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# eurex clearing *circular 229/08*

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**Recipients:** All Clearing Members of Eurex Clearing AG and Vendors
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**High priority**

## Migration to the TARGET2 Payment System: Further Information

**Related Eurex Circulars:** 171/07, 121/08

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| **Content may be most important for:** | **Attachments:** |
|---|---|
| ➲ All departments | none |

**Summary:**

This circular contains further information in connection with the migration of Eurex euro payments to the euroSIC platform effective **November 24, 2008** and to the TARGET2 platform effective **December 1, 2008**.

Amongst other information, we will inform you about all necessary measures in conjunction with the registration process and the Member simulation.

# Migration to the TARGET2 Payment System: Further Information

With Eurex circulars 171/07 and 121/08, we informed you about the migration to the TARGET2 payment system on December 1, 2008. The present circular contains further information on the migration to the TARGET2 payment system and on the participation in the simulation with an RTGS account (see chapter 2.1) or with a euroSic account (see chapter 2.2).

## 1. Registration process

As already published in previous circulars, Eurex Clearing AG will in future settle cash payments in euro with its Clearing Members/settlement institutions via the TARGET2 platform using the Ancillary System Interface (ASI). Clearing Members/settlement institutions may use RTGS accounts at their respective central bank also for payment instructions to Eurex Clearing AG. Clearing Members/settlement institutions which are not registered as Direct Participants in TARGET2 will have to involve a correspondent bank which is Direct Participant in TARGET2. For Swiss Clearing Members, the euroSIC payment system of SECB - Swiss Euro Clearing Bank - will be made available. Thus, in addition to be able to use a correspondent bank on TARGET2, Swiss Clearing Members will be able to use the euroSIC payment system as well. For Swiss Clearing Members, the existing euroSIC accounts (accordingly: SIC accounts in Swiss Francs) will be used.

Both with Eurex circular 121/08 and in a personal letter, we provided you with a number of legal documents, which serve to set up your accounts in production. In order to guarantee smooth payment transactions during the migration to the TARGET2 payment system it is necessary that the following forms are completed and submitted in time:

a) Clearing Members/settlement institutions that are Direct Participants:
   - "TARGET2 form for collection of Static Data Ancillary System's Settlement Banks (Form No. 2002)"

b) Clearing Members/settlement institutions that are not registered as Direct Participant or Members that use a correspondent bank:
   - "TARGET2 form for collection of Static Data Ancillary System's Settlement Banks (Form No. 2002)", to be handed in by the correspondence bank
   - „Securities and/or cash accounts", to be handed in by the correspondence bank in favor of the Clearing Member

c) Swiss Clearing Members:
   - Power of attorney of SWISS EURO CLEARING BANK (SECB)

We would like to remind Members, who have not reported their RTGS account/euroSIC account to Eurex Clearing AG as yet, to submit the respective form for production as soon as possible, but not later than **October 24, 2008**. Please note that the forms Clearstream Banking Frankfurt uses for its migration are not valid for Eurex Clearing AG. If you wish to use the same accounts, please also submit all powers of attorney valid for Eurex Clearing AG.

Please note that the migration to the TARGET2 payment system is **mandatory** for all Eurex Clearing Members. If a Member does not migrate, requirements for the Clearing licence will not be fulfilled anymore as of December 1, 2008.

## 2. Member Simulation

### 2.1. Member Simulation – Validation of Payment Files on the SSP (TARGET2)

The Eurex simulation environment will be available to Members between September 15 and October 31, 2008. Clearing Members who wish to receive Eurex payment files in the SSP simulation, i.e. for their RTGS accounts are requested to submit the respective application forms (forms 2002) for registration of the simulation BICs at Eurex Clearing AG by October 1, 2008, the latest, to make sure that the registration process with the central banks can still be carried out.

In order to guarantee that euro payment files can be transmitted to the SSP simulation in the first place, Members need to carry out transactions via Xetra® or Eurex Derivatives in the simulation environment. Concluded Xetra cash market trades are processed by the Eurex CCP under consideration of netting of entered offset blocks, if applicable. Consequently, euro payments are generated from both Eurex Derivatives and cash market trades in Xetra settled via the CCP. In order to make sure that the respective value days/batch days can be considered correctly in the simulation, please note the following (also see simulation calendar):

#### 2.1.1 Xetra Trades

Xetra® trades must be entered between October 8 and October 14, 2008. Executions of deliveries and payments from the offset block (CCP) will be carried out with value date T+2 the respective payments will be generated in the batch run of October 21, 2008.

#### 2.1.2 Eurex Derivatives

For trading in options contracts (shares/index), premiums need to be paid. These premiums are processed with value date T+1. Variation margins are also due with value date T+1. Eurex Derivatives trades must take place between October 17 and October 21, 2008, so that euro payments can be generated in the batch run of October 21, 2008.

#### 2.1.3 Batch Run October 21, 2008

With batch run on October 21, 2008, euro payments for the entered Xetra® trades (T+2) will become due. Also, accrued premiums and variation margins in euro for trading of options and futures on Eurex Derivatives between October 17 and October 21, 2008 will need to be paid.

#### 2.1.4 SSP Test on October 23, 2008 – Transfer of Booking Files

Euro booking files will be transferred to the SSP platform via Ancillary System Interface (ASI) on October 23, 2008 with value date October 23, 2008. Each TARGET2 Direct Participant may view the transferred bookings. Also, after the booking has been executed, booking confirmations will be transmitted in the formats MT900 and MT910 from the SSP platform to the Members.

#### 2.1.5 Validation of Payment Files with Eurex Reports

Eurex generates reports RPTCD010 Daily Cash Account – CM (for Clearing Members) and RPTCD011 Daily Cash Account – AH (Account Holder) listing individual bookings per Clearing Member. Members need to order these reports or mark them via GUI entry beforehand. With batch run October 21, 2008, these reports will be generated with payment data for value date October 28, 2008. Please note that transfer of payment files will

take place with value date October 23, 2008 (SSP clearing day), since otherwise bookings will not be executed.

**2.2. Member Simulation – Validation of Payment Files in euroSIC**

The Eurex simulation environment is available for Members between September 15 and October 31, 2008. Clearing Members who wish to receive payment files in euroSIC, are requested to submit their euroSIC power of attorney to Eurex Clearing AG by October 3, 2008, the latest, so that the master data can be set up. Please note the following:

**2.2.1 Xetra Trades**

Also in simulation, Xetra® trades are concluded with value date T+2. Therefore, these trades require three batch runs/days to generate payments from the offsetting block (CCP). Xetra trades must be entered between October 8 and October 14, 2008. The first euro payments from CCP will take place with batch run October 21, 2008. Payment files will be transferred to euroSIC via the CH interface before the next batch run/day (October 28, 2008) with value date October 28, 2008 and booked to the euroSIC settlement account specified by the Members.

**2.2.2 Eurex Derivatives**

For trading in options contracts (shares/index), premiums become due. These premiums are executed with value day T+1. Variation margins are also due with value date T+1. Eurex Derivatives trades as of batch run September 30, 2008 will be transferred to euroSIC on the next batch run/day (October 6, 2008) with value date October 6, 2008 and settled on the Members' euroSIC accounts.

**2.2.3 Euro Cash Settlements on the euroSIC Platform**

As of batch run on September 30, 2008, euro payment files for euroSIC Members are generated, with the booking files containing the value date of the next trading day or batch run/day, respectively. Thereby, the generated booking files from batch run September 30, 2008 will be generated with value date October 6, 2008. In the batch run of October 6, 2008 booking files will be generated with value date October, 7, 2008, since the next batch run /-day is October 7, 2008. Payment files will be generated until and by batch run November 13, 2008 (value date November 18, 2008) and transferred to the euroSIC platform.

**3. Migration euroSIC – Introduction on November 24, 2008**

On Friday, November 21, 2008, euroSIC Members will receive euro payments on their German Central Bank accounts on November 21, 2008 for the last time. With Eurex batch run of November 21, 2008, euro payments with value date November 24, 2008 will be generated in euroSIC format and transferred to the euroSIC platform during the night of Saturday, November 22, 2008. Please note that existing payment deadlines of Eurex Clearing AG will remain unchanged (also see Eurex circular 121/08). As before, charges from Eurex (cash calls/premium and variation margins) will become due on the following trading/clearing day, i.e. they will be debited before start of trading at 08:00 CET. As of 08:00 CET, credits will be transferred and booked to the Members' euroSIC accounts.

**4. Migration TARGET2 – Introduction December 1, 2008**

On Friday, November 28, 2008, Eurex Members with RTGS accounts on TARGET2 will receive euro payments on their German Central Bank accounts with value date November 28, 2008 for the last time. With

Eurex batch run on November 28, 2008, euro payments will be generated with value date December 1, 2008 in TARGET2 format and transferred to the SSP platform Monday, December 1, 2008 as of 07:00 CET. Please note that existing payment deadlines of Eurex Clearing AG will remain unchanged (also see Eurex circular 121/08). As of this date, cash settlement will take place on the RTGS accounts of the Clearing Members or correspondence banks. Collection of debit balance (margin/cash calls) must have taken place by 08:00 CET the latest. Starting at 08:00 CET, credits will be transferred to the SSP platform and credited to the RTGS account of the Clearing Member or correspondence bank.

**5. Payment Times**

As a reminder, please find below a list of payment times valid for both TARGET2 and euroSIC:

1. Payment file – Eurex; transfer 07:00 with settlement 08:00 CET
2. Payment file – Eurex; transfer 11:00 with settlement 11:00-11:45 CET
3. Payment file – CCP; transfer 07:00 with settlement 08:00 CET
4. Payment file – CCP; transfer 10:15 with settlement 10:15-11:00 CET
5. Payment file – CCP; transfer 13:15 with settlement 13:15-14:00 CET

**6. Miscellaneous**

With regard to identification of TARGET2 payments, respective payment runs will be shown in the free format field (field 72:) in addition to the Member ID of the Clearing Member, e.g.: "ABCFF/NTP" (Info - NTP = Night-Time-Processing / DTP1= Day-Time-Processing 1 / DTP2 = Day-Time-Processing 2 / ADD1 = Eurex Cash from Position Transfer / for transaction fees, invoice number will be delivered in field 72:).

Frankfurt, September 25, 2008