

## **Eurex Clearing - C7 SCS**

### **Member Simulation Guide**

Eurex Clearing AG

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**Abstract**

The document illustrates the approach of the C7 SCS 1.0 member simulation. It describes all simulation guidelines, timelines, plan, processes, requirements and responsibilities necessary to participate successfully in the C7 SCS 1.0 member simulation.

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## 1 Introduction

As a part of Eurex Clearing's strategic roadmap, Eurex Clearing proceeds with the migration of Equity and Bonds Clearing to the C7 architecture.

The new securities clearing system, C7 Securities Clearing Service (C7 SCS), will be introduced for all transactions involving CCP-eligible instruments concluded at the Frankfurt Stock Exchange T7 (MIC: XETR and MIC: XFRA) and for all transactions concluded at Eurex Deutschland<sup>1</sup> C7 (MIC: XEUR) that result in securities transactions. With this migration, Eurex Clearing will apply Trade Date Netting (TDN) as the only supported net processing model in C7 SCS. The current netting model: Actual Settlement Day Netting (ASDN) for cleared transactions will not be available in C7 SCS.

The Eurex Repo market will be part of the next stage of the C7 SCS migration. Therefore, currently existing netting and settlement processes for this market will remain in the existing Securities CCP system and will not be amended with the introduction of C7 SCS 1.0.

The timeline for the new platform C7 SCS 1.0 is as follows:

- Start of member simulation: 29.03.2021
- Start of production: 27.09.2021

Member simulation will be offered for C7 SCS 1.0 in two phases starting from 29.03.2021 and from 17.05.2021.

This document is structured as follows:

**Chapter 2** focuses on the approach of the C7 SCS 1.0 simulation with its simulation objectives, timelines and the target group of this document.

**Chapter 3** describes the migration of instrument data into the simulation environment and as well the different phases that are relevant for members during simulation.

**Chapter 4** provides a detailed overview of the scope of the C7 SCS 1.0 simulation, the related functionalities and reports that are available for members.

**Chapter 5** illustrates all required process steps that need to be executed successfully during the participation in the C7 SCS 1.0 simulation and outlines the relevance of the Simulation Calendar.

**Chapter 6** gives a description of the technical and functional preparation members need to accomplish in order to participate in the C7 SCS 1.0 member simulation.

**Chapter 7** explains the availability of the C7 SCS system and all other supporting systems that are connected to C7 SCS to deliver the full scope of services and functionalities.

**Chapter 8** includes a detailed list of reports that are provided during the C7 SCS 1.0 simulation.

**Chapter 9** finishes by mentioning all relevant supporting contacts, a list of relevant financial instruments for C7 SCS 1.0 simulation and an overview of the abbreviations used in this document.

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<sup>1</sup> CREST (UK & Ireland) will still be processed via Securities CCP.

## 2 Simulation Approach

C7 SCS will be introduced in several releases. Release 1.0 will offer clearing services for CCP eligible equity, equity style and bond trades. Clearing and settlement of Repos, Securities Lending related processing, and processing of Bilateral trades<sup>2</sup> in Non-CCP eligible instruments are out of scope for C7 SCS 1.0 and continue to be offered via the current Securities CCP until being offered via C7 SCS in a subsequent release. In addition, all Eurex transactions in UK and Irish securities subject to settlement at EUI/CREST will also stay in current Securities CCP until it will be published that they will be migrated to C7 SCS as well. Until all clearing services for all products are offered in the new system C7 SCS, a parallel simulation of both systems is offered to members for each release. This is true, until C7 SCS has replaced CCP totally. Consequently, C7 SCS and Securities CCP parallel run is provided to all members for simulation.

In order to participate in C7 SCS 1.0 simulation successfully, members need to have technical readiness in order to be able to send SWIFT messages (e.g. MT543) via the SWIFT network to C7 SCS and to be able to access the C7 SCS member reports via the Common Report Engine (CRE). They also need to achieve functional readiness by setting up their member relevant data in C7 SCS and in addition, they need to confirm their member readiness to C7 SCS.

The C7 SCS 1.0 simulation is an open or “free-style” simulation. As such, simulation participants can define and perform their own internal simulation scenarios as appropriate for the new functionalities of the system. In addition, this will be combined with focus days on which a dedicated simulation support is offered to members to test specific C7 SCS functionalities.

C7 SCS members may participate during exchange simulation times, and as no technical connection to the C7 SCS core system is required, logon tests to C7 SCS are not needed. The connection to Trading Locations as T7 is required and as well the connection to the CRE for the report access is mandatory to participate in the full scope of simulation. Functional and technical support will be staged during the helpdesk opening hours each simulation working day. Please refer to [chapter 9.2 “Support”](#) for further details.

### 2.1 Simulation Objectives

The purpose of the simulation is to provide an opportunity for members to become familiar with the new C7 SCS system, its services, functionalities and to test business procedures in preparation for the launch of C7 SCS as a partial replacement for the Securities CCP system. Especially the incorporation of CBF and SIS, as connected (I)CSDs with an E2E simulation will provide a near to production like member simulation of the provided C7 SCS functionalities.

Active participation in the simulation is strongly recommended. Early and frequent participation of all, Clearing Members (CM), Settlement Institutions (SI) and Trading Members (TM) facilitates the identification and solution of potential issues with respect to software, infrastructure, business or system operations before production launch.

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<sup>2</sup> In this context Bilateral trades is the processing of bilaterally agreed stock market trades in non-CCP-eligible instruments (BRIT) and the related contract note generation

## 2.2 Target Group

This document serves as a guide for all Clearing Members, Settlement Institutions and Trading Members (through their CMs) participating in the simulation as well as all users of the system. Participation of all Clearing Members and Settlement Institutions in the simulation is strongly encouraged. In case CM or SI are using Service Providers for their internal support, it is strongly recommended as well to include also those Service Providers into the simulation activities.

The following internal departments of participating member organizations should be involved:

- Trading for the generation of trades in the Trading Locations in T7 (XFRA, XETR and XEUR)
- Clearing, Settlement and other relevant middle-/back-office functions
- IT Infrastructure and Environment Operations
- Network Operations (WAN and LAN and SWIFT network)
- Internal Organization and Process Management
- Risk Management
- Legal department

## 2.3 Simulation Timelines

The C7 SCS 1.0 member simulation to test all functionalities of the C7 SCS system is scheduled to start on 29.03.2021 and will end on 24.09.2021 with an interruption between 23.04.2021 and 17.05.2021 for the connection set-up between C7 SCS and the relevant (I)CSDs.

The table below provides an overview of C7 SCS 1.0 key events:

Date	Event
January 2021	Provisioning of C7 SCS Settlement Account Setup Sheet for member change management
18.02.2021	Due date for C7 SCS Settlement Account Setup Sheet for member change management
29.03.2021	Start of member simulation phase 1
23.04.2021	End of member simulation phase 1
17.05.2021	Start of member simulation phase 2
17.05.2021	Start of CBF availability for E2E settlement simulation and multiple focus days. CBF is planned to be permanently connected, only with potential interruptions caused by T2S R5.0 readiness of CBF simulation environment (IMS23)
31.05.2021	Start of SIS availability for E2E settlement simulation. SIS is planned to be connected during calendar weeks with focus days and in between, settlement confirmation feedback from SIS to C7 SCS is simulated with a simulator

Date	Event
21.06.2021	Start of CBF-i/CBL simulation participation in phase 2 but settlement confirmation feedback from CBF-i/CBL to C7 SCS is simulated with a simulator
10.09.2021	Due date for member readiness statements for production
27.09.2021	Production Launch of C7 SCS 1.0

Figure 1: Overview of C7 SCS 1.0 key events

The following table provides an overview of systems, their simulation environments and their availability during the C7 SCS 1.0 simulation:

Environment	Availability	Downtimes/Exceptions
C7 SCS simulation environment	Entire simulation period	The C7 SCS simulation environment will be available during the opening hours on batch days that are determined in the Simulation Calendar.
C7 simulation environment to receive trade data input	Entire simulation period	No downtimes known yet.
T7 simulation environment to receive trade data input	Entire simulation period	The following downtimes are planned for the T7 simulation environment and thus no batch days are offered during those weeks: <ul style="list-style-type: none"> <li>• CW17, from 26.04.21 till 30.04.2021</li> <li>• CW36, from 06.09.21 till 10.09.2021</li> </ul>
CBF simulation environment	Multiple durations	From 29.03.21 till 23.04.21 use of a settlement simulator. From 17.05.21 standard approach is a direct connection for E2E simulation. Only in case of downtimes on the CBF simulation environment (IMS23) the simulator might be used again, if possible. Details on CBF focus days are described in <a href="#">chapter 3.5.2.2</a> .
CBF-i/CBL simulation environment	Multiple durations	During the whole member simulation of C7 SCS 1.0 CBF-i/CBL will not be connected for E2E member simulation and member reports are created on a simulated CBF-i/CBL settlement confirmation feedback that is provided via a simulator.
SIS simulation environment	Multiple durations	From 29.03.21 till 23.04.21 use of a settlement simulator. From 31.05.21 the SIS simulation environment (SECOM X) is available in calendar weeks with focus days and in between settlement confirmation feedback from SIS to C7 SCS is simulated with a simulator. Details on SIS focus days are described in <a href="#">chapter 3.5.2.3</a> .

Figure 2: Overview of simulation environments participating in C7 SCS 1.0 member simulation

It is recommended that all members adhere to the published simulation timetables in this document for the simulation execution. This will contribute to a smooth and effective simulation period and a successful production launch for all market participants. Please ensure that this document is communicated as soon as possible to your project teams and to line organizations, where applicable. Before the start of simulation, all parties involved should be aware of their tasks and the existing dependencies with other participants.

### **2.3.1 Overview of Simulation Timelines**

Member simulation starts on 29.03.2021 and will be available for members also after the introduction of C7 SCS 1.0 in production. The scope, timelines and content of the simulation after 27.09.2021 are likely to change, thus the content of this document describes simulation till 27.09.2021.

For detailed timelines on the execution of focus days, please refer to [chapter 3.5](#) “Focus Days” where specific timelines for each focus day are mentioned.

Details on the high level timelines for testing with (I)CSD involvement are described in [chapter 2.3](#) “Simulation Timelines” and in [chapter 3.4](#) “Simulation with E2E Connection to (I)CSDs” the timelines are provided on a more detailed level.

### **2.3.2 Overview of (I)CSD Connections to C7 SCS 1.0 in Simulation**

Simulation of C7 SCS 1.0 will start on 29.03.2021 with the use of a simulator for all settlement activities. ECAG uses the simulator to emulate the settlement lifecycle of settlement instructions which are created at C7 SCS resulting from member initiated trades at the Trading Locations. It generates the simulated (I)CSD response towards C7 SCS, which C7 SCS uses to update the settlement status of transactions. During this first phase of simulation, participating members will not receive any settlement feedback from the related (I)CSDs as (I)CSDs are not yet connected. C7 SCS reports will be the only information source available for members.

In a second step, selected (I)CSDs are supporting the C7 SCS simulation by being connected to their own simulation environments and thus enabling an end to end (E2E) simulation. The settlement locations which are connected during the C7 SCS simulation for the purpose of an E2E settlement simulation are CBF and SIS. After the settlement locations have been connected to the C7 SCS simulation environment, CBF will be available for E2E simulation all the time as a standard set-up, only during downtimes of the CBF simulation environment (IMS23) the simulator might be reused for the creation of the settlement response. SIS will be available for E2E simulation during calendar weeks with focus days and in between settlement confirmation feedback from SIS to C7 SCS is simulated with a simulator during the second phase of simulation. In general, CBF-i/CBL will not be connected for E2E simulation and members will receive their reports based on the settlement instructions created by C7 SCS and the settlement confirmation response that is provided by a simulator, and thus no (I)CSD reports from CBF-i/CBL can be provided to members.

The following figure shows the timelines for the planned simulation with either the use of a simulator or the end to end availability with the related (I)CSDs.

C7 SCS CSDs in Simulation	Mar					Apr					May					Jun					Jul					Aug					Sep				
	1	8	15	22	29	5	12	19	26	3	10	17	24	31	7	14	21	28	5	12	19	26	2	9	16	23	30	6	13	20	27				
CBF						Simulator					Permanent E2E connection availability, only during downtimes simulator is used																								
CBF-i/CBL						Simulator					Simulator																								
SIS						Simulator					E2E connection during CWs with focus days, simulator is used in between																								

Figure 3: (I)CSD participation in C7 SCS 1.0 member simulation

For more details about the individual settlement scenarios with selected (I)CSDs please refer to the more detailed description of “Focus Days” in [chapter 3.5](#).

### 3 Simulation Phases

This C7 SCS 1.0 member simulation is the first simulation offered to members for the new designed and developed C7 SCS system. As not all services of the Securities CCP system are replaced by the new C7 SCS 1.0 members will face a parallel simulation of the Securities CCP and the C7 SCS system.

For the member simulation of C7 SCS 1.0 Eurex Clearing will involve CBF and the CBF connected ECB as operator of the T2S simulation system as well as SIS in the simulation starting in the second phase from 17.05.2021. CBF-i/CBL is included in the simulation as well but not with a E2E connection possibility, and thus member reports are not created on CBF-i/CBL settlement confirmations but based on a settlement simulator.

As such, C7 SCS 1.0 simulation consists of the following events, for more details on “Simulation Timelines” please refer to [chapter 2.3](#):

- Simulation without E2E connection to (I)CSDs but with settlement simulator
- Simulation with E2E connection to (I)CSDs (only CBF and SIS)
- Focus days
- Weeks with an extended number of batch days in simulation

#### 3.1 Migration Approach

##### 3.1.1 Production Migration versus Simulation Migration

###### Production Migration

The production migration from the current Securities CCP system to C7 SCS will follow a “Big Bang” approach, where all eligible instruments and members are mandatorily migrated. The transaction data and historic data will not be migrated; pending transactions will stay in the current Securities CCP system during the migration and will be processed and completed in Securities CCP system. Moreover, there will be no duplicates of any transactions in two systems. New trades incoming after the migration date will be processed in the C7 SCS system.

###### Simulation Migration

The above mentioned approach, which is valid for the production introduction is NOT valid for simulation. Here C7 SCS follows a stepwise approach. All members which are taking part in the Securities CCP simulation are also able to participate in the parallel run of the Securities CCP and the C7 SCS simulation. The major difference is the number of eligible instruments that are available and planned to be shifted away from the settlement processing in the Securities CCP system to the settlement processing in the new C7 SCS system. For simulation this number of eligible instruments and their ISINs is increased at the beginning of phase 1 and phase 2 during the member simulation. At the beginning of each phase a certain number of ISINs is stopped being processed in Securities CCP and start to be processed in the new C7 SCS system. The financial instruments and their ISINs that start being processed at the C7 SCS simulation at the beginning of phase 1 and phase 2 will be published in due times as described in [chapter 9.3](#) “Instrument Data”. Please be aware that all trades which were done before the related focus day stay in the Securities CCP system till they are cleared and settled. All trades that are done on or after the focus day are cleared and settled completely in the new C7 SCS system. As in production there is no transfer of historic data or transaction data of settlements in process from Securities CCP to C7 SCS and thus there are no duplicates in both systems.

The stepwise process of increasing the number of eligible instruments for C7 SCS enables all members to experience two times the behavior of the system change from Securities CCP to C7 SCS on the production introduction day on 27.09.2021. Those additional instruments and their related ISINs which are shifted to be processed in the C7 SCS system will follow the same behavior as all ISINs will have on the production introduction day.

### 3.1.2 Parallel Run

While it is intended that C7 SCS will fully replace Securities CCP in the future, some trade types from T7 (XETR and XFRA) and C7 (XEUR) will continue to be cleared by Securities CCP after C7 SCS 1.0. After go-live, C7 SCS will take over all trades from T7 (XETR and XFRA) except Bilateral trades<sup>3</sup> and all trade resulting executions with physical deliveries from C7 (XEUR) except deliveries in UK and Irish securities settling at EU/CREST; these exceptions continue to be processed by Securities CCP which runs parallel to C7 SCS.

The following high-level overview outlines the data flow of this parallel run:

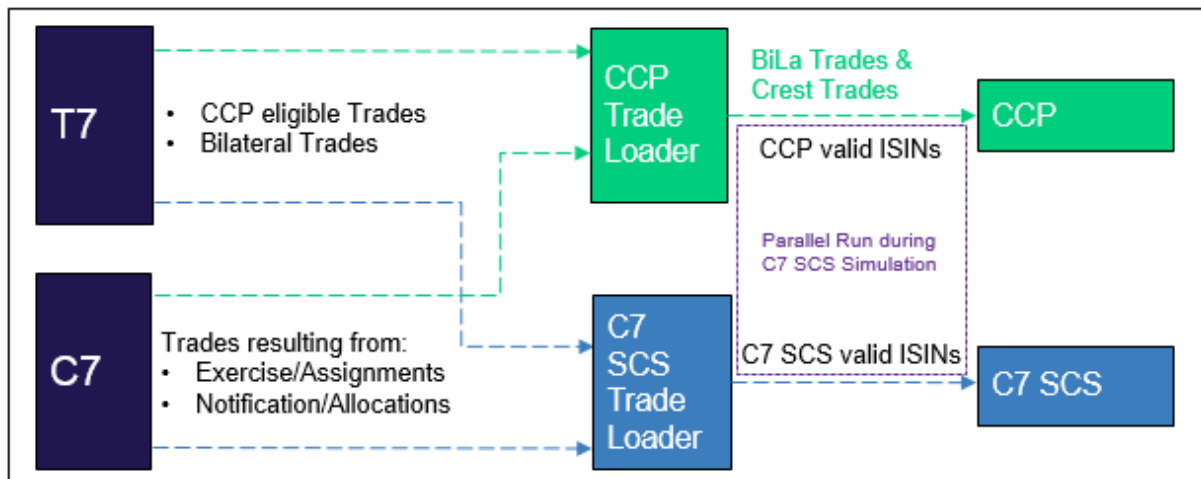


Figure 4: Data flow during parallel run of Securities CCP and C7 SCS

T7 (XETR and XFRA) and C7 (XEUR) send the complete data to both Securities Clearing Services which will filter out the corresponding data in order to only process the correct trade data. While Bilateral and CREST trades will be processed by Securities CCP as in production after C7 SCS 1.0, additional requirements apply for simulation as members need to be able to still test T7 and C7 trades in Securities CCP before the C7 SCS 1.0 go-live.

Therefore, an additional filter logic will be applied that allows a certain amount of ISINs still to be valid for Securities CCP while other ISINs are already valid for C7 SCS. Thus, a parallel processing of the two clearing systems is set up which allows members to test in both during the C7 SCS simulation.

<sup>3</sup> In this context Bilateral trades is the processing of bilaterally agreed stock market trades in non-CCP-eligible instruments (BRIT) and the related contract note generation

### **3.2 Frozen Zones in C7 SCS Simulation**

Migration of all member related data will happen before 29.03.2021 and does not require any frozen zone for member data set-up on the new C7 SCS system, as members have no access to the system or functionalities prior this start of member simulation. As part of the initial reference data set-up in C7 SCS (default set-up), members and corresponding Settlement Account settings will be set-up to process trades under "Netting" as their Net Processing Method and corresponding Delivery Instructions to be sent out in status "Released". In case members decide to choose a different set-up than the default setting, changes are required to be incorporated into the Settlement Account Setup Sheet and to be returned to the Clearing Key Account Management. During a two weeks' timeframe before simulation start on the 29.03.2021, it is highly requested that members are not changing the own member master data or their Settlement Account master data in the Securities CCP system. The Settlement Account Setup Sheet will be provided from January 2021 and due day for the feedback is on 18.02.2021.

### **3.3 Simulation without E2E Connection to (I)CSDs but with settlement simulator**

In this phase of simulation, from 29.03.2021 till 23.04.2021, C7 SCS will use the settlement confirmations provided by using a simulator but not from the corresponding (I)CSDs. Based on this simulated (I)CSD settlement response, C7 SCS prepares the member relevant reports and distributes them via the CRE. Those reports are the result of the underlying trades members have concluded at the different Trading Locations. This results in a mandatory connection to the simulation systems of the connected Trading Locations XETR, XFRA and XEUR on the one side, but on the settlement side no member connection between the (I)CSDs and the participating members is required. Nevertheless, a connection to the CRE to receive member reports and a connection to the SWIFT network for Linking and/or Routing Service should be in place.

As in this phase C7 SCS is not connected to (I)CSDs, participating members will not receive any (I)CSD reporting. The scope of this simulation period is set on:

- Trade processing from Trading Locations and Net Processing
- Delivery Instruction Settlement at CBF, CBF-i/CBL and SIS (simulated)
- Linking before Aggregation (simulated)
- Routing Service for CBF-i/CBL (simulated)

In contrast to CBF and SIS, CBF-i/CBL will not be connected to the C7 SCS simulation environment for E2E member simulation. As in the first phase of simulation, CBF-i/CBL settlement will also be simulated with a simulator during the second phase. Thus, members will not receive CBF-i/CBL reporting and C7 SCS member reports are the only source of information for members.

### **3.4 Simulation with E2E Connection to (I)CSDs**

In this phase of simulation, the settlement feedback that participating members will receive is provided by the connected (I)CSDs due to a direct involvement between C7 SCS and the related (I)CSDs. For that reason, participating members can expect their individual reporting from the participating and connected (I)CSDs as well.

During the second phase of simulation with connected (I)CSDs, it might be temporarily required to switch back to the use of the simulator. This might be needed, due to potential downtimes of the participating and connected (I)CSDs.

Delivery Instructions that are created, when a simulator is in place (disconnected (I)CSD period) will be settled by C7 SCS simulator, even if the later settlement might fall into a phase with E2E connection with (I)CSDs, as these were not sent to (I)CSDs originally.

Deliveries that are created during a phase of E2E connection to (I)CSDs will continue to be settled at (I)CSDs, even if the later settlement might fall into a phase when a simulator is used again, as C7 SCS will not cancel them.

The second phase will allow the members to test with the following scope items:

- Delivery Instructions Settlement at CBF and SIS (incl. CA deliveries)
- Member Delivery Management at CBF and SIS (incl. CA deliveries)
- Migration and Parallel Run of Securities CCP and C7 SCS
- Corporate Actions
- Cross-Border Settlement

#### **Note on performance tests for member simulation with connected (I)CSDs**

High volume or performance tests during the C7 SCS 1.0 simulation are not planned. Please refrain from performing high volume or performance tests in C7 SCS simulation without the consent of Eurex Clearing.

For a more detailed overview of connected (I)CSDs please see the below table:

	<b>(International) Central Securities Depository</b>	<b>Member simulation availability from</b>	<b>Comment on capacity restrictions</b>
1	Clearstream Banking Frankfurt (CBF)	17.05.2021	Normal simulation capacity restrictions
2	SIX SegalIntersettle Zürich (SIS)	31.05.2021	Normal simulation capacity restrictions

Figure 5: Overview of connected (I)CSDs in member simulation and timeline of their participation

### **3.5 Focus Days**

Focus days will be offered in alignment with (I)CSDs in order to support the tests for:

- Trade load
- Linking Service
- Net Processing
- Settlement
- Reporting
- Routing Service
- Corporate Action Processing

The selection of appropriate instruments for the focus days, timeline, necessary preparations and other tasks will be communicated within this document or be published in due times before the start of simulation.

For every focus day trade entry, trade load and net processing are necessary initial steps that need to be triggered with trade entry by the participating member.

The ISINs of the relevant financial instruments for each focus day will be communicated throughout this document and latest ahead of the related focus days.

Potential changes of the overall list of financial instruments in simulation will be published in due times via Newsflash and on the Eurex Clearing website.

A detailed description of required member activities and sequences for each focus day will follow in due times via Newsflash and on the Eurex Clearing website.

### **3.5.1 C7 SCS Member Simulation with simulator ((I)CSDs not connected)**

For all focus days mentioned in this section, (I)CSDs are not connected to the C7 SCS simulation environment and simulators are used instead to create the (I)CSD/T2S settlement responses to C7 SCS. During this phase it needs to be noticed that (I)CSDs will not provide their information/reporting to participating members. Even if the responses on settlement instructions that were created by C7 SCS are not created by any of the (I)CSDs but provided by a simulator, participating members will not recognize any difference in the structure or the content that is reported to them from C7 SCS. Due to the not connected (I)CSDs, there is no possibility for reconciliation of C7 SCS member reports with the (I)CSD reporting.

The following focus days are provided during member simulation with simulator:

Net Processing & Linking before Aggregation		CW 13 and CW 14	
Scope:	Prerequisites:	Applicable ISINs	
<b>Net Processing:</b>			
<ul style="list-style-type: none"> <li>Trade load from XETR, XFRA, XEUR</li> <li>Net Processing (Netting, Aggregation, Gross)</li> <li>Net Clearing Report (CE890/895)</li> <li>Settled Cash Transactions Report (CD850)</li> </ul>	<ul style="list-style-type: none"> <li>Access to simulation environments of the Trading Locations (XETR, XFRA, XEUR)</li> <li>Access to CRE to receive C7 SCS reports</li> <li>Account Setting for Net Processing Method and Strange Net Handling Method</li> </ul>	<ul style="list-style-type: none"> <li>ISINs will be published at a later point in time</li> </ul>	
<b>Linking before Aggregation:</b>			
<ul style="list-style-type: none"> <li>Members send linking request to C7 SCS after reading trade number from trade confirmations from T7</li> <li>Net Processing (Aggregation)</li> <li>Reporting on Net Clearing Report XETR and XFRA (CE895) and Trades Action Report (CB830)</li> <li>Settled Cash Transactions Report (CD850)</li> </ul>	<ul style="list-style-type: none"> <li>Connectivity to SWIFT network</li> <li>Trade load to be concluded</li> <li>T7 connection to receive Trade Confirmation</li> <li>Net Processing Method must be Aggregation</li> <li>Availability of reports via the CRE</li> </ul>	<ul style="list-style-type: none"> <li>ISINs will be published at a later point in time</li> </ul>	

Figure 6: Net Processing &amp; Linking before Aggregation focus day description for member simulation with simulator

Delivery Instruction all (I)CSDs & Routing Service for CBF-i/CBL		CW 14 and CW 15	
Scope:	Prerequisites:	Applicable ISINs	
<b>Delivery Instruction all (I)CSDs:</b>			
<ul style="list-style-type: none"> <li>Settlement via C7 SCS simulator</li> <li>Pending Delivery and Settled Delivery Report (CE860/CE870)</li> </ul>	<ul style="list-style-type: none"> <li>Access to CRE to receive C7 SCS reports</li> <li>Account Setting for Default Hold/Released Status</li> <li>Trade load to be concluded</li> <li>Net Processing needs to be concluded</li> </ul>	<ul style="list-style-type: none"> <li>ISINs will be published at a later point in time</li> </ul>	
<b>Routing Service for CBF-i/CBL:</b>			
<ul style="list-style-type: none"> <li>Members identify trades from CE890/CE895 and send Hold/Released request to C7 SCS for instructions settled at CBF-i/CBL</li> <li>C7 SCS Hold/Released reporting in Pending Delivery (CE860) and Trades Action Report (CB830)</li> </ul>	<ul style="list-style-type: none"> <li>Trade load needs to be concluded</li> <li>Net Position Trades with Pending Delivery Instructions must be in place</li> <li>Account Setting on Hold/Released Status needs to be on "Hold"</li> <li>SWIFT network connection is required</li> <li>Availability of Reports via the CRE</li> </ul>	<ul style="list-style-type: none"> <li>ISINs will be published at a later point in time</li> </ul>	

Figure 7: Delivery Instructions all (I)CSDs & Routing Service for CBF-i/CBL focus day description for member simulation with simulator

### 3.5.2 C7 SCS Member Simulation with (I)CSDs

For all focus days mentioned in this section, (I)CSDs are connected to the C7 SCS simulation environment and simulators are switched off for all ISINs according to the (I)CSD specific availability. C7 SCS does not provide any dedicated CA reports, only trade update in C860/CE870.

### 3.5.2.1 Data Migration Focus Days

The following focus day is provided for simulation of the migration day and the parallel run of the Securities CCP and C7 SCS systems. The focus of the parallel run is only on trades loaded to C7 SCS from C7 and T7 (except CREST and Bilateral trades). Out of focus are as well all trades resulting from Repo and Securities Lending.

Trade load and Parallel Run of Securities CCP and C7 SCS		CW 20
Scope:	Prerequisites:	Applicable ISINs
<ul style="list-style-type: none"> <li>Test production like production launch and afterwards parallel processing of Securities CCP and C7 SCS, corresponding Securities CCP, C7 SCS, CSD reporting</li> </ul>	<ul style="list-style-type: none"> <li>Before Migration day the Trade load will be concluded in the Securities CCP system</li> <li>From migration day on the Trade load on this ISINs will be concluded in C7 SCS</li> <li>Availability of reports via the CRE</li> </ul>	<ul style="list-style-type: none"> <li>DE0005140008</li> <li>DE0005810055</li> <li>DE000TUAG000</li> <li>FI0009000681</li> <li>GB00B03MM408</li> <li>DE0005557508</li> <li>DE000KSAG888</li> <li>FR0000120172</li> </ul>

Figure 8: Migration and Parallel Run of Securities CCP and C7 SCS focus day description for member simulation with (I)CSDs

### 3.5.2.2 CBF related Focus Days

#### Specifics for C7 SCS 1.0 simulation with CBF during member simulation:

- CBF will provide E2E simulation for settlement processing with all participating members during simulation. Starting from 17.05.2021 till 21.05.2021, all members are requested only to perform Plain Vanilla/pure settlement without incorporating any settlement related specifics as Linking Services. The focus of this week is only set on the migration and the parallel run of C7 SCS and the Securities CCP system with Plain Vanilla settlement processing.
- Starting from the 24.05.2021 additional settlement specific activities as the processing of Corporate Actions can be incorporated and processed in the E2E simulation with CBF. Special focus days are provided for those activities to support members during simulation, as this is especially required for Corporate Actions testing because this needs to be set up and initialized. Linking Service can also be tested during the second phase of simulation, but no explicit focus days are offered for this service.
- In case the seller of a regulated financial instrument is not able to deliver till 4 or 5 business days (depending on the ESMAL flag of the security) after the intended settlement date (trade day + 2 business days), a Buy-In is initiated in the production environment. During simulation Buy-Ins are out of scope, thus there is no testing of Buy-Ins available and for that reason no focus days are provided for the Buy-In processing.
- Due to dependencies on the T2S simulation environment (UTEST) the amount of pending instructions in simulation should be minimized by each participating member. This might of course not be valid, in case certain pending instructions are required for the execution of specific focus days. All members are encouraged to reduce their pending instructions for example by providing sufficient cash or holdings, so that trades can be settled or by switching the status of a settlement instruction from "Hold" to "Released" for the full amount of the trade.

Delivery Instruction Settlement	CW 21 and CW 28	
Scope:	Prerequisites:	Applicable ISINs
<ul style="list-style-type: none"> <li>Process CSD settlement (Full and Partial Settlement)</li> <li>Pending Delivery and Settled Delivery Report (CE860/CE870)</li> <li>Reconciliation of C7 SCS and CSD reporting by members</li> </ul>	<ul style="list-style-type: none"> <li>Access to reports via the CRE</li> <li>Connection to CBF to receive settlement reporting</li> <li>Trade load, Net Processing and sending of Delivery Instructions performed</li> <li>Account setting of "Hold/Released" status on "Released"</li> <li>Pending Delivery Instructions in status "Released"</li> </ul>	<ul style="list-style-type: none"> <li>DE0001135481</li> <li>DE0005103006</li> <li>NL0000009165</li> <li>US0231351067</li> </ul>

Figure 9: Delivery Instruction Settlement focus day description for member simulation with (I)CSDs

Member Delivery Management	CW 21 and CW 28	
Scope:	Prerequisites:	Applicable ISINs
<ul style="list-style-type: none"> <li>Members send Hold/Released request (including Partial Release Requests) directly to CBF (ICP) or at T2S (DCP) or to use CASCADE GUI or T2S GUI</li> <li>C7 SCS receives CSD Feedback and reports to members accordingly in Pending Delivery (CE860) and Trades Action Report (CB830)</li> </ul>	<ul style="list-style-type: none"> <li>Access to reports via the CRE</li> <li>Connection to CBF to receive settlement reporting and to send modification requests to CBF or T2S</li> <li>Trade load, Net Processing and sending of Delivery Instructions performed</li> <li>Account setting of "Hold/Released" status on "On-Hold"</li> <li>Pending Delivery Instructions in status "On-Hold"</li> </ul>	<ul style="list-style-type: none"> <li>DE0001135416</li> <li>DE0005118806</li> <li>AT0000743059</li> <li>DE0001030542</li> </ul>

Figure 10: Member Delivery Management focus day description for member simulation with (I)CSDs

Corporate Action with CBF (T2S ISINs)	CW 23-25 and CW 30-31	
Scope:	Prerequisites:	Applicable ISINs
<ul style="list-style-type: none"> <li>CA transformation and market claim processing together with CBF (T2S ISINs) CSD reporting to C7 SCS and members which reflect the amendments in CE860</li> </ul>	<ul style="list-style-type: none"> <li>Access to reports via the CRE</li> <li>Connection to CBF to receive settlement reporting and custody reporting</li> <li>Trade load, Net Processing and sending of Delivery Instructions performed</li> <li>Account setting of "Hold/Released" status on "On-Hold"</li> <li>Pending Delivery Instructions in status "On-Hold"</li> </ul>	<p>Transformation ISIN old:</p> <ul style="list-style-type: none"> <li>DE0005772206</li> <li>DE0005785604</li> <li>DE0006219934</li> <li>DE0006599905</li> <li>DE0007030009</li> <li>DE0007164600</li> </ul> <p>Transformation ISIN new:</p> <ul style="list-style-type: none"> <li>DE0006202005</li> <li>DE0005785802</li> <li>DE0006231004</li> <li>DE0006916604</li> <li>DE0005545503</li> <li>DE000PSM7770</li> </ul> <p>Market Claim:</p> <ul style="list-style-type: none"> <li>DE0007037129</li> <li>DE0007100000</li> <li>DE0007236101</li> <li>DE0005089031</li> <li>DE0005190037</li> <li>DE0005200000</li> </ul>

Figure 11: Corporate Action with CBF (T2S ISINs) focus day description for member simulation with (I)CSDs

Corporate Actions for markets migrated to OneClearstream	CW 29-31 and CW 32-33	
Scope:	Prerequisites:	Applicable ISINs
<ul style="list-style-type: none"> <li>ISINs in markets migrated to OneClearstream (CSC and NCSC-T) Asset Servicing (market claim and transformation) which is migrated to the OneClearstream service</li> <li>CSDs reporting to C7 SCS and members which are reflected also in C7 SCS report CA860</li> </ul>	<ul style="list-style-type: none"> <li>Access to reports via the CRE</li> <li>Connection to CBF to receive settlement reporting and custody reporting</li> <li>Trade load, Net Processing and sending of Delivery Instructions performed</li> </ul>	<ul style="list-style-type: none"> <li>ISINs will be published at a later point in time</li> </ul>

Corporate Actions for markets migrated to OneClearstream		CW 29-31 and CW 32-33
Scope:	Prerequisites:	Applicable ISINs
	<ul style="list-style-type: none"> <li>Account setting of "Hold/Released" status on "On-Hold"</li> <li>Pending Delivery Instructions in status "On-Hold"</li> </ul>	

Figure 12: Corporate Actions for markets migrated to OneClearstream focus day description for member simulation with (I)CSDs

### 3.5.2.3 SIS related Focus Days

The following focus days are provided for simulation with a SIS involvement:

Delivery Instruction Settlement		CW 23-24 and CW 33-34
Scope:	Prerequisites:	Applicable ISINs
<ul style="list-style-type: none"> <li>Process CSD settlement</li> <li>Pending Delivery and Settled Delivery Report (CE860/870)</li> <li>Reconciliation of C7 SCS and CSD reporting by members</li> </ul>	<ul style="list-style-type: none"> <li>Access to reports via the CRE</li> <li>Connection to SIS to receive settlement reporting and to modify instructions at SIS Account setting of "Hold/Released" status on "Released"</li> <li>Derivatives trade entry in T7 and Exercise/Assignment or Notification/Allocation in C7</li> <li>Trade load (XEUR), Net Processing and sending of Delivery Instructions performed</li> <li>Pending Delivery Instructions in status "Released"</li> </ul>	<ul style="list-style-type: none"> <li>ISINs will be published at a later point in time</li> </ul>

Figure 13: Delivery Instruction settlement focus day description for member simulation with (I)CSDs

Member Delivery Management		CW 23-24 and CW 34
Scope:	Prerequisites:	Applicable ISINs
<ul style="list-style-type: none"> <li>Members send Hold/Released request directly to SIS or via the SIS GUI</li> <li>C7 SCS received CSD feedback and reports to members accordingly in Pending Delivery (CE860) and Trade Action Report (CB830)</li> </ul>	<ul style="list-style-type: none"> <li>Access to reports via the CRE</li> <li>Connection to SIS to receive settlement reporting and to modify instructions at SIS Account setting of "Hold/Released" status on "Released"</li> <li>Derivatives trade entry in T7 and Exercise/Assignment or Notification/Allocation in C7</li> <li>Trade load (XEUR), Net Processing and sending of Delivery Instructions performed</li> <li>Pending Delivery Instructions in status "Released"</li> </ul>	<ul style="list-style-type: none"> <li>ISINs will be published at a later point in time</li> </ul>

Figure 14: Member Delivery Management focus day description for member simulation with (I)CSDs

Corporate Action		CW 28-29
Scope:	Prerequisites:	Applicable ISINs
<ul style="list-style-type: none"> <li>CA transformation and market claim processing together with Custody</li> <li>CSD reporting to C7 SCS and members which reflects the amendments in CE860</li> </ul>	<ul style="list-style-type: none"> <li>Access to reports via the CRE</li> <li>Connection to SIS to receive settlement and custody reporting</li> <li>Account setting of "Hold/Released" status on "Released"</li> <li>Pending Delivery Instructions in status "Released"</li> <li>Trade load (XEUR), Net Processing and sending of Delivery Instructions performed</li> <li>Notification in C7</li> </ul>	<ul style="list-style-type: none"> <li>ISINs will be published at a later point in time</li> </ul>

Figure 15: Corporate Action focus day description for member simulation with (I)CSDs

### 3.5.3 Weeks with an extended number of Batch Days in Simulation

The Eurex Simulation Calendar foresees 3 batch days for simulation per week on best effort. During member simulation of the new C7 SCS system, there are several weeks with an extended number of batch days per week. In those exceptional weeks four batch days (between Monday and Friday) are offered for simulation before the introduction of C7 SCS 1.0. The purpose of this increased number of batch days is to test the new business processes and all or selected functionalities with the most production-like set-up possible, but timings will still differ from the production set-up.

The following calendar weeks will have the increased number of 4 batch days:

No	Calendar week	Date	Planned batch days during this week
1	CW20	17.05.2021 - 21.05.2021	Monday, Tuesday, Wednesday and Thursday
2	CW21	24.05.2021 - 28.05.2021	Tuesday, Wednesday, Thursday and Friday
3	CW23	07.06.2021 - 11.06.2021	Monday, Tuesday, Wednesday and Thursday
4	CW29	19.07.2021 - 23.07.2021	Monday, Tuesday, Wednesday and Thursday
5	CW31	02.08.2021 - 06.08.2021	Monday, Tuesday, Wednesday and Thursday

Figure 16: Member simulation with additional batch days per week

## 4 Simulation Scope

As C7 SCS is a new system and in parts replacing the former Securities CCP system, all services and functionalities that are provided by C7 SCS are new. In addition, the new functionalities and services can be separated in basic services and additional services that can be requested by the choice of the Clearing Member. In case Trading Members like to change something in their set-up, this needs to be addressed to C7 SCS via their Clearing Members.

No	Area	New functionality	Member impact for simulation
1	Functionality	Trade Date Netting (TDN) is a new mechanism offered with C7 SCS, substituting today's Basic Service, Extended Service and Full Service with Actual Settlement Day Netting (ASDN).	All members need to familiarize with the new mechanism.
2	Functionality	Participants have the following choice for the Net Processing Method setting: Netting <sup>4</sup> , Aggregation or Gross Processing.	Clearing Members and Settlement Institutions need to choose their Net Processing Method in the Settlement Account Setup Sheet.
3	Functionality	The selection above must be made per: Clearing Member, Settlement Account, Trading Member, Trading Location, Account Type and Account Usage (default or TIN).	The above decision needs to be made for all relevant accounts. At least for PP and if applicable A1
4	Functionality	At the end of the trade day, Netting, Aggregation and Gross Processing is performed combining Single Trades to Net Position Trades depending on the selected processing method <sup>5</sup> .	All participating members need to decide on their Net Processing Method and familiarize with its potential impacts.
5	Functionality	In case Clearing Members have chosen "Aggregation" as the Net Processing Method they can influence the Net Processing results by Linking Single Trades concluded at FWB (XETR and XFRA) before Aggregation.	All members who are interested in Linking before Aggregation need to familiarize how to influence the result of Net Processing by linking Single Trades. Please be aware that this is just possible for chosen Net Processing Method "Aggregation".

<sup>4</sup> Netting (Net) as default set-up and it is automatically applied if not decided differently by the member

<sup>5</sup> Delivery Instructions are sent out with status "Released" as the default set-up

No	Area	New functionality	Member impact for simulation
6	Functionality	In case of Netting with an activated Strange Net handling option on "Net/Split" or in case of Aggregation (after Single Trades have been linked and pre-netted) potentially occurring non-standard results (Strange Nets) are handled as follows: for cash payments a dedicated Cash-Only Net Position is generated which is booked on the Clearing Member's cash account, securities are processed "free-of-payment" as a separate Net Position Trade.	All members who are interested in alternative Strange Net Handling method NET/SPLIT need to familiarize with all potential non-standard results.
7	Functionality	For every Net Position Trade (with security quantity $\neq 0$ ), a Delivery Instruction is sent to the respective settlement location (CBF/T2S, CBF-i/CBL and SIX SIS) at the end of the trade day. In case a Net Position Trade after Netting or Aggregation results in "cash-only" or flat(zero) position, no Delivery Instruction is sent to settlement location.	All members need to familiarize with the potential different Net Position outcomes of the Net Processing Method they have chosen.
8	Functionality	The Delivery Instructions (customer leg) can be sent out with status "Released" (default) or with status "on-Hold" depending on the applicable account settings. For buy side, irrespective of the Netting parameters, Delivery Instructions will be sent as "Released"	All members who plan to use a different than the default setting need to familiarize with the "on-Hold" and "Released" status depending on their applicable account settings.
9	Functionality	Instead of today's Gross Delivery Management on Single Trades, participants can modify Hold/Released status on Delivery Instructions at the (I)CSD. At CBF/T2S participants can use partial release <sup>6</sup> .	All members need to familiarize with the Hold/Released status on Instructions at the (I)CSD.
10	Functionality	ECAG offers a Routing Service for change of Hold/Released status and partial release of pending Delivery Instructions at CBF-i/CBL that were instructed by C7 SCS. Participants can send requests via SWIFT interface to C7 SCS. ECAG will cancel the pending Delivery Instruction and re-instruct one or two Delivery Instructions at CBF-i/CBL in the respective new status.	All members who intend to apply Routing Service need to familiarize with the new Routing Service of C7 SCS.

<sup>6</sup> Actual processing and implementation are subject to specification with Clearstream

No	Area	New functionality	Member impact for simulation
11	Functionality	Corporate Action (CA) processing and related cash booking will be processed by (I)CSDs. Participants will receive the CA information directly from (I)CSDs and can rely on them for further processing. C7 SCS will also receive CA information from (I)CSD and will update the Net Positions (whenever applicable). The updated positions will be reported in the regular Pending Delivery Report and in the Settled Delivery Report.	All members need to familiarize with CSD reporting on Corporate Actions and C7 SCS Reporting of pending and settled deliveries.
12	Reporting	All C7 SCS reports for Net Position Trades will be provided by the end of each batch day after EoD processing is finalized.	All members need to familiarize with the new reports provide by C7 SCS.
13	Reporting	All C7 SCS reports will be provided in XML format to Clearing Members and Settlement Institutions via the Common Reporting Engine (CRE). Moreover, participants can opt for text version of reports.	All members need to familiarize with the CRE as only source for reports.
14	Reporting	Reports selection for Trading Members (for both XML and text version) must be instructed by its Clearing Members via dedicated form.	Trading Members need to know that their report selection has to be instructed in dedicated forms via their Clearing Members.
15	Reporting	Net Clearing Report is provided on the end of each trade day after Net Processing containing Single Trades, resulting Net Position Trades and a reference to the Delivery Instructions (Delivery ID).	All members need to familiarize with structure and content of the Net Clearing Report.
16	Reporting	Pending Delivery Report and Settled Delivery Report will contain Net Position Trades considering the settlement status at the end of the business day.	All members need to familiarize with structure and content of the Pending Delivery Report and Settled Delivery Report.
17	Reporting	ECAG will reflect updates to Delivery Instructions received from the (I)CSD, based on the standard feedback supported by the (I)CSD, due to "on-Hold/Released" status changes, impacts due to Corporate Action and settlement in the Pending Delivery Report and in the Settled Delivery Report.	All members need to know that ECAG will update all reports from the impacts of updates to Delivery Instructions from the (I)CSDs, Hold/Released status changes, Corporate Actions, etc.

No	Area	New functionality	Member impact for simulation
18	Reporting	Settled Cash Transactions Report will include cash-only payments from Strange Nets resulting from Linking before Aggregation or Netting with Strange Net Handling Method NET/SPLIT. Besides, Settled Cash Transactions Report will include cash compensations.	All members need to familiarize with the content and the structure of the Settled Cash Transactions Report.

Figure 17: New functionalities of C7 SCS in scope of member simulation

For a more detailed description of the new functionalities and reporting of C7 SCS, please refer to the "C7 SCS 1.0 Release Notes (updated version)" document, or any follow up version of this document, which is available on the Eurex Clearing website via the following path:

[www.eurex.com/ec-en/](http://www.eurex.com/ec-en/) > Tech > C7 SCS > Release 1.0 > please select under "Functional Manuals"

## 5 Processing

### 5.1 Order Entry and Trade Load

Members have to create trades at the Trading Locations by entering orders in T7, that need to match in order to receive the executed trades or by entering trades via the T7 Trade Entry Service (TES). The creation of future and option positions in T7 with their resulting securities transactions (FoP, DvP) from Exercise/Assignment or Notification/Allocation from C7 will then be received by C7 SCS as well. These trades will be transferred to the C7 SCS system in the same way as in production and this process is referred to as trade load. The message flow and operational procedures used during simulation will be the same as they are used in C7 SCS production later.

### 5.2 Net Processing and Delivery Generation

Based on the trade load from the Trading Locations C7 SCS combines Single Trades to Net Position Trades at the end of the trade date. Hereby, Net Processing Method (Netting, Aggregation, Gross) is applied. In case of Netting, the Strange Net Handling Method (UNWINDING or NET/SPLIT) is considered. In case of Aggregation members can apply Linking before Aggregation and C7 SCS performs a pre-netting of linked trades.

Delivery Instructions, that are created during the C7 SCS EoD processing, are then sent to (I)CSDs. All settlement instructions are sent with Partial Settlement Allowed Indicator as "TRUE" to allow partial settlement at (I)CSDs. Sell side settlement instruction are sent to the (I)CSDs in status "Released" (default member set-up). In case members opt for the applicable Netting parameters to be "on-Hold" for their sell side settlement instructions, they need to change the status to "Released" in order to enable settlement. For buy side, irrespective of the Netting parameters, Delivery Instructions will be sent always as "Released".

### 5.3 Margin calculation in PRISMA

C7 SCS uses the internal available transaction data for the calculation of the margin on each position to determine the required collateral for the underlying trades of a member. This process is executed in PRISMA and processing in simulation is the same as it takes place in production.

**Please note:** PRISMA service will not be provided during the first phase of simulation between 29.03.2021 and 23.04.2021. Starting with the second phase of member simulation on the 17.05.2021 PRISMA information will be offered to participating members.

### 5.4 Delivery Management and Settlement

The Delivery Instruction sent by C7 SCS follows the settlement lifecycle at the (I)CSDs. Settlement Agents can modify the Hold/Released status of Delivery Instructions.

For instructions sent by C7 SCS for (I)CSD settlement to CBF-i/CBL member can use the Routing Service.

#### C7 SCS Reporting

C7 SCS reports will be generated after the end-of-day processing (EoD) and distributed through Common Report Engine (CRE) along with the Securities CCP reports in the standard Securities CCP directory. For XML and TXT reports please refer to [chapter 8](#) "Simulation Reporting".

### **Fee Reporting**

Members participating in the C7 SCS simulation will receive fee reports. This service will be available during a limited timeframe between mid of July 2021 and beginning of September 2021 and will include only the Daily Fee Reports. The effective starting day for providing those reports will be published in due time via Newsflash.

**Please note:** Participating members need to be aware that price levels used during simulation are only indicative/dummy values, as the final price list will be communicated in August 2021.

### **5.5 Corporate Action Processing**

(I)CSDs perform Corporate Actions on Delivery Instructions according to their market rules. C7 SCS reflects adjustments to Net Positions in context of transformations in securities and market claims (non-income events) and considers them in the Pending Delivery Report.

### **5.6 C7 SCS project view Simulation Calendar**

For the simulation of C7 SCS the project view Simulation Calendar and holiday calendar is used. All Simulation Calendars of the connected environments are aligned to guarantee the services and functionalities on all batch days.

The Simulation Calendar will be released and published in January 2021. Further updates will follow.

## 6 Member Preparations

Members are advised to make use of the entire preparation period, in order to ensure successful participation in the C7 SCS simulation.

This chapter describes the simulation preparation tasks to be done by Clearing Members, Settlement Institutions and Trading Members. The simulation preparation tasks are divided into four sections. [Chapter 6.1](#) describes technical preparations while [chapter 6.2](#) displays functional preparations. [Chapter 6.3](#) “Member Data Set-up” mentions the necessary data for member set-up in C7 SCS 1.0 simulation. Finally details about the “Member Readiness Statement” are provided in [chapter 6.4](#).

### 6.1 Technical Preparation

With the start of C7 SCS 1.0 Clearing Members do not need any direct connection between their own systems and the C7 SCS application. Thus, technical details for such a connection are not required. Even if not directly connected, there are two ways of interaction between C7 SCS and Clearing Members, Settlement Institutions and Trading Members.

- Reports that are provided to all Clearing Members, Settlement Institutions and their Trading Members are provided on the Common Report Engine (CRE) of DBAG. Members can reach their individual reports in the standard Securities CCP directory as they are already used to for the ECAG Securities CCP system. No additional certificates or connecting activities are required here for C7 SCS.
- C7 SCS offers Linking and Routing Service to Clearing Members. Clearing Members send the instructions to C7 SCS via the SWIFT network. Instead of a direct connection between participating members and C7 SCS, members need a connection to the SWIFT network and must make sure that all relevant SWIFT messages/formats (e.g. MT543) can be exchanged via the SWIFT network.

#### Technical Connection – Eurex Clearing

Clearing Members, Settlement Institutions and Trading Members are requested to verify their new or existing connections to the simulation environments of the relevant systems – C7 SCS, C7, T7, CBF and SIS. Members are encouraged to verify the availability of all applications used in the simulation and to verify, that all required users are set up and access is granted to them.

### 6.2 Functional Preparation

#### 6.2.1 Functional Preparations C7 SCS

Clearing Members' functional preparation should include the set-up of the back office, staff training as well as the conclusion of arrangements with affiliated members, if applicable. Clearing Members planning to participate in the simulation should verify their individual set-up/clearing relationship and inform Eurex Clearing of any changes that may be required prior to the start of the simulation.

For participants in the C7 SCS 1.0 simulation it is strongly recommended that the functional set-up is completed prior to **08.03.2021**.

All participants planning to utilize the new functionalities in production should participate in the member simulation.

The introduction of the new C7 SCS 1.0 may lead to new and/or altered back office processes. Clearing Members are encouraged to complete the adaptations (e.g. staff training and IT applications updates) prior to the start of the simulation period. This will ensure the seamless integration of the new and enhanced clearing and settlement functionality into the existing back office environment.

Participants are also encouraged to set up an internal issue management process.

The new functionalities of the new C7 SCS and the reporting are explained in detail in the “C7 SCS - Release Notes (updated version)” and in the “Eurex Clearing - C7 SCS XML Reports – Reference Manual” and the “Eurex Clearing – C7 SCS XML Reports – XML Schema Files” documents which can be found in the Member Section of Eurex Clearings website via the following path:

[www.eurex.com/ec-en/](http://www.eurex.com/ec-en/) > **Eurex Clearing > Tech > C7 SCS > Release 1.0 Technical/Functional Manuals**

## **6.2.2 Settlement Accounts & Cash Accounts for Settlement**

Settlement Accounts and cash accounts are required at the (I)CSDs like in production. In simulation phases when CBF and SIS are connected to C7 SCS 1.0 simulation, sufficient cash holdings on these cash accounts are necessary.

Settlement Agents are encouraged to check their message subscription for settlement reporting and custody reporting at the (I)CSDs for their Settlement Accounts.

Settlement Agents are encouraged to check their connectivity to T2S and (I)CSDs with the access to T2S and (I)CSD applications, incl. GUIs. It is recommended to align with the relevant (I)CSDs in time in case connection tests are required before the start of simulation.

## **6.2.3 Cash Accounts for Linking and Strange Nets**

Members who plan to apply Linking before Aggregation or opt for the alternative Strange Net handling option NET/SPLIT must provide cash account per currency, Settlement Account and market (i.e. FWB for XFRA and XETR or Eurex Derivatives for XEUR).

The cash account at the payment bank is used for booking of cash-only payments resulting from Strange Nets with option NET/SPLIT or resulting from “pre-netting” in context of Linking before Aggregation.

## **6.2.4 Trading Locations**

To ensure the effective participation in the C7 SCS 1.0 simulation and the offered focus days it is advised to verify access to the following Trading Locations:

- Frankfurter Wertpapierbörse (FWB) with MIC: XETR and MIC: XFRA
- Eurex Deutschland with MIC: XEUR

This includes test accounts, traders and their access to the instruments members like to use in their test cases or are used in the various focus days.

### **6.3 Member Data Set-up**

As the C7 SCS system is in parts replacing the Securities CCP system, participation of all existing Securities CCP members in the C7 SCS simulation is mandatory.

All Securities CCP members are automatically set up in the new C7 SCS system and their data is migrated automatically as well. In case members chose deviating settings than the default set-up with "Netting" as their Net Processing Method and the status "Released" for the status of sending their Delivery Instructions, they need to provide the updated Settlement Account Setup Sheet.

Clearing Members, not acting as Trading Participants themselves, must ensure that their simulation activities are fully supported by a connected Trading Participant. If the Clearing Member uses a Settlement Institution appropriate support is required by this third party.

### **6.4 Member 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 in production with a written statement confirming that (a) the service of Eurex Clearing's C7 SCS successfully passed internal test procedures based on each members' 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).

Member readiness statements are expected to be provided to C7 SCS till **10.09.2021**, two weeks prior the effective launch date of C7 SCS 1.0.

## 7 Simulation Availability

### Simulation Calendar

The C7 SCS 1.0 simulation will start from 29.03.2021 for member testing with full release simulation support. The Simulation Calendar is also being published on the Eurex Clearing website under the path: [www.eurex.com/ec-en/](http://www.eurex.com/ec-en/) > Tech > Simulation Calendar > Simulation calendar for securities Clearing

### Simulation Availability

In general, three batch days a week will be performed, exceptions are those weeks with an extended number of focus days. Please consult the C7 SCS Simulation Calendar for details on batch days per week. On all batch days nighttime processing will take place.

On batch days the simulation systems will close earlier than in production. This is in order to avoid any possible impact on the end-of-day EoD processing operations of the production system. The C7 SCS simulation starts at 08:30 CET and the C7 SCS online end is scheduled for 16:30 CET. The batch day structure in simulation is described later in this chapter.

### Participating Systems

A simulation cycle (an end-to-end process) begins with the entering of orders into the Trading Location and finishes with the settlement of the trades/Delivery Instructions and the provisioning of the related reports. From a technical point of view, these processes will incorporate the applications listed below:

System	Short Description
C7 SCS	Central Counterparty system (Delivery Management, cash management, Trade Day Netting (TDN), report and data dissemination and update of Corporate Action Processing by the (I)CSDs in the C7 SCS Reporting)
T7	The T7 trading platform for all transactions concluded at the C7 SCS relevant Trading Locations XETR, XFRA and XEUR.
C7	Eurex Clearing's C7 concludes all transactions from physical deliveries resulting from Eurex Derivatives (MIC: XEUR) and which are include in the TDN by C7 SCS
CBF	Central Security Depository systems (settlement, delivery management, Corporate Action Processing, collateral management etc.) CBF operated systems will run on simulation environment IMS23
SIS	International Central Security Depository systems (settlement, delivery management, Corporate Action Processing, collateral management etc.) SIS operated system will run on simulation environment SECOM X
PRISMA	Position based margining calculation (risk position determination, necessary margin requirement calculation, etc.)
StatistiX	Statistical data warehouse system (Statistical data storage, analysis and report generation)

Figure 18: Applications involved in the daily lifecycle of the C7 SCS system

### **(I)CSD Connections**

Clearstream Banking Frankfurt (CBF) and SIX SegalIntersettle Zürich (SIS) will be connected to Eurex Clearings simulation environment during definite periods. In case of simulation with a direct connection to (I)CSDs the holdings in the required ISINs need to be prepared in advance. Please be advised that during these times, sufficient cash for settlement is necessary on T2, on dedicated cash accounts (DCA) and on cash accounts in foreign currencies in simulation. In simulation phases where CBF and SIS are not connected, simulator tools will be used for settlement.

### **Daily Schedule**

Simulation days will either be batch days (shown as batch days in the Simulation Calendar) or non-batch days. In C7 SCS 1.0 simulation batch days will follow the Simulation Calendar. On batch days the C7 SCS simulation starts 8:30 CET and the C7 SCS online end is scheduled for 16:30 CET. In case of a non-batch day (and the day before was a batch day) the system and the availability of the C7 SCS Delivery Management, limited to read-only, starts at 8:30 CET. Members can insert their trades in the Trading Locations till 16:00 CET. After the end of service EoS information from the Trading Locations to C7 SCS, the delivery management is prepared and with finalization of this process, settlement instructions are sent to the (I)CSDs. Member reports are started to be generated after the end of day processing and the distribution of settlement instructions to the (I)CSDs. Member Reports are distributed and accessible for members via the CRE.

**Please note:** Timelines for sending Delivery Instructions to the (I)CSDs and reports to the members may vary slightly, as they depend on daily changes on the workload of the C7 SCS system.

Even if the Start of Day (SoD) is on the current batch day at 8:30 CET, members can already start inserting their orders at the Trading Locations after the EoS processing and the distribution of settlement instructions to the (I)CSDs on the previous batch day.

For the detailed overview of timelines on a business day in simulation please see the following figure:

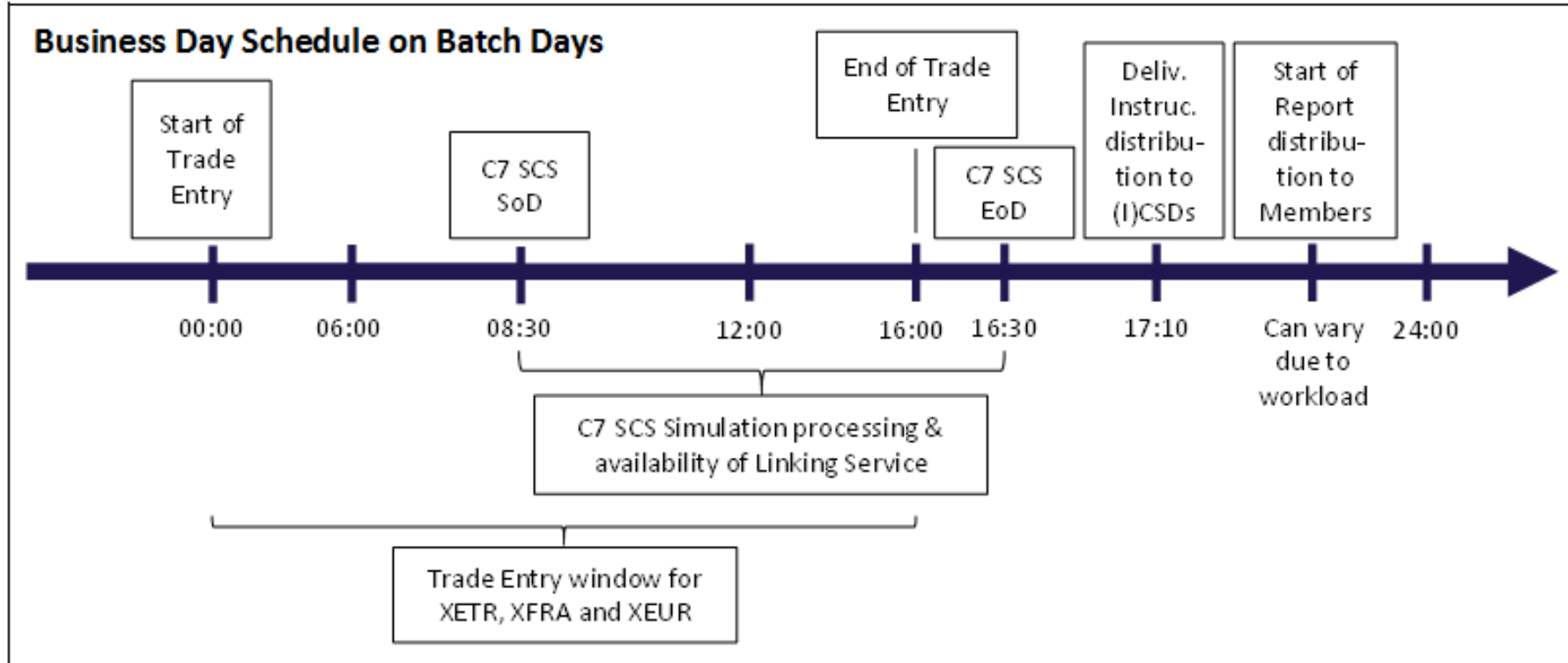


Figure 19: Business day Schedule on batch days

Linking Service on batch days (trade days) can be performed between 8:30 CET and the Start of EoD processing at 16:30 CET.

Member initiated changes on the Hold/Released status of a settlement instruction are received by C7 SCS via the SWIFT network and should be executed on the intended batch day that is either suggested by the focus day description or which the member selects for individual testing. The timeline for the Routing Service availability is between 8:30 CET and 16:30 CET. Changes are reflected in the reports that are provided to members on that batch day.

The following pages show the availability of the Trading Location in simulation during batch day, online day and first online day after batch day.



Figure 20: Trading Location availability on batch days

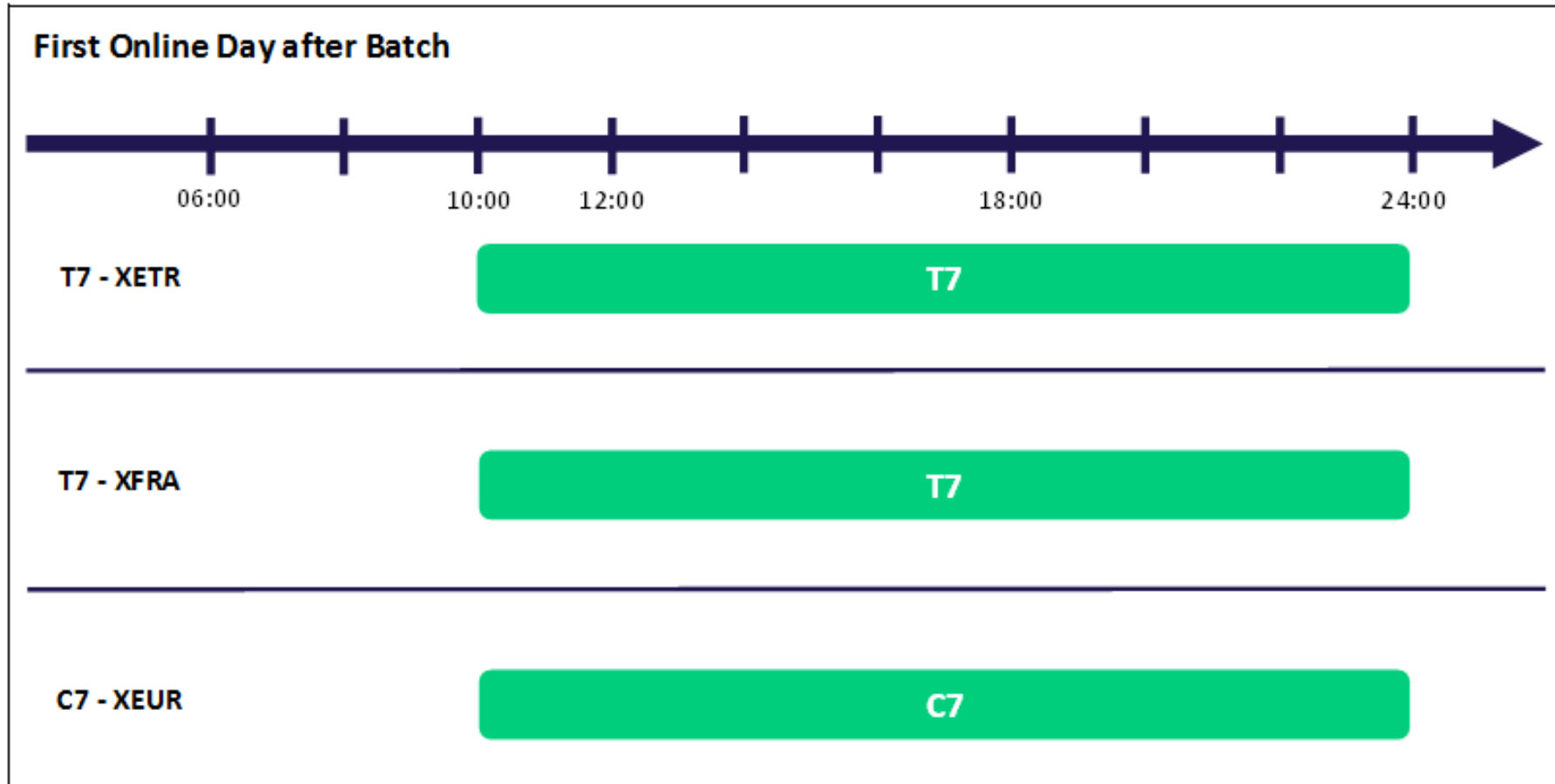


Figure 21: Trading Location availability on first online day after Batch

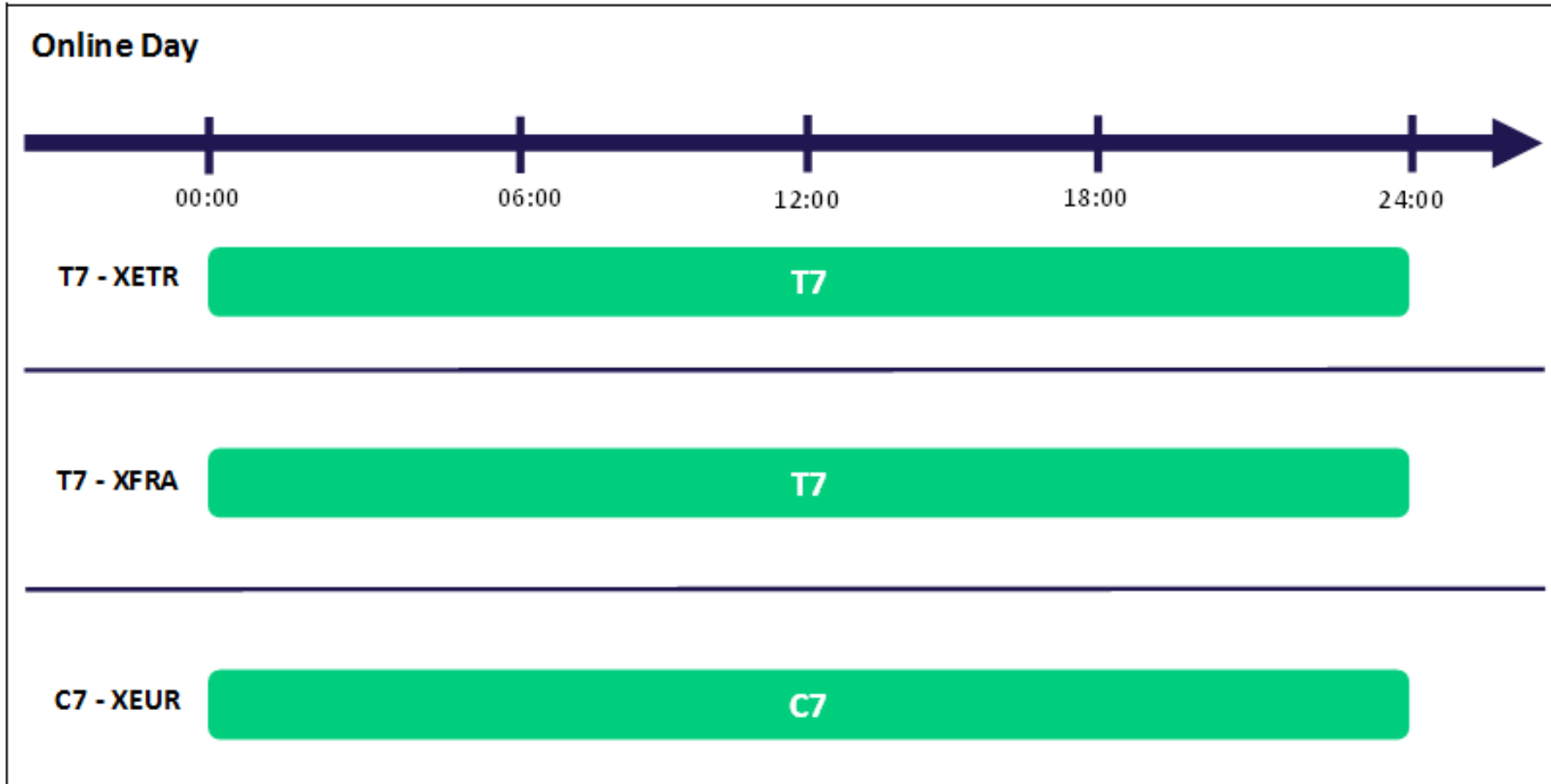


Figure 22: Trading Location availability on online day

## 8 Simulation Reporting

The C7 SCS reports will be generated at end-of-day (EoD) and distributed through Common Report Engine (CRE) along with the reports from the current CCP system in the standard CCP directory. Compared to Securities CCP, the general rules for report distribution will not change. The XML reports will be provided to Clearing Members and Settlement Institutions by default. The reports in printable text are optional. Clearing Member can request reports in XML and in text format for their Trading Members. Eurex Clearing will not provide dedicated Corporate Action reports.

All reports are described in more detail in the following documents of the C7 SCS project:

- “Eurex Clearing - C7 SCS XML Reports – Reference Manual”
- “Eurex Clearing – C7 SCS XML Reports – XML Schema Files”
- “C7 SCS - Release Notes (updated version)”

The documents are available under the following path:

[www.eurex.com/ec-en/](http://www.eurex.com/ec-en/) > Tech > C7 SCS > Release 1.0 > Functional manuals

The following table lists all C7 SCS reports available in the simulation, distributed and provided through the CRE. As all reports are new with C7 SCS 1.0, there is no explicit note on changes of any of these reports, this might change with subsequent releases.

C7 SCS Report ID	Report Name	Delivery Time	RAW (XML) Format	Printable Format	Current Securities CCP Reports	Description
CE860/ CE861/ CE862	Pending Delivery Report	EoD, T(+x)	Yes	Yes	CE260/ CE261/ CE262	Portion of Net Position Trades that has not yet settled Corporate Action feedback and released/on-hold quantity are considered
CE870/ CE871/ CE872	Settled Delivery Report	EoD, T+1(+x)	Yes	Yes	CE270/ CE271/ CE272	Portion of Net Position Trades that has been settled on the current business day
CE890/ CE891/ CE892	Net Clearing Report (XEUR)	EoD <sup>7</sup> , T	Yes	No	CE290/ CE291/ CE292	Single Trades from Eurex deliveries and Net Position Trades (resulting from Netting/Aggregation/Gross processing) incl. quantity, cash amount, Delivery ID

<sup>7</sup> Net Clearing Report are provided after Net Processing.

C7 SCS Report ID	Report Name	Delivery Time	RAW (XML) Format	Printable Format	Current Securities CCP Reports	Description
CE895/ CE896/ CE897	Net Clearing Report (XETR and XFRA)	EoD, T	Yes	No	CE395/ CE396/ CE397	Single Trades from FWB and Net Position Trades (resulting from Netting/Aggregation/ Gross processing) incl. quantity, cash amount, Delivery ID
CB830/ CB831	Trades Action Report	EoD, T(+x)	Yes	Yes	CB230/ CB231	Manually inserted, deleted, Buy-in Blocked/Released, Linking and Hold/ Released Status Update transactions
CD850/ CD851	Settled Cash Transactions Report	EoD, T	Yes	Yes	CD250/ CD251	Cash Transactions sent to the corresponding Payment Bank and considered as settled

Figure 23: Available reports in C7 SCS 1.0 simulation

## 9 Appendices

### 9.1 Related Documentation

All member documents providing information regarding new functionalities of C7 SCS 1.0 can be found on the Eurex website at [www.eurex.com/ec-en/](http://www.eurex.com/ec-en/).

### 9.2 Support

#### Eurex Clearing Support

Eurex Clearing will provide support for member preparations during the simulation of C7 SCS 1.0. The following teams may be contacted concerning any questions related to the preparation and participation in the C7 SCS 1.0 simulation.

#### Customer Functional Support

Telephone: +49 (69) 211 – 1 03 33  
Fax: +49 (69) 211 – 1 43 34  
Availability: 09:00 - 18:00 CET (on exchange trading days)  
E-Mail: [client.services@deutsche-boerse.com](mailto:client.services@deutsche-boerse.com)  
(or please contact your dedicated Clearing KAM)

#### Helpdesk Securities Clearing

Telephone: +49 (69) 21 1 – 1 19 40  
Fax: +49 (69) 21 1 – 1 43 34  
Availability: 07:00 - 19:00 CET (on exchange trading days)  
E-Mail: [ccp@eurexclearing.com](mailto:ccp@eurexclearing.com)

#### Functional Helpdesk Cash Markets Operations (XETR & XFRA)

Telephone: +49 (69) 211 – 1 14 00  
Availability: 09:00 - 20:00 CET  
E-Mail: [cmmarketcontrol@deutsche-boerse.com](mailto:cmmarketcontrol@deutsche-boerse.com)

#### Functional Helpdesk Eurex

Telephone: +49 (69) 211 – 1 12 10  
Fax: +49 (69) 211 – 1 43 45  
Availability: 24 hours, Monday to Friday  
E-Mail: [eurextrading@eurex.com](mailto:eurextrading@eurex.com)

#### Clearstream Connectivity Services

Telephone: +49 (69) 211 – 1 15 90  
Fax: +49 (69) 211 – 61 15 90  
Availability: 09:00 - 18:00 CET  
E-Mail: [connect@clearstream.com](mailto:connect@clearstream.com)

**Note:** In case of requests please mention “C7 testing” for a quicker allocation of the request information to the experts.

### 9.3 Instrument Data

A limited number of financial instruments will only be available during the C7 SCS member simulation. It is the intention to increase the number of financial instruments in two steps during simulation of “Migration and Parallel Run of Securities CCP and C7 SCS”.

A complete list of the available instruments for the C7 SCS simulation will be published in due times via Newsflash and as well on the Eurex Clearing website under the following path:

[www.eurex.com/ec-en/](http://www.eurex.com/ec-en/) > **Eurex Clearing** > **Tech** > **C7 SCS** > **Release 1.0** > **Functional Manuals**

In case of additional updates on the instrument list, this will be published on the Eurex Clearing website or via Newsflash as well.

All relevant instruments for the E2E simulation with (I)CSDs can be found in the following chapters:

- All CBF related Instruments/ISINs in [chapter 3.5.2.2](#)
- All SIS related Instruments/ISINs in [chapter 3.5.2.3](#)

### 9.4 Abbreviations and Glossary of Terms

Abbreviations	Description
1CAS	One Clearstream
(I)CSD	(International) Central Securities Depository
ASDN	Actual Settlement Date Netting
C7	Core component of the Deutsche Börse clearing architecture
C7 SCS	C7 Securities Clearing Service
CA	Corporate Action
CBF	Clearstream Banking Frankfurt
CBF-i	Clearstream Banking Frankfurt international
CBL	Clearstream Banking Luxembourg
CCP	Central Clearing Counterparty
CET	Central European Time
CM	Clearing Member
CRE	Common Report Engine
CSC	Collective Safe Custody
CSD	Central Securities Depositories
CW	Calendar Week
DCA	Dedicated Cash Account

Abbreviations	Description
EoD	End of the Day
E2E	End to End
FWB	Frankfurter Wertpapierbörse
GUI	Graphical User Interface
(I)CSD	(International) Central Securities Depositories
ID	Identification Number
ISIN	International Securities Identification Number
LMP	Local Market Partner
KADI	Kapitaldienst
NCSC	Non-Collective Safe Custody
NCSC-T	Non-Collective Safe Custody on T2S
SCS	Securities Clearing Service
SI	Settlement Institution
SIS	SIX SegalIntersettle Zürich
SWIFT	Society for Worldwide Interbank Financial Telecommunication
T2	Target 2
T7	Trading platform with C7 SCS 1.0 relevant Trading Locations XETR, XFRA and XEUR
T2S	Target 2 Securities
TDN	Trade Date Netting
TM	Trading Member
UTEST	Simulation Environment of T2S
WWW	World Wide Web
XETR	Frankfurter Wertpapierbörse (FWB) - XETR
XEUR	Eurex Deutschland
XFRA	Frankfurter Wertpapierbörse (FWB) - XFRA
XML	Extensible Markup Language

Figure 24: List of abbreviations