clear to trade

eurex clearing *circular 025/11*

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Recipients: All Clearing Members of Eurex Clearing AG and Vendors
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Settlement of late Trades in Swiss Instruments at SIX SIS AG: Change of Processing and Reporting in Case of Income Events

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Content may be most important for:

➲ All departments

Attachments:

none

Summary:

With this circular Eurex Clearing AG announces changes in the processing of late trades with settlement currency Swiss franc (CHF) that are settled at SIX SIS AG. This affects Eurex exercises and assignments as well as Xetra® International Market deliveries. In case of income events the processing of such trades is changed. These changes are required in the context of the removal of Giovannini Barrier 3.

On **March 28, 2011** the changes will be activated in production.

Kindly forward this announcement to all involved departments in your company.

Settlement of late Trade in Swiss Instruments at SIX SIS AG: Change of Processing and Reporting in Case of Income Events

With the removal of Giovannini Barrier 3 (Harmonisation of Corporate Action Processing in Europe) Eurex Clearing changed its corporate action processing for Swiss instruments settled at SIX SIS AG.

Current Processing

Whenever there is an income event according to "Record Date Principle" Eurex Clearing sends settlement instructions to SIX SIS AG with "trade date = actual settlement date minus three". If this instruction settles prior to or on record date, SIX SIS AG identifies these stocks as entitled and performs the income event on the holdings and considers the stocks for the short selling calculation.

Late trades are currently also sent to SIX SIS AG with "trade date = actual settlement date minus three". As SIX SIS AG does not recognise the trades as entitled for an income event, but as "ex - trade", Eurex Clearing performs the income event. However, as these trades are not recognised for entitlement, they can also not be recognised for short selling identification by SIX SIS AG.

Whenever there is an income event according to "Ex Date Principle", Eurex Clearing sends settlement instructions to SIX SIS AG with "trade date = settlement date" and performs the income event. This process is not subject to change.

Future Processing for late Trades subject to "Record Date Principle"

If an instruction does not settle by Record Date of an income event, Eurex Clearing cancels the instruction from SIX SIS AG. Eurex Clearing will then exclude late and entitled sell and buy trades from the next actual settlement day netting process and resend them on a gross basis including their original trade date. However, the late trade keeps the status "net" in reporting.

After late settlement SIX SIS AG processes the income event in the holdings and considers the trade for the short selling calculation, if the corresponding trade settles within the given deadlines of currently 20 days.

The changes are only applicable for quantities of late trades that are not closed (i.e. pending on CCP -CM level) at the time of the record date of the income event.

Corporate Action Reporting:

Income events for closed trades are shown in report "CA 160 - Custody Payment Statement". Income events for late settled trades at SIX SIS AG are included in SIX SIS AG's reporting.

If you have any questions or require additional information, please contact the CCP Functional Helpdesk at tel. +49-69-211-1 19 40.

March 24, 2011