clear to trade

eurex clearing *circular 059/17*

Date: 23 June 2017
Recipients: All EurexOTC Clear Clearing Members and Registered Customers of Eurex Clearing AG and Vendors
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EurexOTC Clear: Introduction of EurexOTC Clear Release 8.0

Contact: Your Key Account Manager Clearing, clearing.services-admission@deutsche-boerse.com

Content may be most important for:	**Attachment:**
➲ All departments	EurexOTC Clear Release 8.0 Communication Calendar

Summary:

With EurexOTC Clear Release 8.0, Eurex Clearing will enhance its EurexOTC Clear Service. Changes are driven by MiFID II/MiFIR and Release 8.0 will also technically enable the clearing of OTC Cross Currency Swaps (OTC CCS). The introduction/activation of OTC Currency Derivative products in production is subject to and will follow regulatory approval. Therefore introduction/activation will be announced via a separate circular after receiving the regulatory approval.

The timeline for the new release is as follows:

Release:	**EurexOTC Clear Release 8.0**
Start of simulation:	**27 September 2017**
Introduction date:	**4 December 2017**

Please note that the functions and services introduced with this release - especially the changes driven by MiFID II /MiFIR, which are mandatory for all EurexOTC Clearing Members - will have an impact on Members' internal processes. Therefore, it might be necessary for Members to update their internal processes and interfaces. In case of cooperation with back-office vendors, Members should contact their third-party providers as soon as possible to ensure that the necessary adjustments can be made.

All functional changes will be reflected in the upcoming release documents, which will be published according to the attached "EurexOTC Clear Release 8.0 - Communication Calendar". The calendar is also available on the Eurex Clearing website www.eurexclearing.com under the following path:

Member Section > Technology > EurexOTC Clear > OTC Release 8.0

eurex clearing

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EurexOTC Clear: Introduction of EurexOTC Clear Release 8.0

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1. Changes to the EurexOTC Clear service driven by MiFID II/MiFIR

This release is mandatory for all EurexOTC Clear Clearing Members, as all OTC derivative transactions that are cleared via EurexOTC Clear will be affected by the changes. The Eurex Rules and Regulations will be amended by end of this year to ensure that both order-book and off-book trades entered via the Eurex Trade Entry Services are exempted from the pre-trade limit check requirement. These changes will be communicated in due time separately.

The following changes and enhancements will be introduced with EurexOTC Clear Release 8.0:

- **Workflow changes:**
  - EurexOTC Clear will be able to consume credit tokens that are generated for trades executed on a trading venue. Trades that were subject to a pre-trade limit check as indicated by the presence of a credit token ID will not be sent to the Clearing Member anymore for take-up but rather immediately proceed to the incremental risk check. The credit token ID will be added to the clearing confirmation message or rejection message (as applicable), Trade Novation Report, Trade Summary Report and to the EurexOTC Clear GUI.
  - Trades that fail the incremental risk check due to insufficient collateral will be rejected. No intraday margin call will be issued in this case. This change does not apply to backloaded trades and post-trade events.
- **Messaging, report and GUI changes:**
  - A new rejection reason and rejection code will be added to the rejection message to indicate if a trade was rejected due to insufficient collateral.
  - For trades executed on a trading venue, the trading venue's Legal Entity Identifier will be added to the clearing confirmation message or rejection message (as applicable), Trade Novation Report, Trade Summary Report and to the EurexOTC Clear GUI.
  - The trade execution time and the received-for-clearing time will be added to the clearing confirmation message or rejection message (as applicable), Clearing Member take-up notification message, Trade Novation Report, Trade Summary Report and to the EurexOTC Clear GUI.

For a detailed description of the changes which will be introduced with EurexOTC Clear Release 8.0, please refer to the "EurexOTC Clear Functional Release Notes" and to the technical documentation.

2. Further enhancements and changes for EurexOTC Clear

With EurexOTC Clear Release 8.0, Eurex Clearing plans functional, technical and risk enhancements. The complete scope of these changes is contained in the Functional Release Notes.

3. Service enhancements for OTC Currency Product Clearing and introduction of OTC Cross Currency Swap (CCS) products

Eurex Clearing plans the launch of OTC Cross Currency Swaps (OTC CCS), as part of EurexOTC Clear Release 8.0, on 4 December 2017. The introduction of OTC CCS products (in currency pairs EUR/USD and GBP/USD) in production is subject to and will follow regulatory approval.

The products are available under the new OTC Currency Products Clearing License, which permits the holder of such license to clear their own transactions as a Direct Clearing Member (DCM). Clearing Members need to be able to clear the OTC FX products as prerequisite to opt for the new OTC CCS products. OTC CCS products will be captured from MarkitWire, cleared by Eurex Clearing and settled in the CLS CCP Service.

To support the new product, Eurex Clearing will populate existing reports and FpML messages with OTC CCS-related content. Members interested to be set up for the new service need to update their report and FpML system.

In addition, some minor adjustments for OTC FX products (e.g. reporting) will be made.

4. Nomination of release contacts

Please nominate and register at least one Project Coordinator and one Simulation SPOC responsible for EurexOTC Clear Release 8.0 via the Member Section on the Eurex Clearing website www.eurexclearing.com under the following path:

Member Section > Contacts > Your internal contacts > Release Contacts

Further communication will only be distributed to the contacts registered there. Details concerning the simulation environment and any documentation update will be communicated in due time via "Newsflash".

Members interested to test the new products are asked to fill out and submit the "EurexOTC Clear Currency Products Static Data Form for Clearing Member (incl. the Appendix Clearing Member Static Data Collection for CCP Service JAS)" available via the Member Section on the Eurex Clearing website under the following path:

Member Section > Technology > EurexOTC Clear > OTC Release 8.0 > Overview and Technology

For any questions you may have, please contact your Key Account Manager at Group Client Key Account Management Clearing or send an e-mail to clearing.services-admission@deutsche-boerse.com.

23 June 2017

EurexOTC Clear Release 8.0

Communication Calendar

	Year	2017																																
	Month	June				July				August					September				October				November					December							
Pulication of	CW	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52				
Release Announcement EurexOTC Clear				□																														
EurexOTC Clear Functional Release Notes								□																										
EurexOTC Clear Report Manual									□																									
EurexOTC Clear GUI User Guide									□																									
EurexOTC Clear Reports - Samples & XSDs (preliminary version)										□																								
FpML Margin Calculator Interface XSD and Samples for Simulation (preliminary version)										□																								
FpML Margin Calculator Interface Specification (preliminary version)										□																								
FpML API XSD and Samples for Simulation (preliminary version)										□																								
FpML API Interface Documents (preliminary version)										□																								
Margin Calculator Trade Template Field Description														□																				
Margin Calculator User Guide & Templates														□																				
EurexOTC Clear Risk Methodology Description (programming version)														□																				
EurexOTC Clear Simulation Guide															□																				
EurexOTC Clear Static Data Form for Simulation															□																				
EurexOTC Clear Reports - Samples & XSDs (final version)																	□																		
FpML Margin Calculator Interface XSD and Samples for Simulation (final version)																	□																		
FpML Margin Calculator Interface Specification (final version)																	□																		
FpML API XSD and Samples for Simulation (final version)																	□																		
FpML API Interface Documents (final version)																	□																		
Start of Release Simulation																**27.9.2017**																		
Update of Release Simulation																				**25.10.2017**														
Clearing Conditions*																									□										
Production Announcement																									□										
EurexOTC Clear Product List																									□										
EurexOTC Clear Risk Methodology Description (final version)																									□										
EurexOTC Clear Procedures Manual																											□								
Production Introduction EurexOTC Clear Release 8.0																																			**4.12.2017**

* publication dates are dependent on and subject to regulatory approval