On July 27, 2020, EONIA will be replaced by €STR on all cleared EUR denominated products. This change will affect net present values (NPVs) and price alignment interest (PAI) for EUR trades. There will be a compensating fee payment issued by the clearing house to offset this change, ensuring the funds remain neutral. A breakdown of this calculation will be made available by the clearing house, in advance, to all impacted parties.

### EONIA to €STR transition timeline

<table>
<thead>
<tr>
<th>Timeline</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 2017</td>
<td>Implementation Regulation of the EU Benchmark Regulation published</td>
</tr>
<tr>
<td>January 2018</td>
<td>EONIA deemed non-compliant and (in its current methodology) will be discontinued for use by market participants post January 2020</td>
</tr>
<tr>
<td>September 2018</td>
<td>European Central Bank (ECB) announces €STR as the new risk-free rate, based on the wholesale EUR unsecured overnight borrowing costs of EUR area banks</td>
</tr>
<tr>
<td>December 2018</td>
<td>EONIA methodology modified for compliance to become €STR + a fixed spread of 8.5 bps</td>
</tr>
<tr>
<td>July 2020</td>
<td>€STR replaces EONIA on all cleared EUR denominated products</td>
</tr>
<tr>
<td>January 2022</td>
<td>EONIA formally discontinued</td>
</tr>
</tbody>
</table>

### Clearing house transition timeframes (for illustrative purposes)

**CME GROUP INC.**

- **July 24, 2020**
  - Final day of EONIA regime processes BAU.

- **July 25, 2020**
  - Compensation calculated for all open EUR denominated products. Calculations take place at clearing account level. SwapClear will book compensation amounts on a 1 EUR notional OIS with maturity of July 28.

- **July 27, 2020**
  - Trade valuations updated in line with new €STR discounting regime at EOD. Impact will be included in VM.

- **July 28, 2020**
  - Compensation settlement will be processed. €STR valuations applied.

**LCH LTD.**

- **July 24, 2020**
  - Final day of EONIA regime processes BAU.

- **July 24 - Post BAU**
  - Special cycle run and compensation calculated for all open EUR denominated products. NPVs recalculated using €STR.

- **July 27, 2020**
  - Trade valuations updated line with new €STR discounting regime at EOD. Impact will be included in VM.

- **July 28, 2020**
  - Compensation settlement will be processed. €STR valuations applied.

**EUREX EXCHANGE**

- **July 24, 2020**
  - Final day of EONIA regime processes BAU.

- **July 25, 2020**
  - New cycle run and compensation calculated for all open EUR denominated products. NPVs recalculated using €STR.

- **July 27, 2020**
  - Start of €STR regime. Trade valuations updated from start of day. Impact will be included in VM.

- **July 28, 2020**
  - Compensation settlement will be processed. €STR valuations applied.

Testing blocks have been scheduled by the clearing houses to confirm operational readiness prior to the go live date. Reporting will be available to view compensation calculations and updated NPVs, in advance.

### Bilateral swaps

Bilateral swaps should be considered as there is an assumption they should transition in tandem with cleared swaps. Discussions on this specific item should take place between counterparties and fund managers to ensure Credit Support Annexes (CSAs) are still valid and aligned. If it is determined the switch is to take place, calculating compensation, amending trades and issuing payments should be addressed.

### Vendors

Pricing vendors have confirmed they are operationally prepared for the transition. The timing of the switch will be synced up with any cash compensation posted to ensure they happen in parallel.