



# Regulation Clearing Fund



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## 1. Introduction

This Regulation is enacted pursuant to the definition of Clearing Fund and article 8 and 14.2.3 of the Clearing Rule Book.

Capitalised terms used in this Regulation, and not otherwise defined herein, shall have the meaning ascribed thereto in the Clearing Rule Book.

This Regulation applies as of 24 October 2023.

Changes to this Regulation will be implemented in accordance with the Changing Cboe Clear Rulebook & Regulations Procedure as published on Cboe Clear's website.

## 2. Contributions to the Clearing Fund

### 2.1. Required Clearing Fund Size

The **Required Clearing Fund Size** is defined as 105% of the largest uncovered potential loss over the last twelve (12) months. The uncovered potential loss is determined as the sum of the two (2) largest Uncovered Stress Losses incurred by Clearing Participants under the same stress scenario, calculated for each Product Class, less Cboe Clear's dedicated own resources. For the purposes of this article, **Uncovered Stress Loss** is defined as stress loss in excess of Margin requirements<sup>1</sup>.

### 2.2. Base amounts

Clearing Participants are required to furnish the following base amounts per Product Class:

Description	Base Deposit
Direct Clearing Participant	EUR 1,000,000
General Clearing Participant	EUR 3,000,000
Clearing Participant designated in accordance with section 5 of the Regulation Trade Refusal	EUR 3,000,000

### 2.3. Variable amounts

To determine the variable component of the Contribution for each Clearing Participant, the **Average Margin Percentage** is calculated as the average Margin based on the previous thirty (30) Clearing Days of the Clearing Participant's Open Positions per Product Class divided by the average Margin based on the previous thirty (30) Clearing Days of all Open Positions per Product Class of all Clearing Participants.

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<sup>1</sup> Excluding Variation Margin and Liquidity Risk margin add-ons.



If the Required Clearing Fund Size is greater than the sum of the base amounts of all Clearing Participants, the remainder is allocated to each Clearing Participant pro rata per Product Class based on the difference between the average margin percentage of the Clearing Participant and the base amount of the Clearing Participant divided by the Required Clearing Fund Size, provided the difference is greater than zero.

The calculation of the Average Margin Percentage is performed on a monthly basis by Cboe Clear at the beginning of each month taking the last Clearing Day of the previous month as reference.

#### **2.4. Rounding**

All required Contributions to the Clearing Fund are rounded up to the next EUR 50,000.

### **3. Account**

Contributions to the Clearing Fund are to be made to the relevant account specified in the document 'Cboe Clear Collateral Standard Settlement Instructions' (as amended from time to time) as published on the website of Cboe Clear.

### **4. Calculation and reporting**

Each Clearing Day before 09:00 CET, Clearing Participants will be informed of the required Contribution for that day. The Contribution balance of cash and Financial Instruments is reported to the Clearing Participant daily. The Contribution call per Clearing Participant will contain the required Contribution per Clearing Participant and the current valuation after haircut charge of the Contributions already made by the Clearing Participant.

### **5. Collateral acceptable as Contributions**

See section 8 of the Regulation Collateral for information on cash and Financial Instruments acceptable as Contributions.

#### **5.1. Financial Instruments**

The value of Financial Instruments is calculated based on their current market value and the applicable haircut. Interest or other payments on Financial Instruments shall not form part of the assets of the Clearing Fund and shall be paid by Cboe Clear to the relevant Clearing Participant as received by Cboe Clear, provided that the relevant Clearing Participant has complied with its obligations under the Clearing Rules.



### **5.2. Cash**

Interest on cash Contributions shall not form part of the assets of the Clearing Fund. For further information on interest rates applied to cash Contributions, see section 3 of Regulation Collateral.

Cboe Clear shall not be obliged to segregate the Contribution in cash and may commingle Contributions in cash for ease of administration.

### **5.3. Investment of cash Contributions**

Cash Contributions to the Clearing Fund will be invested in accordance with Cboe Clear's investment policy.

## **6. Deadlines for deposit and withdrawal of Contributions**

Details on operational deadlines and instructions regarding the deposit and withdrawal of Contributions can be found in sections 5 and 6 of the Regulation Collateral.