID	Pre-Netting ID	Trade Status	Event Status
1328629	SWAP / 2024-02-09 / P: 0.00300000 / R: EONIA / 100,000,000.00 EUR	ABCFR_P		1	VERIFIED	
1328625	SWAP / 2024-02-09 / P: 0.00300000 / R: EONIA / 100,000,000.00 EUR	ABCFR_P			VERIFIED	
1315871	SWAP / 2031-03-17 / P: LIBOR / 3M / R: 0.01000000 / 1,000,000.00 USD	ABCFR_P		2	VERIFIED	
1277497	SWAP / 2025-12-08 / P: 0.01200000 / R: EURIBOR / 6M / 500,000.00 EUR	ABCFR_P		2	VERIFIED	

**Netting String Assignment**

**Confirm**

Table edit

Reset Apply Netting String:

CCP Trade ID	Netting String	Pre-Netting ID	New Netting String
1328629	ACC=P	1	1
1328625	ACC=P		ACC=P
1315871	ACC=P	2	2
1277497	ACC=P	2	2

# Netting Enhancement: Netting Forecast Functionality

The new Netting Forecast window allows the user to simulate netting runs for the selected trades.

Trades can be submitted via Cleared Trades tab or via CSV File Upload

There is no limit to the number of trades which can be processed with the netting forecast requests

Forecast view displays the most relevant columns of the forecast results.

Comparison view shows all trades with different netting parameter columns.

The screenshot shows the 'Netting' tab selected in the top navigation bar. Below it, the 'Netting Forecast' sub-tab is active. The interface includes a 'CSV File Upload' section with a 'Browse...' button and a file path 'C:\fakepath\NettingStrings\_20210226.csv,116 bytes'. There are buttons for 'Create Netting Forecast' and 'Template'. The 'Filter Netting Results' section contains dropdown menus for 'Trade ID' (set to '-'), 'Book' (set to 'ABCFR\_P'), and 'Netting Result' (set to 'Nettable'). It also has radio buttons for 'Forecast View' (selected) and 'Comparison View', along with 'Filter' and 'Clear' buttons. Below the filters are buttons for 'Download View', 'Download Full Results', 'Compare Selection', and 'Assign Netting Strings'. A pagination bar shows 'Page 1 of 10' and 'Displaying 1 - 100 of 996'. The 'Netting Forecast Results' table is displayed below, with columns for CCP Trade ID, Book, Forecast Netting ID, Netting String, Netting Result, Netting Type, Max Netting Level, and Description.

CCP Trade ID	Book	Forecast Netting ID	Netting String	Netting Result	Netting Type	Max Netting Level	Description
7	ABCFR_P	1		Nettable	Full		
8	ABCFR_P	1		Nettable	Full		
9	ABCFR_P	1		Nettable	Full		
10	ABCFR_P	1		Nettable	Full		
11	ABCFR_P	1		Nettable	Full		

# 6 Additional topics

# Clearing Eligibility Checker



The Clearing Eligibility Checker is a GUI tool to allow members to validate the trade economics according to the trade loading eligibility criteria defined by Eurex OTC Clear Service for the OTC products.

## Following subproducts are supported:

- IRS (Interest Rate Swap)
- FRA (Forward Rate Agreement)
- OIS (Overnight Index Swap)
- ZCIS (Zero Coupon Inflation Swap)
- Basis Swap

The screenshot shows the 'Clearing Eligibility Checker' interface. At the top, there are navigation tabs: 'Trade / Portfolio Upload', 'Results', 'Template Download', and 'Clearing Eligibility Checker' (which is highlighted with a red circle). Below the tabs is a green header bar labeled 'Compose New Deal'. The main form area is divided into several sections. On the left, there is a 'Product List' dropdown menu currently showing 'IRS' and a list of options: 'FRA', 'OIS', 'ZCIS', and 'Basis Swap'. Below this, there are input fields for 'Currency:' (set to 'FRA'), 'Pay' (set to '1,000,000'), 'Value in %' (set to '30/360'), and 'Payment Frequency' (set to '6M'). To the right, there are fields for 'Rec' (set to '1,000,000'), 'Roll Dates' (set to '6M'), 'Holidays' (set to 'ACT/360'), and 'Payment Frequency' (set to '6M'). Further right, there are checkboxes for 'Zero Coupon(Fixed):' and 'Zero Coupon(Float):', both of which are unchecked. Below these are 'Start Date:' (set to '23-07-2021') and 'End Date:' (set to '23-01-2022'). At the bottom left of the form, there are 'Validate' and 'Clear' buttons.

# Functional Changes relevant for OTC IRS



## TriOptima - Client Compression

Multilateral Risk-constrained Client Compression including of end clients into existing compression cycles for EurexOTC Clear Members will be introduced. This enhancement will allow Clearing Member to include client accounts alongside with house accounts. With OTC Release 12.0, technical readiness of TriOptima client compression will be achieved. Service go-live of the functionality will be announced before the relevant TriOptima compression cycle.

## Changes in the Product Scope

Starting from Monday 6 December 2021 and respectively Monday 20 December 2021, OTCClear trades referencing Floating Rate Options as mentioned in the table below, will no longer be eligible for clearing.



Floating Rate Options	No longer clearing eligible starting from
CHF-LIBOR-BBA	6 December 2021
JPY-LIBOR-BBA	6 December 2021
GBP-LIBOR-BBA	20 December 2021

# Other GUI Changes

## OTC GUI Changes



### **Download Buttons are replaced by a Download Window**

In the Cleared and Bilateral Trades windows the existing download buttons will be replaced by a single download button which gives access to the new Download window. The existing download functions are displayed in a list from which the user may select an option for download. Further a new option to download FpML information in CSV format will be introduced.



### **Enhancement of the PTE Authorization Process**

The PTE authorization process on the Cleared Trades window will be enhanced. Up to 100 trades can be selected and displayed in the corresponding PTE authorization window. The selected trades can be authorized in one go.

# Report Changes\*



## Additional CI201 report for portfolio transfer trades

- New tag "Portfoliold" is visible in the CI201 Intraday Trade Daily Summary Report which is generated after a successful portfolio transfer.



## TriOptima – Client Compression

- Changes in the CB204 Compression Fee Breakdown Report will be implemented.
- "PTE" field will have new value "Compression" in reports: CB200, CB201, CB202, CI280, CI205, CC205, CI206, CI207, CC207, CI203, CC203, CD200



## Bunched Order Identifier

- The new element bunched order identifier will be visible in the following member reports: Trade Novation Reports (CI200/CB200), Trade Daily Summary Reports
- CI201/CB201 and Full Inventory reports CB202/CB207. The element will be displayed with the xml tag "bunchedOrderld".

\*For further details please refer to the **EurexOTC Report Manual for OTC Release 12.0**, which has been published in the Member Section.

# Summary: Upcoming Key OTC dates in 2021

Starting to accept transactions for clearing with ISDA 2021 Definitions

**Production switch of EONIA/€STR (OTC Release 11.3)**

For transactions referencing CHF, GBP and JPY LIBOR to risk-free rates (RfR)

**OTC Release 12.0**

- CHF and JPY LIBOR executed over 3 December
- GBP LIBOR executed over 17 December



**4 Oct**

**18 Oct**

**1. 19 - 21 Oct  
2. 9 - 11 Nov**

**22 Nov**

**3 Dec and 17 Dec**



**Implementation of ISDA 2021 Definitions**



Single-Step Conversion with Cash Compensation to €STR-flat



**Dress-rehearsal of CHF, JPY and GBP LIBORs conversion**



Service go-live date of OTC Release 12.0



**CHF, JPY and GBP LIBORs conversion**



# 7 Q & A

# 8 Annexes

# FAQs

## Access to referred reports and Simulation environment

How can a client access the OTC GUI (Simu)?

- Members should request access via their dedicated Key Account Manager or address [client.services@eurex.com](mailto:client.services@eurex.com).
- The key account manager can also provide an overview of which persons within the member entity already have access.
- OTC GUI password reset queries should be addressed to [clearingdata@eurex.com](mailto:clearingdata@eurex.com)

How can a member access the reports addressed in the EONIA, and CHF, JPY and GBP LIBORs conversion operational manual?

- Reports are available on the Common Report Engine
- For queries about report availability, access or report paths, members should contact [cts@deutsche-boerse.com](mailto:cts@deutsche-boerse.com)

How can a member upload trades to the UAT environment?

- Eurex Clearing cannot upload trades on behalf of a member into the UAT environment or mirror the production trades.
- Members can submit trades as usual using any of the approved trade sources e.g. MarkitWire, Bloomberg or Tradeweb.
- MarkitWire has a bulk upload functionality where multiple trades can be sent for clearing. Members are encouraged to contact MarkitWire directly about how to use this functionality.

Do members need to provide the open positions that will be used for the dress rehearsal?

- Yes, all open CHF, JPY and GBP positions referencing CHF, JPY and GBP LIBORs at the time of the switch in the UAT environment will be considered.

How to register for Member section and find relevant booklets for the conversion?

- Members can register for access to the member section on <https://membersection.deutsche-boerse.com/>. The most recent versions of our manuals and other documents can be found here.
- The document "Eurex Clearing - Libor Trade Conversion Booklet" is available [here](#).
- The document "Eurex Clearing - EONIA Trade Conversion Booklet" is available [here](#).

# Implementation Details of 2021 ISDA Definitions 1/3

## Clearing of new Trades

Pre-Novated Trade	Novated Trade
ISDA 2006 + Legacy FRO e.g. "EUR-EURIBOR-Reuters"	ISDA2006-based and Legacy FRO e.g. "EUR-EURIBOR-Reuters"
ISDA 2006 + New FRO e.g. "EUR-EURIBOR"	ISDA2021-based and New FRO e.g. "EUR-EURIBOR"
ISDA 2021 + New FRO e.g. "EUR-EURIBOR"	ISDA2021-based and New FRO e.g. "EUR-EURIBOR"
ISDA 2021 + Legacy FRO e.g. "EUR-EURIBOR-Reuters"	ISDA2021-based and New FRO e.g. "EUR-EURIBOR"

## Treatment of Master Agreements & Contractual Definitions for novated trades

- The FRO label is based on the value of the Contractual Definitions of the novated trade.
- If the Contractual Definitions are "ISDA2021-based", then the new FRO label (e.g. "EUR-EURIBOR") will be used.
- If the Contractual Definitions are "ISDA2006-based", then the old FRO label (e.g. "EUR-EURIBOR-Reuters") will be used.

"Contractual Definitions" of prenovated trade	"Master Agreement" of prenovated trade	"Contractual Definitions" of novated trade	"Master Agreement" of novated trade
ISDA2021 or ISDA2000	any value other than DRV or DERV	ISDA2021-based	
ISDA2000, ISDA2006 or ISDA2021	DRV or DERV	DRV-based	ECAG_CC*
ISDA2006, ISDA2006Inflation or ISDA2008Inflation	any value other than DRV or DERV	ISDA2006-based	

\* Once bilateral trades are novated, the Master Agreement of the cleared trade is always populated with the term "ECAG\_CC" to reflect the validity of the Eurex Clearing Conditions regardless of the value in field "Master Agreement" of the bilateral (prenovated) trade.

# Implementation Details of 2021 ISDA Definitions 2/3

## Portfolio Compression

- Remnant/new trade will have the Contractual Definitions and FRO of the original trade.

Original Trade	Remnant/New Trade
ISDA2006-based + Legacy FRO e.g. "EUR-EURIBOR-Reuters"	ISDA2006-based and Legacy FRO e.g. "EUR-EURIBOR-Reuters"
ISDA2021-based + New FRO e.g. "EUR-EURIBOR"	ISDA2021-based and New FRO e.g. "EUR-EURIBOR"

## Post Trade Events e.g. Trade Transfer, Account Transfer, Portfolio Transfer

## Reports

- FRO label is populated in the FpML tag "floatingRateIndex" of broadcast messages and reports\*.
- No changes to field names or report structure.
- FRO label is based on the value of the Contractual Definitions of the novated trade.

## Broadcast Messages

Contractual Definitions	FRO label
If Contractual Definitions are "ISDA2021-based"	new FRO e.g. "EUR-EURIBOR" will be populated
If Contractual Definitions are "ISDA2006-based"	old FRO e.g. "EUR-EURIBOR-Reuters" will continue to be populated

\* Reports including FpML trade details: CB202/CB207, CD202, CD203, CD204, CI200/CB200, CI201/CB201, CI205/CC205, CI206, CI207/CC207. Please see Appendix for more details.

# Implementation Details of 2021 ISDA Definitions 3/3

## Netting and Accumulation

- FRO label is based on the value of the Contractual Definitions of the new/remnant trade.
- New trade will have the Contractual Definitions based on the following logic:

### Netting Level 1 (Basic) & 2 (Fee)

#### Scenario 1: 2 gross trades are netted

- The field “Contractual Definitions” of the new trade is always populated with the value of the field “Contractual Definitions” of the gross trade with the bigger notional.
- However, if one of the gross trades has “ISDA2021-based” as “Contractual Definitions”, then the field “Contractual Definitions” of the new trade is always filled with “ISDA2021-based”.

#### Scenario 2: More than 2 gross trades are netted

- If all gross trades have the same value in field “Contractual Definitions”, then the new trade will have this value as well (e.g. “ISDA2021-based”, “ISDA2006-based” or “DRV-based”).
- If one of the gross trades has “ISDA2021-based” as “Contractual Definitions”, then the field “Contractual Definitions” of the new trade is always filled with “ISDA2021-based”.
- If the gross trades only reference to “ISDA2006-based and “DRV-based” in the “Contractual Definitions”, then the field “Contractual Definitions” of the new trade is always filled with “ISDA2006-based”.

### Netting Level 3 (Rate Blending) and Accumulation Level 1-3\*

- If all gross trades have the same value in field “Contractual Definitions”, then the new trade will have this value as well (e.g. “ISDA2021-based”, “ISDA2006-based” or “DRV-based”).
- If one of the gross trades has “ISDA2021-based” as “Contractual Definitions”, then the field “Contractual Definitions” of the new trade is always filled with “ISDA2021-based”.
- If the gross trades only reference to “ISDA2006-based and “DRV-based”, then the field “Contractual Definitions” of the new trade is always filled with “ISDA2006-based”.

\* Unlike Netting Level 1 & 2, the value of the field “Contractual Definition” of the accumulated or netted (Level 3) trade(s) are independent on the number of gross trades.

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