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eurex clearing
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Eurex Clearing's C7: Updates in 2014

Related Eurex Clearing circulars: 020/14, 071/14, 101/14

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Content may be most important for:	**Attachments:**
Ü All departments	none

Summary:

C7, the new clearing architecture of Eurex Clearing, will replace the existing Eurex system in a stepwise approach. C7 Release 1.0 introduced Flexible Accounts on 30 June 2014 in production. This circular contains important information about C7-related updates in 2014, including functional enhancements, changes to existing reports and introduction of new C7 reports:

- As of **15 September 2014 in production**, the portfolio-based risk management methodology Eurex Clearing Prisma will be optionally available for Flexible Accounts in C7.
- **C7** will feature settlement of premium and variation margin on pool level. This is already available in simulation and as of **29 September 2014 in production**. The technical launch and availability of cross-margining for Flexible Accounts between EurexOTC Clear Interest Rate Swaps (IRS) products and listed fixed income (FI) as well as listed money market derivatives in C7 will be announced separately.
- With C7 release 2.0, as of 7 November 2014 in simulation and as of **24 November 2014 in production**, margin calculation for pending security delivery transactions will take place on Flexible Account level.

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Eurex Clearing's C7: Updates in 2014

1. Overview

C7, the new clearing architecture of Eurex Clearing, will replace the existing Eurex system in a stepwise approach. C7 release 1.0 introduced Flexible Accounts on 30 June 2014 in production. This circular contains important information about C7-related updates in 2014, including functional enhancements, changes to existing reports and introduction of new C7 reports.

- As of 15 September 2014 in production, the portfolio-based risk management methodology Eurex Clearing Prisma will be optionally available for Flexible Accounts in C7.
- C7 will feature settlement of premium and variation margin on pool level. This is already available in simulation and as of 29 September 2014 in production. The technical launch and availability of cross-margining for Flexible Accounts between EurexOTC Clear Interest Rate Swaps (IRS) products and listed fixed income (FI) as well as listed money market derivatives in C7 will be announced separately.
- With C7 release 2.0, as of 7 November 2014 in simulation and as of 24 November 2014 in production, margin calculation for pending security delivery transactions will take place on Flexible Account level.

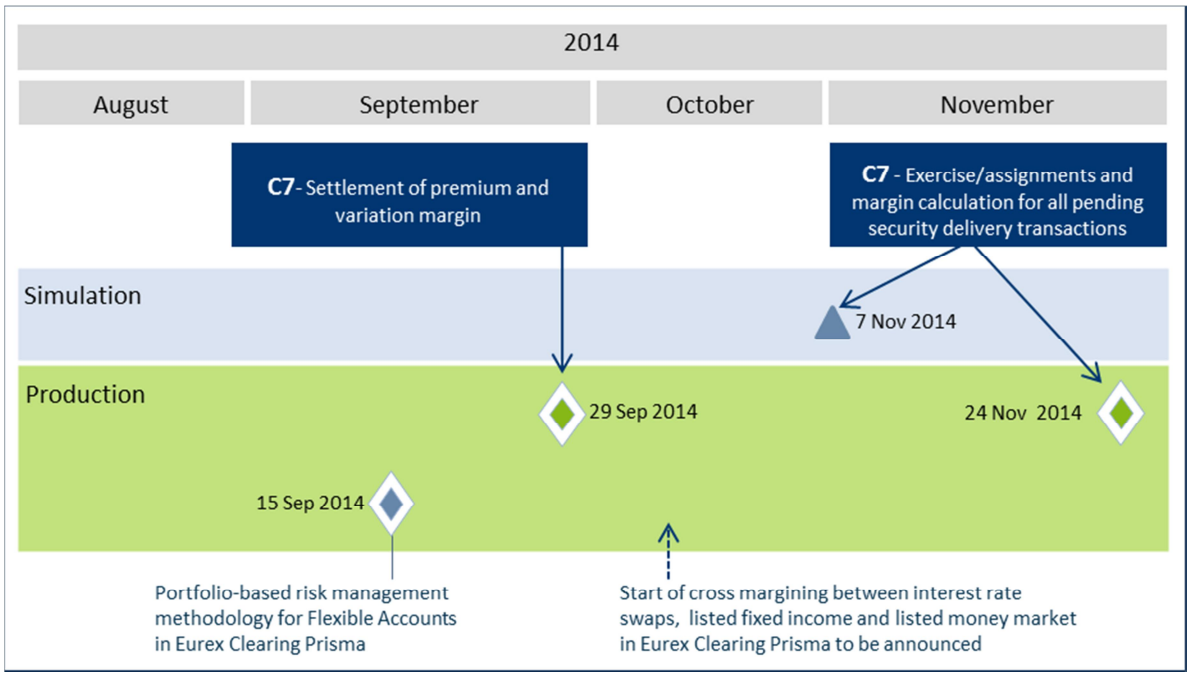


Figure: C7-related updates

Clearing Members can request access to C7 and Flexible Accounts for their individually segregated or omnibus-segregated Non-Clearing Members and Registered Customers.

For details and questions related to the registration process, Eurex Clearing recommends interested Clearing Members to contact their Key Account Manager or send an e-mail to memberservices@eurexclearing.com.

2. Functional summary

Risk calculation

Starting 15 September 2014 in production, the portfolio-based risk margining methodology Eurex Clearing Prisma will be available for Flexible Accounts in C7 on an optional basis. The date as of which cross-margining will be possible between EurexOTC Clear IRS and listed FI as well as listed money market derivatives on Flexible Accounts in C7 will be announced separately. For further details, please refer to Eurex Clearing circular 101/14.

C7 premium and variation margin

The premium and variation margin associated with transactions in the Flexible Accounts in C7 are already shown per transaction, i.e. on individual Flexible Account level. This also applies to the AAA account.

Already available in simulation and as of 29 September 2014 in production, settlement of cash originating from premium and variation margin obligations will be done on pool level assigned to the corresponding Flexible Account instead of pool assigned to the account A8, as done in C7 Release 1.0.

This enhancement is reflected in the following changed and new reports, which show the information as well on Flexible Account and on cash segregation (pool) level:

- RPTCD010 Daily Cash Account Statement (changed)
- RPTCB790 Premium Information (new)
- RPTCB795 Variation Margin Information (new)
- The new reports RPTCB790 and RPTC795 correspond to the existing reports RPTCB090 and RPTCB095.

C7 settlement of securities and cash

As of 7 November 2014 in simulation and as of 24 November 2014 in production, the margin requirement for pending security delivery transactions will be calculated on Flexible Account level. Cash settlement for options will be done on the level of the pool assigned to the Flexible Account. Exercise of options can be done per Flexible Account in the C7 Derivatives Clearing GUI or via the FIXML interface. Assignments will be shown per Flexible Account. Notifications for physically delivered futures will have to be entered in the @X-tract GUI of the Eurex system as before. The following reports[1] will be changed and offered in a new format. They also contain information on Flexible Account level:

- RPTCB320 Daily Clearing Fees - Equities (Existing report in which a Flexible Account field has been added, which is empty for standard accounts)
- RPTCB702 Cash Settled Contracts (new)
- RPTCE770 Exercise And Assignment Summary (new)
- RPTCE775 Notification And Allocation Summary (new)
- RPTCC711 Current Liquidating Margin (new)
- RPTCC780 Security and Cash Risk Position (new)
- The new reports RPTCB702, RPTCE770, RPTCE775, RPTCC711 and RPTCC780 correspond to the existing reports RPTCB102, RPTCE070/1, RPTCE075, RPTCC011 and RPTCC080.

Please note that in the new report RPTCE775 for Flexible Accounts the field for ISINs contains a placeholder for the time being.

[1] Report names are still subject to change.

3. Simulation

The Eurex Clearing simulation will be continuously available as described in the simulation calendar on the Eurex Clearing website www.eurexclearing.com under the following link:

Technology > Simulation calendar

The enhancements described above will be available in simulation as follows:

- Already available: C7-related risk calculation in Eurex Clearing Prisma.
- Already available: Premium and variation margin on Flexible Account level in C7.
- Available as of 7 November 2014: Settlement of securities and cash on C7 Flexible Account/pool level.

4. Documentation and additional sources of information

Eurex Clearing will update the following documents to reflect the described changes:

Document	Description	Publication
Eurex XML Report Reference Manual + XML Schemas + difference list	Update of the existing manual, including descriptions of the changes to existing reports and the new C7 specific reports.	Early September 2014, late October 2014
C7 Release 2.0 Functional User Guide	Update of the existing guide.	Late October 2014

The updated documents will be made available on the Eurex Clearing website under the following link:

Technology > Eurex Clearing's C7 > System documentation > Release 2.0

In addition to the documents available prior to the production launch, the “Implementation News” section on the Eurex Clearing website provides short-term information on the C7 production launch. The “Implementation News” section can be accessed on the Eurex Clearing website under the following link:

Technology > Implementation news

5. Contacts

To Clearing Members who have not yet done so, Eurex Clearing recommends to register a contact person for C7 in the Member Section of the Eurex Clearing website under the following path:

Member Section > Contacts > Release Contacts

To ensure effective information distribution of all relevant information about the implementation of Eurex Clearing’s C7 regularly, please register both a project coordinator and a technical contact for C7.

If you have any questions or require further information, please contact the Trading & Clearing Services team at tel. +49-69-211-1 31 18 or e-mail: memberservices@eurexclearing.com. Alternatively, please contact your Key Account Manager.

8 September 2014