

Eurex Clearing - C7 SCS 3.0

C7 SCS 3.0 - Release Notes – Update

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Abstract

Following C7 SCS Release 1.0 and Release 2.0, where clearing of FWB transactions (MICs: XETR & XFRA), Eurex physical deliveries (MIC: XEUR), and Repo transactions (MIC: XERE), have been migrated to the C7 SCS platform, Eurex Clearing proceeds with the concluding part of Eurex Clearing's strategic roadmap: The migration of clearing for Eurex Derivatives deliveries, resulting in settlement at Euroclear UK & International (EUI), to the C7 SCS architecture.

Further enhancements to the current C7 SCS system, such as functional shaping, enhancement of TIN setup, change of clearing timestamp to XML standard, and preponement of disclosure for subscription rights, are described as well in the following document.

The timeline for C7 SCS Release 3.0 is as follows:

- Start of Simulation: 4 October 2023
- Start of Production: 20 November 2023
- Start of EUI business in C7 SCS: 27 November 2023

Changes introduced within this document:

Chapter 3.7 New chapter including 2 subchapters 3.7.1 and 3.7.2 is added, describing details of the EUI Business migration to C7 SCS

Table of Contents

1	Introduction	7
1.1	Readiness Statement	7
1.2	Related Documents	7
2	Overview C7 SCS Release 3.0	8
3	Euroclear UK & International business migration from Securities CCP to C7	
SCS	9	
3.1	Changes in Setup	9
3.2	Instrument Scope	11
3.3	Net Processing	11
3.4	Delivery Management for EUI trades	12
3.5	Member Reporting for EUI trades	12
3.6	Requirements towards Members	13
3.7	EUI Business migration to C7 SCS	13
3.7.1	Members' setup migration	14
3.7.2	Requirements for Members	14
4	Functional Shaping for "high volume" deliveries	15
4.1	C7 SCS Processing	15
4.2	Member Reporting for Functional Shaping	17
5	Tax identification number (TIN) setup enhancement for Italian bonds deliveries out of Eurex derivatives system	20
5.1	Status Quo for TIN setup	20
5.2	Setup Enhancement	20
5.3	Handling of existing trades	20
5.4	Other remarks	21
6	Preponement of disclosure of subscription rights	22
7	Other Changes	23
7.1	Change of Clearing timestamp to XML standard	23
7.2	Decommissioning of Securities CCP service	23
7.2.1	Fee report Selection	23
8	Abbreviations and Glossary of Terms	25

List of Figures

Figure 1: Current setup in Securities CCP

Figure 2: New setup in C7 SCS

Figure 3. EUI Gross Processing

Figure 4: Delivery Instructions created from a Net Position Trade.

Figure 5: XML sample for Net Position Trade

List of Tables

Table 1. Delivery Reference in messages to (I)CSDs

Table 2. EUI Trades on Net Clearing Report

Table 3: Example for Shape Quantity and Amount

Table 4: Changes on clearing timestamp

Table 5: Fee reports on demand

Table 6: Abbreviations and Glossary of Terms

1 Introduction

This document provides an overview of the functionality covered and available with C7 SCS Release 3.0.

C7 SCS Release 3.0 will cover the migration of clearing for Eurex Derivatives deliveries in settlement at Euroclear UK & International (EUI) to the C7 SCS architecture, the introduction of functional shaping for high volume physical deliveries resulting from Eurex Derivatives business, and the enhancement of the Italian TIN setup. Further changes related to subscription rights, changes in clearing timestamp, and fee report selection will be described as well.

Important: The C7 SCS Release 3.0 with planned go-live date on the 20 November 2023 is a mandatory release for Eurex Derivatives Clearing Members, DC Market Participants, and respective Settlement Institutions (SI). The release is also mandatory for FWB member due to changes to Net Clearing Report - XETR and XFRA (CE895/6/7). Please note as well, the migration of EUI business will take place on the 27 November 2023, one week after the go-live date of C7 SCS Release 3.0.

1.1 Readiness Statement

According to §10 (3) (ii) of the General Terms and Conditions to the Agreement on Technical Connection to the Clearing Electronic Data Processing (EDP) of Eurex Clearing AG, Clearing Members are obliged to provide Eurex Clearing prior to the first use of the service of Eurex Clearing's C7 SCS with a written statement confirming that

(a) the service of Eurex Clearing's C7 SCS successfully passed internal test procedures based on each member's own defined test cases, and

(b) the participant system and the participant software interact with the service of Eurex Clearing's C7 SCS without any errors or interruptions (Readiness Statement via online questionnaire).

Participation in the C7 SCS Release 3.0 simulation and testing phase is optional, though highly recommended – especially for report and interface changes. Eurex Clearing will offer test cases to give all participants the opportunity to get familiar with the new clearing service.

1.2 Related Documents

All documents which will be updated in connection with the introduction of C7 SCS Release 3.0 will be made available for download on Eurex Clearing website www.eurex.com/ec-en/ under the following path: Support > Initiatives & Releases > C7 SCS Releases > C7 SCS Release 3.0

Details on the publication dates can be found in the "Eurex Clearing Member Communication Calendar" available on the Eurex Clearing website www.eurex.com/ec-en/ under the following path:

Support > Initiatives & Releases > C7 SCS Releases > C7 SCS Release 3.0 > System Documentation > Overview & Functionality

2 Overview C7 SCS Release 3.0

Eurex Clearing is planning to launch C7 SCS Release 3.0 on **20 November 2023**.

C7 SCS Release 3.0 covers the following functional changes:

- Euroclear UK & International (EUI) Migration to C7 SCS architecture (Clearing for Eurex Derivative deliveries resulting in settlement at EUI). Please note it is scheduled on **27 November 2023**;
- Introduction of functional shaping for “high volume” deliveries and structure change of Net Clearing report XEUR / Net Clearing Report – XETR and XFRA;
- Enhancement of Italian TIN setup;
- Timing adjustment for disclosure of belated subscription right transactions;
- Clearing timestamp for Reporting and
- Fee report selection.

Eurex Clearing provides a dedicated release simulation environment to give participants the opportunity to perform comprehensive testing of their applications, independent from the C7 SCS production environment.

The simulation period for C7 SCS Release 3.0 is planned to start on **4 October 2023**.

3 Euroclear UK & International business migration from Securities CCP to C7 SCS

Eurex Clearing AG's strategic roadmap stipulates the decommissioning of systems in the old architecture having Securities CCP as an operating system. As part of this roadmap, services provided by the Securities CCP system are to be migrated to the C7 architecture in a stepwise approach.

With C7 SCS R1.0 the functionality for securities clearing for all Cash Markets transactions, i.e., trades from trading venues XETRA (XETR) and Frankfurt Stock Exchange (XFRA), and physical deliveries from Eurex Derivatives (trading venue XEUR) with Settlement Locations CBF/T2S, CBF-i/Creation and SIX SIS was migrated from Securities CCP to C7 SCS in September 2021, while the functionality related to XEUR trades settling at EUI was kept in Securities CCP.

With C7 SCS R2.0 the functionality related to Eurex Repo transactions, i.e., trades from trading venue XERE, was migrated from Securities CCP to C7 SCS in October 2022, so that the functionality related to EUI trades is the only remaining in Securities CCP. To enable a complete decommissioning of Securities CCP, now the remaining functionality related to EUI deliveries would be migrated to C7 SCS architecture. The settlement of XEUR trades at Euroclear UK & International (EUI) was introduced in 2010, see Eurex Clearing Circular 037/09 "Extension of Product Scope by selected British Stocks"¹. From a business perspective the settlement of XEUR transactions at EUI as the Central Securities Depository (CSD) for UK and Irish securities has following benefits for members:

- Usage of existing infrastructure and settlement processing already in place for UK and Irish securities settled in Euroclear UK & International
- Avoidance of split settlement liquidity in UK securities between EUI (as home CSD) and CBF-i/Creation (as ICSD)
- Avoidance of realignment effort for clearing/settlement agents

Eurex Clearing AG has provided the service to Clearing Members for over 12 years, where Clearing Members are using pre-defined settings for the settlement of their physical deliveries in UK and Irish securities.

3.1 Changes in Setup

The current setup before the migration flow for trades from trading venues towards settlement location looks as follows²:

¹ Eurex Clearing Circular 037/09: <https://www.eurex.com/ec-en/find/circulars/CCP-Extension-of-Product-Scope-by-selected-British-Stocks-208352>.

² Figures 1 & 2 are focused on FWB and Eurex. Repo business is not shown on the diagrams.

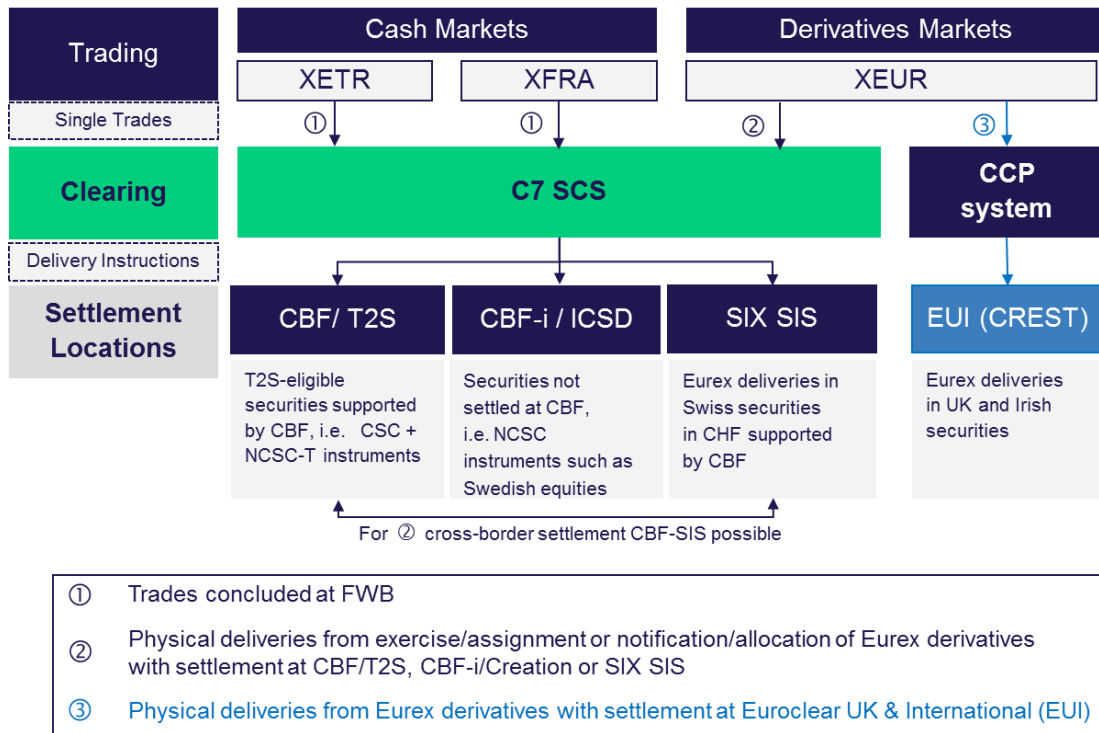


Figure 1: Current setup in Securities CCP

After the migration flow for trades, the setup will look like this:

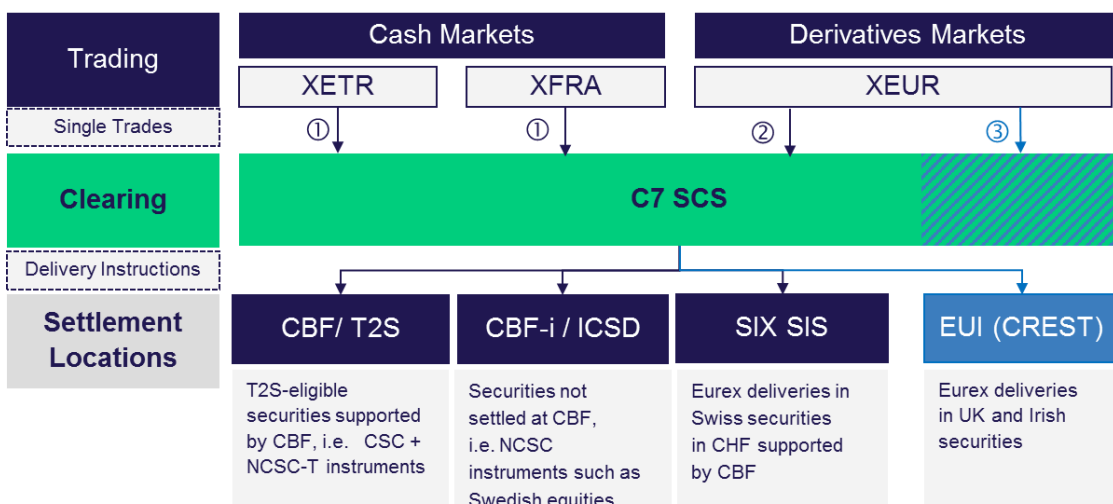


Figure 2: New setup in C7 SCS

The approach for the EUI migration of business is an “as-is” functionality from the current Securities CCP to C7 SCS architecture.

- Current functional processing of EUI trades in Securities CCP will be kept in C7 SCS.
- Current “Gross trade based” processing will be continued.

- No changes to the Euroclear UK & International setup will be done. The established settlement location code “CCO” is kept in order to minimize impacts to C7 SCS downstream systems and in member systems.
- No cash account migration for EUI settlement accounts will be performed from Securities CCP to C7 SCS. On Eurex Clearing AG side, the existing clearer cash accounts will be used.
- Similar as in C7 SCS Releases 1.0 and 2.0, no Securities Clearing GUI for members will be available. The Securities Clearing GUI will be discontinued after introduction of C7 SCS Release 3.0.
- Migration of EUI business from Securities CCP system to C7 SCS will be done on 27 November 2023. It will start one week after the go-live date of C7 SCS Release 3.0. At this point of time, every new trade for CREST business will be processed by C7 SCS and not from Securities CCP.
- After 24 November 2023, any pending trade in Securities CCP system will not be migrated to C7 SCS. Settlement handling for the pending trades will be handle manually by Eurex Clearing Operations. After 30 November 2023, trades will be deleted from Securities CCP system but will be available via EUI/CREST GUI.

3.2 Instrument Scope

The instrument scope for EUI business remains unchanged compared to current scope in Securities CCP.

- Physical deliveries in UK securities resulting from Eurex Single Stock Options on UK instruments with settlement currency GBP (Eurex Product Group “GB01”) should settle at EUI.
- Physical deliveries in selected Irish securities resulting from Eurex Single Stock Options and Futures on Irish instruments with settlement currency EUR (Eurex Product Groups “IE11” and “IE02”) should settle at EUI.
- Physical deliveries in (selected) Exchange Trades Commodities (ETCs) in settlement currency USD resulting from Eurex Options and Futures on ETCs should settle at EUI.

3.3 Net Processing

For EUI trades only gross processing/released will be performed.

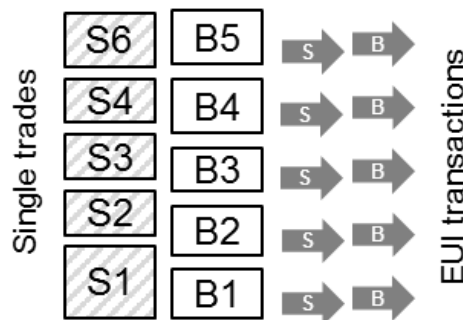


Figure 3. EUI Gross Processing

- Netting is not supported for EUI trades. Therefore, there will be no availability to perform UNWINDING or NET/SPLIT.
- Aggregation is not supported for EUI trades.
- Release method is set on “released”.

3.4 Delivery Management for EUI trades

C7 SCS will send the transaction to EUI's CREST system with Eurex Clearing Delivery Reference containing the following syntax:

Delivery/Sender Reference is created as below:

New	Sender Reference
	SCS<ddmm>E<delivery id> e.g., SCS1512E12345678

Table 1. Delivery Reference in messages to (I)CSDs

Mentioned in the above table:

- 'SCS' prefix used for CCO.
- dd represents business day and mm represents month. E.g.: If business day = 15 December then ddmm = 1512
- 'E' for 'Eurex Deliveries' to be settled at CCO.
- 'delivery id' generated by C7 SCS and reported in C7 SCS Member Reporting.

In general, the structure of the delivery reference follows the same structure as other messages to the (I)CSDs. The delivery reference described in the table above corresponds to the TRANSACTION REFERENCE in EUI's CREST systems. Moreover, C7 SCS will send the so-called CREST Participant Note in the following syntax:

<YYMMDD> (Trade date) + <Net Position Trade ID>
e.g., 2312159876543210

Net Position trade ID is used here as reported in the field trdNum (Trade number) in C7 SCS Member Reports.

In line with current processing in Securities CCP, depending on the settlement account holders' settings at EUI there will be an automatic matching or, when there is no automatic matching, the member has to instruct to match the transaction sent by C7 SCS.

For each transaction EUI generates a TRANSACTION ID and reports to Eurex Clearing and to members in settlement reporting. The TRANSACTION ID is then reported by Eurex Clearing in the field csdRef for the Pending Delivery Report (CE860, CE861, CE862) and Settled Delivery Report (CE870, CE871, CE872).

Please note that on the C7 SCS Business Day when the Net Position Trade is generated, the CSD Reference is not provided on Pending Deliveries Report (CE860, CE861, CE862) for pending deliveries to be settled at CCO as feedback from CCO is only received on next CCO Business Day.

3.5 Member Reporting for EUI trades

Member reporting for trades settling at CCO will be included in existing C7 SCS reports for Cash Market and Eurex Derivative markets. Usage of Securities CCP reports will become obsolete and the reports i.e., CE290, CE260 or CE270 will not be generated and distributed in the future.

All trades concluded after migration of EUI business to C7 SCS, on the 27 November 2023, will be included in C7 SCS reporting.

Single Trades and associated Net Position Trades subject to settlement at CCO will be reported as shown in the following example for Net Clearing Report (CE890, CE891, CE892):

Clearing Member	Trading Member	Record Type	Net Position Trade ID	Trade Number	ISIN	Currency	Buy/Sell Indicator	Account Type	Trading Location	Trade Date	Settlement Date	Quantity	Trade Price	Amount	Delivery Settlement Location	Delivery Settlement Account	Delivery ID	Delivery Reference	Surplus Flag
CMBAM	EFGHI	GRS	1234123	1234123	GB0007980591	GBP	B	A1	XEUR	15.12.23	19.12.23	38	107.73	4,093.74	CCO	ABC11 144004	SCS1512E00144004	Yes	
CMBAM	EFGHI	SGL	1234123	818600	GB0007980591	GBP	B	A1	XEUR	15.12.23	19.12.23	38	107.73	4,093.74				Yes	
CMBAM	EFGHI	GRS	1234124	1234124	GB0007980591	GBP	S	A1	XEUR	15.12.23	19.12.23	72	108.11	7,783.92	CCO	ABC11 144005	SCS1512E00144005	Yes	
CMBAM	EFGHI	SGL	1234124	818651	GB0007980591	GBP	S	A1	XEUR	15.12.23	19.12.23	72	108.11	7,783.92				Yes	
CMBAM	EFGHI	GRS	1234125	1234125	GB0007980591	GBP	S	A1	XEUR	15.12.23	19.12.23	55	108.93	5,991.15	CCO	ABC11 144006	SCS1512E00144006	Yes	
CMBAM	EFGHI	SGL	1234125	818670	GB0007980591	GBP	S	A1	XEUR	15.12.23	19.12.23	55	108.93	5,991.15				Yes	

Table 2. EUI Trades on Net Clearing Report

3.6 Requirements towards Members

The requirements for the members remain unchanged. Members who trade UK and Irish products in Eurex must have the following infrastructure for settlement of British and Irish stocks in place:

- A Trading Member (“Non-Clearing Member”) needs to have an agreement with a Clearing Member who can settle UK or Irish stock options via EUI.
- A Clearing Member needs to have a direct connection to EUI or a contract with a settlement services provider (Settlement Participant) for EUI.
- A Clearing Member needs to have cash accounts at a payments bank allowing cash transactions in EUR, GBP, and USD to settle.

For further information, please refer to the Eurex Clearing Circulars on EUI trades.³

Settlement account data will be taken over from Securities CCP during migration. No additional actions for the members are required.

3.7 EUI Business migration to C7 SCS

The EUI business migration from Securities CCP to C7 SCS will have as go-live date the 27 November 2023, one week after Release 3.0, scheduled for the 20 November 2023. The reason for this decision is that the November expiration date of the instruments falls on Friday, 17 November 2023, and moving the trades immediately after would result in a higher volume of pending trades which could create a potential risk on the migration.

³ [Eurex Clearing Circulars on EUI trades](#). 14.07.2011: “CCP: Extension of Eurex Product Scope by Futures and Options on selected Exchange Traded Commodities”; 07.04.2011: [Eurex Clearing Circular 033/11](#) “CCP: 1. Extension of Eurex Product Scope by selected Irish Equity Options and Information on Irish Stamp Duty 2. Changes to the Clearing Conditions with Regard to the Default Rules of Instruments impossible to deliver”; 03.09.2009: [Eurex Clearing Circular 050/09](#): Extension of Product Scope by selected British Stocks: Information on Stamp Duty Reserve Tax; 17.07.2009: [Eurex Clearing Circular 037/09](#) “CCP: Extension of Product Scope by selected British Stocks”.

3.7.1 Members' setup migration

The complete migration of EUI business to C7 SCS has two focus areas. The migration of the reference data, which includes the members' setup, and the go-live of the service in C7 SCS.

On the 13 November 2023 a frozen zone starts for reference data in Securities CCP, which will last for two weeks. During this period, members will not be able to perform further setup changes for CREST-related accounts or products. Securities CCP will continue its current operations, such as loading trades, sending trade instructions, receiving feedback from EUI, and processing settlements as usual.

Members do not have to perform any special activity for their setups to be migrated. The current member setup as of 13 November 2023 will be migrated 1:1 to C7 SCS. Any setup changes that members want to perform before the 13 November 2023 will be done in Securities CCP, if the changes come after the 27 November 2023, changes will have effect in C7 SCS system.

3.7.2 Requirements for Members

Members are urgently requested to settle all their pending EUI transactions by 24 November 2023 latest in order to avoid late trades on that day. Finalizing any pending trades is crucial for a smooth migration of the system. Any pending trade still on Securities CCP after the 24 November 2023 will not be migrated to C7 SCS.

The advantage for members in settling all pending trades on Friday, 24 November 2023, just before the C7 SCS EUI business go-live, is that they will have completed their trades in the Securities CCP system. This will enable them to receive the corresponding reporting and concentrate solely on new trades in the C7 SCS environment.

In the event of unsettled trades on 24 November 2023, manual handling will be required from the Eurex Clearing Operations team. Pending trades after the 24 November 2023 need to be settled as soon as possible, furthermore members are expected to have sufficient holdings/cash to settle physical deliveries by 30 November 2023. If there is any pending trade still after 30 November 2023, it will be deleted from Securities CCP system and can only be monitored via EUI/CREST GUI. "It will not be visible in the Securities CCP GUI and not shown in any settlement reporting provided by Eurex Clearing via CRE. Eurex Clearing Operations will process buy-ins and cash settlements related these late EUI trades according to existing rules solely based on monitoring in EUI/CREST GUI and will inform the impacted member about buy-in or cash settlement via e-mail.

Please note that the Securities CCP system will continue sending reports to members after the last CREST trade is settled in Securities CCP, but these reports will not have any content.

Members will stop receiving reports from Securities CCP system when the decommissioning of Securities CCP occurs. Last business day on which pending and settled CCO trades will be reported from Securities CCP to members is 30 November 2023, members should not expect to receive reports from Securities CCP and at this point, they will only receive reports from C7 SCS.

4 Functional Shaping for “high volume” deliveries

Eurex Clearing is constantly optimizing its processes with the target to increase the settlement efficiency. Eurex Clearing will introduce functional shaping to limit the quantity of securities for which settlement has failed. When customers have obligations to deliver high volumes of securities, functional shaping will prevent failed delivery due to lack of cash on buyer’s side or lack of securities in CSDs. The introduction of functional shaping will not replace partial settlement, but it is rather introduced for liquidity management reasons.

Functional shaping is the process by which a large delivery obligation is broken down into multiple smaller delivery instructions. C7 SCS system will create several delivery obligations related to the Net Position Trade and provide it as delivery instructions to (I)CSDs, which reduces the risk of failure of the total amount of the Net Position Trade. The functional shaping for XEUR will automatically apply for high volume deliveries as additional safeguard against lack of cash, as the partial settlement can be triggered in case of lack of securities only. XEUR transactions settling at EUI will not be shaped. For FWB transactions, functional shaping will not be supported, but the structure of Net Clearing Report – XETR and XFRA will be adapted and will be tested.

The test for functional shaping in C7 SCS Release 3.0 simulation will be offered using decreased parameters for shaping level, so even middle-sized amount for delivery becomes subject to shaping⁴. The test will prove the enabled processing of settlement information between more than one delivery instruction out of one single C7 SCS Net Position Trade provided in C7 SCS Net Clearing Report CE890/1/2 and settlement feedback.

4.1 C7 SCS Processing

Eurex Clearing will define shaping thresholds per instrument at its own discretion at a reasonable level. The target will be to break down only very large delivery instructions while keeping the number of additional delivery instructions small.

After Net Processing, C7 SCS will check if a Net Position Trade is eligible for functional shaping considering the trading venue, instrument type, the instrument itself and the quantity of the transaction.

If quantity exceeds the threshold for shaping defined by Eurex Clearing for the instrument, the Net Position is broken down to two or more delivery instructions (“shapes”). The shaping threshold for bond transactions will be at 200 million of the notional value of the bond instrument. For equities, the default threshold will be at a level of 10 million units of the quantity. Eurex Clearing retains the right to adapt the threshold at own discretion on instrument level.

In Figure 4, an example is shown on how a net position trade is broken down into multiple delivery instructions considering a shaping threshold of 200 m.

⁴ Details have been provided with the Simulation Guide publication in July 2023.

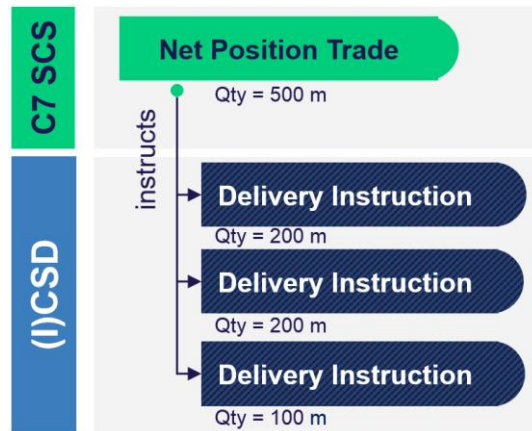


Figure 4: Delivery Instructions created from a Net Position Trade.

Delivery Management processing described above is applicable for Net Position Trades under the shaping parameter conditions.

C7 SCS will proceed to create multiple delivery instructions with rules as below:

- The remaining quantity of the Net Position Trade will be split into multiple delivery instructions. With Functional Shaping a 1:N relationship between the Net Position Trade and delivery instructions is possible.
- The payable amount of each delivery instruction is calculated "pro-rata" considering the full shaping quantity, i.e.:

Payable amount of shape = Total remaining amount * (Shaping quantity / Total remaining quantity)

The resulting payable amount is rounded based on currency precision⁵.

The payable amount of the last delivery instruction is calculated as the difference between total payable amount of the Net Position Trade and the sum of the payable amounts in all previous delivery instructions belonging to the same Net Position Trade. Thereby, it is ensured that the full payable amount of the Net Position Trade is completely covered by the delivery instructions generated for all the shapes.

Example:

Shaping Quantity:	10,000,000
Total quantity of the Net Position Trade:	20,010,000
Total payable amount of the Net Position Trade:	20,010,000.01 EUR

⁵ For EUR it will be rounded to 2 decimal places.

Shape No.	Shape Qty	Shape Amount
1	10,000,000	10,000,000.00 EUR
2	10,000,000	10,000,000.01 EUR
3	10,000	10,000.00 EUR

Table 3: Example for Shape Quantity and Amount

- Please note that if the quantity of the securities in the last delivery instruction is smaller than the Minimum Settlement Unit (MSU) which is defined by the (I)CSD for the ISIN, then C7 SCS will add the remaining delivery quantity and cash amount to the previous delivery instruction. The delivery instructions created out of shaping parameters will be sent to the (I)CSD and will have a separate settlement lifecycle.
- If the quantity of the Net Position Trade is smaller or equal to shaping quantity, the current process for delivery instructions creation applies. Same case when there are no shaping parameters maintained, a one-to-one relationship between Net position trade and delivery instruction will exist.

4.2 Member Reporting for Functional Shaping

Due to functional shaping, the following changes in the following reports are expected for the members.

Net Clearing Report (CE890/CE891/CE892/CE895/CE896/CE897)

When shaping parameter is activated and multiple delivery instructions are created for a Net Position trade, the Net Clearing Report will display the Net Position Trade along with the multiple delivery instructions created. It will reflect the 1:N potential relationship between Net Position Trade and delivery instructions. Therefore, a new hierarchy level ("ce89xGrp10") will be introduced containing details for the Net Position Trade. Below this new group the associated Delivery Instructions will be reported as records ("ce89xRec") including the Delivery ID and the Delivery Reference.

Please note that the reporting of single trades which belong to a Net Position Trade and the 'surplus flag' logic are not impacted by functional shaping. There is no direct allocation of single trades to delivery instructions in the Net Clearing Report; the relation solely works indirectly via the Net Position Trade ID.

For the example illustrated in Figure 4 the respective part in the Net Clearing Report will look as follows:

```
[..]
<ce890Grp7>
  <ce890KeyGrp7>
    <netPosTrdId>123456789</netPosTrdId>
  </ce890KeyGrp7>
  <settlDatCtrct>2023-11-30</settlDatCtrct>
  <acctPos>P1</acctPos>
  <ce890Grp8>
    <ce890KeyGrp8>
      <recTypTrd>NET</recTypTrd>
    </ce890KeyGrp8>
  <ce890Grp9>
    <ce890KeyGrp9>
      <trdLoc>XEUR</trdLoc>
    </ce890KeyGrp9>
  <b><ce890Grp10>
    <b><ce890KeyGrp10>
      <trdNum>123456789</trdNum>
      <surplusFlg>Y</surplusFlg>
    </ce890KeyGrp10>
    <ordrNum>SCSNET123456789</ordrNum>
    <releaseStat>R</releaseStat>
    <processingMethod>N</processingMethod>
    <buySellInd>S</buySellInd>
    <totQty>500000000</totQty>
    <trdPrc>0.98</trdPrc>
    <totAmnt>490000000</totAmnt>
    <trdTim>21:11:11.11</trdTim>
    <ce890Rec>
      <dlvSettlLoc>CBF</dlvSettlLoc>
      <dlvSettlAcct>76540000</dlvSettlAcct>
      <dlvId>423860</dlvId>
      <dlvRef>SAM2811M00423860</dlvRef>
      <totInstQtyDlvId>200000000</totInstQtyDlvId>
      <totInstAmntDlvId>196000000</totInstAmntDlvId>
    </ce890Rec>
    <ce890Rec>
      <dlvSettlLoc>CBF</dlvSettlLoc>
      <dlvSettlAcct>76540000</dlvSettlAcct>
      <dlvId>423861</dlvId>
      <dlvRef>SAM2811M00423861</dlvRef>
      <totInstQtyDlvId>200000000</totInstQtyDlvId>
      <totInstAmntDlvId>196000000</totInstAmntDlvId>
    </ce890Rec>
    <ce890Rec>
      <dlvSettlLoc>CBF</dlvSettlLoc>
      <dlvSettlAcct>76540000</dlvSettlAcct>
      <dlvId>423862</dlvId>
      <dlvRef>SAM2811M00423862</dlvRef>
      <totInstQtyDlvId>100000000</totInstQtyDlvId>
      <totInstAmntDlvId>98000000</totInstAmntDlvId>
    </ce890Rec>
  </ce890Grp10>
</ce890Grp9>
</ce890Grp8>
[..]
```

Figure 5: XML sample for Net Position Trade

Although shaping is not enabled for XETR/XFRA, the XSDs generated for the Net Clearing Reports (CE895/CE896/CE897) will be changed as well, similar as CE890. Changes in the reports were published as part of the Report Reference Manual in May 2023.

Pending Delivery Report (CE860/CE861/CE862)

No changes are expected for the Pending Delivery Reports. When shaping parameter is activated and multiple delivery instructions are created, the Pending Delivery Report will display the pending delivery instructions.

Settled Delivery Report (CE870/CE871/CE872)

No changes are expected for the Settled Delivery Reports. When shaping parameter is activated and multiple delivery instructions are created then, the Settled Delivery Report will display all settled delivery instructions.

5 Tax identification number (TIN) setup enhancement for Italian bonds deliveries out of Eurex derivatives system

To better reflect Italian TIN requirements for settlement at (I)CSD, Eurex Clearing will enhance the TIN setup with C7 SCS Release 3.0. Members willing to use dedicated position accounts in Eurex system to segregate the Italian bonds delivery for its non-disclosed customers, will now be able to assign a customer's TIN on agency account level via existing "Taxpayer Identification Number" form.⁶ The taxation identification will be provided within the delivery instruction to Clearstream Banking Frankfurt as for current processing. The new setup will enable members to distinguish their clients' TINs by segregating positions via position account.

5.1 Status Quo for TIN setup

The requirements of TIN information for Italian bonds varies among CSDs. While SIX SIS (used for Eurex) does not require any TIN information, CBF may require one or more TINs depending on the type of account.⁷ The TIN information will be valid for Eurex transactions.

Currently on C7 SCS a TIN can be maintained on Member ID level only. If a member wants to use different TINs, e.g., for different settlement locations and settlement accounts, this cannot be reflected in C7 SCS. Besides, a member cannot assign a dedicated TIN per client/beneficiary for which the Trading Member segregates positions in Italian bonds in different position accounts, e.g., a Disclosed Client without member ID with just a position account under the Clearing Member ID.

5.2 Setup Enhancement

Members will be enabled to assign a dedicated TIN per client. Members will be able to:

- Assign a TIN on position account, additionally of the TIN setting on member level.
- The TIN can be provided on account type level (e.g., "A1") – either across all position accounts or for dedicate position accounts.
- The TIN on position account level will have a higher priority when defining the TIN for the delivery instructions.

Once the C7 SCS system receives a new trade from the trading location and completes net processing, it will check whether the instrument requires a TIN. If the instrument requires a TIN, the C7 SCS system will verify the TIN setup at the position account, account type, or member level. Once the level is identified, the system will include the TIN details in the delivery instruction and send it to the CSDs. If no setup is found for the instrument's TIN requirement, the delivery instruction will be sent without the TIN details.

5.3 Handling of existing trades

Every new trade coming into the C7 SCS system will be handled as per the new workflow with the TIN setup enhancement. The TIN setting on the day when C7 SCS sends the delivery instructions to the CSD will be included in the delivery instruction.

⁶ Please note the assignment of TIN on account level is not mandatory for the members.

⁷ [Clearstream information for Italian TINs.](#)

5.4 Other remarks

It is the responsibility of the customer to provide the correct TIN configuration records which fits to its constellation of settlement accounts and the respective setup at the CSD.

In case of new or amended TIN setup, the Key Account Manager shall be contacted to obtain the respective form. For further information on Clearstream Processing please contact your Clearstream Relationship Manager. The account setup on CBF side must be finalized before account setup on Eurex Clearing side.⁸

The TIN setup can be changed in production with start of the release in November. The first occasion when the new TIN setup will be applied will be in December 2023 with the expiration of Fixed Income Futures on 7 December 2023.

⁸ [General information on tax certification transfer by Clearstream.](#)

6 Preponement of disclosure of subscription rights

Following the discussions to evaluate and improve the handling of failed subscription rights settlements, Eurex Clearing has decided to enhance the current processing of late subscription rights trades.

Eurex Clearing will proceed to adjust the timing for disclosure of belated subscription rights transactions. The disclosure will be shifted to the business day before the last day of the subscription period, giving buyers and sellers the opportunity to align on the buyer's desired election before the end of the subscription period.

For cases if the last trading day is less than three days before the last day of the subscription period (i.e., last day of the subscription period = contractual settlement date, ISD⁹ = T+2), the subscription rights will be disclosed on the last day of the subscription period as today. Further processing after disclosure will not change.

⁹ Intended settlement date.

7 Other Changes

7.1 Change of Clearing timestamp to XML standard

In C7 SCS Report Reference Manual, the DateTimeFormat, currently defined as “YYYY-MM-DD HH:MM:SS” will be aligned with the XML standard “YYYY-MM-DDTHH:MM:SS” – with a capital ‘T’ as a constant separator between day and time part.

The changes on the C7 SCS Report Reference Manual will be reflected as follows:

Format	Description	Example
DateTimeFormat	Date along with time, stored as a string in format YYYY-MM-DDThh:mm:ss.SSS	A DateTimeFormat tag may contain the value “2021-08-02T23:59:59.121”

Table 4: Changes on clearing timestamp

7.2 Decommissioning of Securities CCP service

With the deliveries for Euroclear UK & International, the last part of Securities CCP services will be transferred to C7 SCS architecture and therefore the reports used for settlement reconciliation (i.e., CE290, CE260, CE270) will no longer contain any content and will be de-selected from Securities CCP system.

Securities Clearing GUI currently showing the status of deliveries for Euroclear UK & International will become obsolete and be discontinued as well after the last deliveries have been finalized.

Considering all pending trades have been settled by the 30 November 2023, Securities CCP will be decommissioned effectively on the 1 December 2023 after batch processing has been done.

7.2.1 Fee report Selection

With the November Release (C7 SCS 3.0) the way report selection is done for fee reports by members will change with C7 SCS 3.0.

Currently with Securities CCP, participants can order Clearing reports via Securities Clearing GUI. With migration of securities clearing to C7 SCS and discontinuation of Securities Clearing GUI, participants will not have the possibility to select such reports via GUI.

The order form for C7 SCS Settlement Report Selection for Clearing Member/Settlement Institution will be enhanced to display the fee reports which are not generated automatically. Members will need to submit the form to request the fee reports¹⁰. Existing selection for members will be available automatically, but future requests by current members and new ones must be done via request form.

Due to Securities CCP decommissioning the fee reports will be adapted. For more information, please compare and align the detailed description with the “Eurex Clearing - C7 XML Reports - Reference Manual” and Reports Modification Notes for C7 Release 10.0, which was published on 5 June 2023.

¹⁰ The address for the request is stated in the form available in the [member section of Deutsche Börse Group](#).

The reports CB225, CB320, CB325 and CB350 will have changes with Release 3.0. The changes will be related to the structure of the reports and will take part in simulation. Please refer to C7 Report Reference Manual and C7 SCS Member Simulation Guide for more details regarding the changes and simulation possibilities.

The following fee reports are not generated automatically and should be requested by the members:

Report ID	Report Name
CB225	Daily Eurex Fines
CB226	Monthly CSDR Penalties
CB235	Daily Security Collateral Fee Statement
CB236	Daily Security Collateral Coverage
CB237	Daily Concentration Add-On Fee
CB315	Daily Clearing Fees - Repo
CB320	Daily Clearing Fees
CB325	Daily Service Fees
CB350	Monthly Fee Statement

Table 5: Fee reports on demand

Existing members' subscriptions for fee reports currently in Securities CCP system will be migrated to the new C7 SCS architecture. No additional action is required for the members to maintain their current fee report selection. It is considered, due to the migration that fee reporting for business day 27 November 2023, could be delayed by one to two business days.

8 Abbreviations and Glossary of Terms

Abbreviations	Description
AG	Aktiengesellschaft (public limited company)
C7	Clearing Architecture
C7 SCS	C7 Securities Clearing Service
CBF	Clearstream Banking Frankfurt
CBL	Clearstream Banking Luxembourg
CCO	Settlement location code for Euroclear UK & International
CCP	Central Clearing Counterparty
CET	Central European Time
CREST	Certificateless Registry for Electronic Share Transfer
CSDR	Central Securities Depositories Regulation
EDP	Clearing Electronic Data Processing
EoD	End of the Day
EUI	Euroclear UK & International
EUR	Euro
FWB	Frankfurter Wertpapierbörse
GBP	British Pound
GC	General Collateral
GUI	Graphical User Interface
(I)CSD	(International) Central Securities Depository
ISD	Intended Settlement Date
ISIN	International Securities Identification Number
ISO	International Organization for Standardization
MIC	Market identifier code
SCS	Securities Clearing Service
S	Settlement Day
SI	Settlement Institution
TIN	Tax identification number
T2S	TARGET2-Securities

Abbreviations	Description
XERE	Eurex repo electronic trading platform
XETR	XETRA Trading location
XFRA	Börse Frankfurt trading location
XML	Extensible Markup Language

Table 6: Abbreviations and Glossary of Terms