

Chapter 1

Commission Delegated Regulation (EU) 2016/2251



Article 27 Foreign exchange contracts

By way of derogation from Article 2(2), counterparties may provide in their risk management procedures that initial margins are not collected with respect to:

- (a) physically settled OTC derivative contracts that solely involve the exchange of two different currencies on a specific future date at a fixed rate agreed on the trade date of the contract covering the exchange ("foreign exchange forwards");
- (b) physically settled OTC derivative contracts that solely involve an exchange of two different currencies on a specific date at a fixed rate that is agreed on the trade date of the contract covering the exchange, and a reverse exchange of the two currencies at a later date and at a fixed rate that is also agreed on the trade date of the contract covering the exchange ("foreign exchange swaps");
- (c) the exchange of principal of non-centrally cleared OTC derivative contracts under which counterparties exchange solely the principal amount and any interest payments in one currency for the principal amount and any interest payments in another currency, at specified points in time according to a specified formula ("currency swap").