

Pillar 3 Disclosure Report of Eurex Clearing AG

Disclosures as of 30 June 2024

Semi-Annual Pillar 3 Disclosure Report of Eurex Clearing AG 2024

According to Part 8 of Regulation (EU) No. 876/2019 (Capital Requirements Regulation, CRR II) and No. 575/2013 (Capital Requirements Regulation CRR) in conjunction with § 26a German Banking Act (Kreditwesengesetz, KWG).

September 2024

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Eurex Clearing AG September 2024

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1. Introduction

1.1. Regulatory framework

In December 2010, the Basel Committee on Banking supervision published the global regulatory framework on capital and liquidity, commonly known as Basel III, a set of standards aiming at strengthening the stability and resilience of the banking system.

The Basel framework consists of three mutually reinforcing pillars, as outlined below.

- Pillar I concerns the minimum quantitative (capital) requirements related to credit, operational and market risks
- Pillar II requires banks to integrate the risks of Pillar I and further significant and substantial risks into integrated capital management and risk management considerations. Additionally, the interaction between the banks' own assessments and the banking supervisors' review is prescribed
- Pillar III promotes market discipline through disclosure and thereby transparency to the public

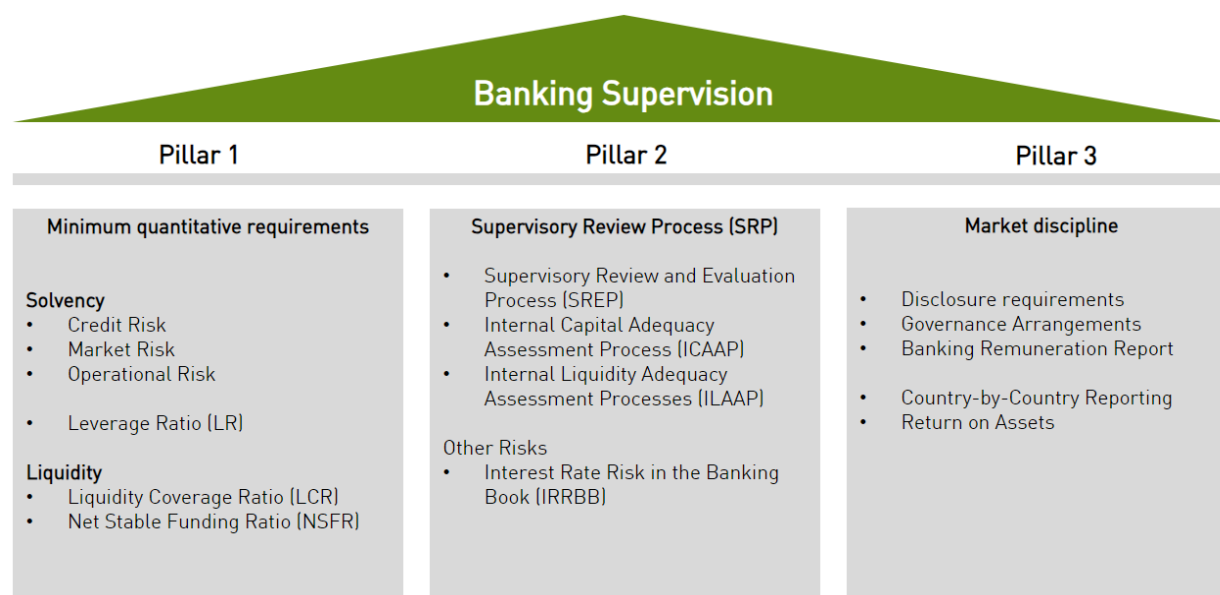


Figure 1, Overview regulatory framework

The Basel III standards were further enhanced through, among others, the revision of existing frameworks for assessing risk weighted assets (RWA) most notably through publication of “Basel III: Finalising post-crisis reforms” in December 2017.

The first elements of the Basel III standards were introduced in European law by the Capital Requirements Regulation (EU) No 575/2013 (CRR) and the Capital Requirements Directive 2013/36/EU (CRD). In May 2019, a revised prudential regulation package was introduced, further transposing the Basel III standards into European law through amended versions of the

CRR (through Regulation (EU) 2019/876 – CRR 2) and the CRD (through Directive (EU) 2019/878 – CRD 5).

In addition, the EU banking package published in May 2019 also contained a revised Banking Recovery and Resolution Directive (BRRD, amended as per Directive (EU) 2019/879 – BRRD 2), reflecting changes related to legislation on the Minimum Requirement for own funds and Eligible Liabilities (MREL) and the Total Loss-Absorbing Capacity (TLAC) for global systemically important institutions. Except for dedicated exemptions, CRR 2 applies since 28 June 2021.

The EU rules deviate from the Basel III standards in some aspects to take into account European specificities. One key change is the introduction of the proportionality concept, which exempts small and non-complex institutions from certain obligations while subjecting large institutions to enhanced requirements. Furthermore, the adjustments consider specific activities and pass-through models not undertaking any significant maturity transformation but are nevertheless required to maintain a banking license. As such, CRR 2 contains important requirements from Eurex Clearing AG perspective.

According to point (a) of Article 6 (4) (a) CRR, institutions authorised as Central Counterparty (CCPs) according to Article 14 Regulation (EU) No 648/2012 (EMIR) are exempted from the Net Stable Funding Ratio (NSFR) on an individual basis. Similarly, due to their distinct business model, CCPs have been exempted from the Leverage Ratio requirement according to Article 6 (5) CRR.

In January 2021 Regulation (EU) 2021/23 on a framework for the recovery and resolution of central counterparties was published which excludes CCPs authorised under EMIR from requirements under the BRRD, including MREL.

With these exemptions, the impact of the regulatory requirements on Eurex Clearing AG was significantly reduced.

The Basel III standards are not yet fully transposed into European Law. To provide banks with greater operational capacities to react to COVID-19 crisis, the Basel Committee on banking supervision deferred the implementation of the 2017 reforms, initially foreseen for 1 January 2022, by one year to 1 January 2023. With publication of three legislative proposals in October 2021 amending CRR, CRD as well as BRRD, the EU initiated the finalisation of the implementation of Basel III. In December 2023, the trilogue negotiations on the banking package were concluded and the final publication was expected in the first half of 2024. The European Council and European Parliament have endorsed the banking package transposing the BCBS requirements on the finalisation of the implementation of Basel III within the EU through legislative acts amending Regulation (EU) No 575/2013 (CRR III), Directive 2013/36/EU (CRD VI) and Directive 2014/59/EU ("daisy chain"). To account for the particularities of the European banking landscape, Member States agreed on specific deviations from the Basel III framework, in the field of risk treatment for unrated corporates, mortgages, intra-group equity exposures, credit valuation adjustment for derivatives, prudential treatment for securitisations and the output floor. In addition to Basel IV (finalisation of Basel III), the changes endorsed by the EU include, among others, prudential requirements on environmental, social and governance (ESG) risks in the framework.

While the introduction of the Output Floor, limiting minimum capital requirements calculated with internal models to 72.5% of minimum capital requirements calculated with standardised approaches, is not expected to affect Eurex Clearing AG, changes relating to the use of the credit risk standardised approach, the calculation of capital requirements for operational risk and identification, management and disclosure of ESG risk will be respectively monitored closely to

ensure timely and appropriate implementation. The newly introduced and amended requirements will become effective as of 1 January 2025.

This report provides the Pillar 3 disclosures of Eurex Clearing AG as set out in Part Eight of the CRR 2 as applicable as of 30 June 2024.

In addition to the previously mentioned regulation and directives, this report considers the following regulatory publications specifying applicable disclosure requirements:

- Commission Implementing Regulation (EU) 2021/637 of 15 March 2021 laying down implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council and repealing Commission Implementing Regulation (EU) No 1423/2013, Commission Delegated Regulation (EU) 2015/1555, Commission Implementing Regulation (EU) 2016/200 and Commission Delegated Regulation (EU) 2017/2295
- EBA/GL/2014/14 of 23 December 2014: Guidelines on materiality, proprietary and confidentiality and on disclosure frequency under Article 432 (1), 432 (2) and 433 of Regulation (EU) No. 575/2013
- EBA/GL/2016/11 of 14 December 2016: Guidelines on disclosure requirements under Part Eight of Regulation (EU) No. 575/2013
- EBA/GL/2017/01 of 21 June 2017: Guidelines on LCR disclosure to complement the disclosure of liquidity risk management under Article 435 of Regulation (EU) No. 575/2013
- EBA/GL/2018/01 of 16 January 2018: Guidelines on uniform disclosures under Art. 473a of Regulation (EU) No. 575/2013 as regards the transitional period for mitigating the impact of the introduction of IFRS 9 on own funds
- EBA/GL/2021/05 of 02 July 2021: Final Report on Guidelines on internal governance under Directive 2013/36/EU
- EBA/GL/2021/04 of 02 July 2021: Final Report on Guidelines on sound remuneration policies under Directive 2013/36/EU
- Joint ESMA (ESMA/36-36-2319) and EBA (EBA/GL/2021/06) Guidelines on the assessment of the suitability of members of the management body and key function holders
- EBA/GL/2022/13 of 12 October 2022: amending Guidelines EBA/GL/2018/10 on disclosure of nonperforming and forborne exposures

Pursuant to Article 4 (1) No. 146 CRR, Eurex Clearing AG has been classified as a "Large Institution" since 30 June 2021. Therefore, Article 433a (1) CRR (under consideration of Article 433a (2) CRR) applies. In the following, we refer to the respective laws in place as of 30 June 2024 if not stated otherwise.

1.1.1. Objective of the report

The objective of this Disclosure Report is to fulfil the disclosure requirements detailed in Part 8 CRR and Section 26a KWG, at the legal entity level of Eurex Clearing AG ("Eurex Clearing", "ECAG"). More specifically, the report intends to provide a detailed overview on Eurex Clearing AG's:

- Legal structure
- Capital structure

To ensure an adequate fulfilment of the disclosure requirements, a Disclosure Policy has been established, which is regularly and on ad hoc basis reviewed and adapted, where necessary. The Executive Board of ECAG is ultimately responsible for the Disclosure Policy and must approve any material changes to the policy. The policy defines disclosure content, allocates responsibilities and defines disclosure processes and timelines.

1.1.2. Scope of application (Article 436 CRR 2)

Eurex Clearing AG has no subsidiary that requires consolidated supervision based on Article 18 CRR 2 or Section 10a KWG. In addition, ECAG is not included in a group of undertakings that is subject to supervision on a consolidated level. As such, this Disclosure Report only covers ECAG on a stand-alone basis. All disclosed information is reported in ECAG's accounting and reporting currency, Euro, if not otherwise specified.

1.1.3. Frequency and means of Disclosure (Article 433 & 434 CRR 2)

In accordance with Article 434 CRR 2, ECAG publishes its Disclosure Report on its website:

<https://www.eurexclearing.com/clearing-en/about-us/regulatory-standards/pillar-iii-disclosure-report/Pillar-III-Disclosure-Report-31368>

The report is updated twice a year in line with Article 433 CRR.

In addition to the Pillar 3 report, the following documents are also made available:

- A remuneration report that fulfils the requirements according to Article 450 CRR 2. The report is disclosed on an annual basis on the website of ECAG <https://www.eurex.com/ec-en/find/about-us/remuneration>
- The Country-by-Country reporting to fulfil the requirements according to Section 26a (1) sentence 2 KWG (implementation of Article 89 CRD IV into German law) is included as an annex to the financial statements of ECAG that is published on the website of the German Federal Gazette (www.bundesanzeiger.de) and that can also be found on the website of ECAG: <https://www.eurex.com/ec-en/find/corporate-governance/annual-reports>

Information about the Return on Assets according to Section 26a (1) sentence 4 KWG (implementation of Article 90 CRD IV into German law) is disclosed in the management report of the financial statement of ECAG that is published on the website of the German Federal Gazette (www.bundesanzeiger.de) and that can also be found on the website of ECAG: <https://www.eurex.com/ec-en/find/corporate-governance/annual-reports>

1.2. Eurex Clearing AG

Eurex Clearing AG was founded on 9 March 1998 in Germany and has its registered office at Mergenthalerallee 61, 65760 Eschborn, Germany. Eurex Clearing AG is a stock corporation (Aktiengesellschaft). It is governed by its Articles of Incorporation and German company law.

1.2.1. Corporate structure

Eurex Clearing AG is a wholly owned subsidiary of Eurex Frankfurt AG that in turn is wholly owned by Deutsche Börse AG ("DBAG"). A control and profit transfer agreement dated 18 November 1998 is in place between Eurex Frankfurt AG and Eurex Clearing AG. As of 1 July

2023, Eurex Clearing established a branch in Prague. ECAG reports on individual level, thus reporting on consolidated level is not required.

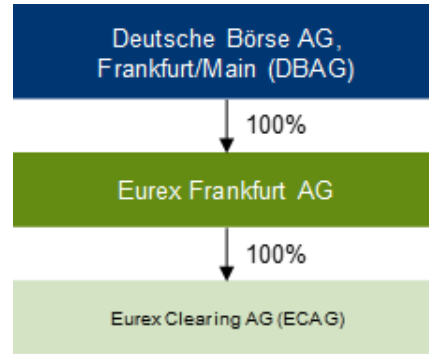


Figure 2, Overview corporate structure

1.2.2. Business operations

As one of the leading CCPs globally, Eurex Clearing builds trusted relationships with and amongst market participants, paving their way for efficient risk management via unique clearing models.

By doing so, Eurex Clearing assures the safety and integrity of markets while setting standards in risk management. By clearing the broadest scope of products under a single framework in Europe - both listed products and Over The Counter (“OTC”) across derivatives and securities finance - and accepting the world’s widest spectrum of eligible collateral, Eurex Clearing delivers efficiencies to our clients.

The main business objectives are:

- Providing clearing services (clearing business) for derivatives, equities, bonds and secured funding, and the securities financing market;
- Being a CCP that is legally interposed between buyer and seller of the transactions;
- Mitigating counterparty risk and maximising the clients’ operational efficiency;
- Continuously extending the scope and range of cleared products;
- Extending the services to new markets.

ECAG acts as a CCP for transactions concluded on Eurex Deutschland (“Eurex”) and for transactions involving domestic and foreign securities traded on Frankfurter Wertpapierbörse and for transactions processed on the trading platform of Eurex Repo GmbH. Additionally, ECAG is also providing CCP services for OTC transactions involving interest rate, inflation, and currency products.

1.2.3. Licencing and regulatory supervision

Eurex Clearing AG is a company incorporated in Germany and licensed as a credit institution under supervision of the German Financial Supervisory Authority (“Bundesanstalt für Finanzdienstleistungsaufsicht“, “BaFin”).

ECAG is licensed to perform proprietary trading in its own name and for its own account according to Section 32 (1a) KWG. On 1 August 2013, ECAG was further licensed by the

German Federal Financial Supervisory Authority to perform deposit taking business and lending business according to Section 1 (1) sent. 2 no. 1 and no. 2 KWG and is, therefore, also classified as CRR credit institution. ECAG constitutes a large institution in the meaning of CRR.

On 10 April 2014, ECAG has been granted authorisation as a Central Counterparty under the European Market Infrastructure Regulation (“EMIR”). The authorisation as a CCP also determines Eurex Clearing as a qualifying CCP (“QCCP”) under CRR.

As of 1 February 2016, Eurex Clearing is also a derivative clearing organisation (“DCO”) registered with the U.S. Commodity Futures Trading Commission (“CFTC”).

ECAG is furthermore recognised:

- As foreign central counterparty by the Swiss Financial Market Supervisory Authority (“FINMA”) as from 29 March 2018;
- As a Recognised Clearing House by the Monetary Authority of Singapore as from 14 September 2018;
- As a Financial Instrument Clearing Organization by the Japanese Financial Services Agency as of 12 March 2020;
- Eurex Clearing operates in Canada – Ontario under a permanent exemption to be recognized as a clearing agency since 14 July 2017 which also has been received for Canada – Quebec as of 20 June 2022;
- Is licensed as an Automated Trading Service (ATS) in Hong Kong as of 7 September 2022; and,
- As of 26 July 2023, Eurex Clearing has been recognised as a non-UK CCP (Recognized Overseas Clearing House) by the Bank of England. The BoE granted the corresponding recognition in accordance with Article 25 UK EMIR

Further details on the licensing and supervision can be looked up on ECAG’s website¹.

2. Key Metrics

2.1. Key Metrics (EU KM1)

Table 1 in accordance with Article 447 CRR on own funds structure and capital adequacy provides information on the Key Metrics on Own Funds and LCR. As described in Chapter 1, ECAG is exempted from complying with and disclosing the Leverage Ratio and the NSFR.

Disclosure periods T, T-1, T-2, T-3 and T-4 are defined as quarterly periods and shall be populated depending on the frequency set by Articles 433a, 433b and 433c CRR 2. Institutions disclosing the information in this template on a semi-annual basis shall provide data for periods T, T-2 and T-4. Consequently, for the semi-annual report as of June 2024, ECAG discloses the information for 30 June 2024, 31 December 2023 and 30 June 2023.

¹ <https://www.eurex.com/ec-en/find/about-us/licensing-supervision>

(in 000s of €)		a	b	c
		30.06.2024	31.12.2023	30.06.2023
Available own funds (amounts)				
1	Common Equity Tier 1 (CET1) capital	799.561	799.554	749.813
2	Tier 1 capital	799.561	799.554	749.813
3	Total capital	799.561	799.554	749.813
Risk-weighted exposure amounts				
4	Total risk exposure amount	1.823.959	1.596.630	1.657.682
Capital ratios (as a percentage of risk-weighted exposure amount)				
5	Common Equity Tier 1 ratio (%)	43,84%	50,08%	45,23%
6	Tier 1 ratio (%)	43,84%	50,08%	45,23%
7	Total capital ratio (%)	43,84%	50,08%	45,23%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure)				
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	5,00%	7,00%	7,00%
EU 7b	of which: to be made up of CET1 capital (percentage points)	2,81%	3,94%	3,94%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	3,75%	5,25%	5,25%
EU 7d	Total SREP own funds requirements (%)	13,00%	15,00%	15,00%
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)				
8	Capital conservation buffer (%)	2,50%	2,50%	2,50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0,00%	0,00%	0,00%
9	Institution specific countercyclical capital buffer (%)	1,73%	0,83%	0,95%
EU 9a	Systemic risk buffer (%)	0,00%	0,00%	0,00%
10	Global Systemically Important Institution buffer (%)	0,00%	0,00%	0,00%
EU 10a	Other Systemically Important Institution buffer (%)	0,00%	0,00%	0,00%
11	Combined buffer requirement (%)	4,23%	3,33%	3,45%
EU 11a	Overall capital requirements (%)	17,23%	18,33%	18,45%
12	CET1 available after meeting the total SREP own funds requirements (%)	30,84%	35,08%	30,23%
Leverage ratio				
13	Total exposure measure	n/a	n/a	n/a
14	Leverage ratio (%)	n/a	n/a	n/a
Liquidity Coverage Ratio				
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	39.042.422	38.663.098	36.097.133
EU 16a	Cash outflows - Total weighted value	28.215.296	25.941.807	23.577.457
EU 16b	Cash inflows - Total weighted value	1.324.399	402.779	1.384.279
16	Total net cash outflows (adjusted value)	26.890.897	25.539.028	22.193.179
17	Liquidity coverage ratio (%)	145,19%	151,39%	162,65%

Table 1, EU Template KM1: Key Metrics

2.2. Own Funds requirements

The total regulatory capital of Eurex Clearing AG consists of Common Equity Tier 1 (CET1) capital, which is comprised of subscribed capital, other reserves and retained earnings.

As of 30 June 2024, ECAG's CET1 ratio amounts to 43.84% which is above the statutory minimum requirements for CET1, including the capital conservation buffer, countercyclical buffer as well as the SREP own funds requirements defined by BaFin.

2.3. Liquidity Coverage Ratio

The Liquidity Coverage Ratio (LCR) focuses on the short-term resilience of the liquidity risk profile and requires Eurex Clearing to hold an adequate stock of unencumbered high quality liquid assets (liquidity buffer) that can be converted into cash easily and immediately in private markets to meet its liquidity needs (net liquidity outflows) for a 30-calendar day liquidity stress scenario. Regulation (EU) No 575/2013 (CRR) and No 876/2019 (CRR 2) supplemented by Commission Delegated Regulation (EU) 2018/1620 with regards to liquidity coverage requirements for credit institutions set out the detailed rules for the calculation of the LCR.

The LCR of ECAG was always sustainably above the minimum value of 100% in the first half of 2024, and the 12-month average LCR is 151.36%.

Abbreviation

AT1 – Additional Tier 1

BaFin – Bundesanstalt für Finanzdienstleistungsaufsicht (Federal Financial Supervisory Authority)

BCBS – Basel Committee on Banking Supervision

BRRD – Banking Recovery and Resolution Directive

CCB – Countercyclical capital buffer

CCP – Central Counterparty

CCR – Counterparty Credit Risk

CET 1 – Common Equity Tier 1

CFTC – Commodity Futures Trading Commission

COREP – Common Reporting Framework

CRD – Capital Requirements Directive

CRR – Capital Requirements Regulation

DBAG – Deutsche Börse AG

DCO – Derivative Clearing Organisation

EBA – European Banking Authority

ECAG – Eurex Clearing AG

EMIR – European Market Infrastructure Regulation

EU – European Union

FINMA – Swiss Financial Market Supervisory Authority

KWG – Gesetz über das Kreditwesen (German Banking Act)

LCR – Liquidity Coverage Ratio

MREL – Minimum Requirement for own funds and Eligible Liabilities

NSFR – Net Stable Funding Ratio

OTC – Over the Counter

QCCP – Qualifying Central Counterparty

RWA – Risk Weighted Assets

SREP – Supervisory Review and Evaluation Process



TLAC – Total Loss-Absorbing Capacity

UK – United Kingdom