



clear to trade  
**Quick Reference Guide**

Clearing model change

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## 1 Introduction

This document provides Clearing Members (CMs) with an overview of the steps to consider when changing clients from one clearing model to another. It aims at supporting CMs with their planning to arrange for the transition period, especially focusing on the transfer of positions and collateral.

This document begins with the migration to Elementary Clearing Model (ECM) – Asset Based Allocation Method (ECM by asset). **This section is of particular importance due to the decommissioning of ECM by value planned for the end of 2019.** Clearing model changes between models are also feasible, requiring from CMs the same activities for the transfer of positions and collateral. Deviations may occur regarding the setup of cash and securities accounts for specific clearing models.

This document also provides an overview for the migration of clients from the Individual Clearing Model (ICM) (Chapter I Part 3 of the Clearing Conditions of Eurex Clearing AG (Clearing Conditions)) to the Individual Segregated Account (ISA) Provisions (Chapter I Part 4 of the Clearing Conditions). **This section is of particular importance due to the decommissioning of ICM planned for the end of 2019.** A transition to ICM is no longer supported.

The different chapters cover the individual requirements when migrating to the respective clearing model offered by Eurex Clearing:

- ECM – Asset Based Allocation Method (ECM by asset) – chapter 2,
- ECM – CASS Transactions – chapter 3,
- ISA and ISA – CASS – chapter 4.

Regardless of the target clearing model, a prerequisite for initiating a clearing model change is that all required cash and securities accounts have been set up at the permissible bank and/ or (international) central securities depositories ((I)CSD), if a CM intends to deliver non-cash collateral.

In case a CM has opened accounts at a CSD which are not currently in use, it may be possible to re-define the use of these accounts for other purposes. Please contact your relationship manager at the respective (I)CSD to clarify the use of specific accounts.

If a CM sets up multiple collateral pools in the same clearing model, it can either open an (I)CSD account for each collateral pool or it can assign one (I)CSD account to more than one collateral pool (asset tagging<sup>1</sup>). Please be aware that if a CM does not set up asset tagging initially and at a later point in time decides to use asset tagging for multiple collateral pools, it will face a time consuming and complex transition period. The following steps would then be required:

- On T-3: The collateral of the respective account needs to be transferred to another account. Therefore, double-funding with cash will likely be required. A batch run is required to take place.
- On T-2: The collateral account in the Eurex Clearing system needs to be amended to allow for asset tagging. A batch run is required to take place.
- On T-1: The collateral can be transferred back to the original collateral account.

In order to avoid this time consuming process, we recommend that the CM considers the above steps when opening an additional collateral pool and additional CSD account and considers applying for asset tagging by default.

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<sup>1</sup> Asset tagging is not possible when using a margin account with SIX SIS AG or with Clearstream Banking Luxembourg (CBL) for Individual Segregated Accounts (ISA) with full title transfer arrangements.

Please be aware that fees may be invoiced by the (I)CSD for the setup of additional accounts and/ or the transfer of collateral. Therefore, it is recommended to align with the respective (I)CSD ahead of time.

When starting to plan the migration to a different clearing model, it is imperative to coordinate with your Key Account Manager or Member Readiness for the clearing model change at an early stage to ensure a successful and timely transfer.

The following table shows the existing collateral pools on Eurex Clearing level per clearing model as they are labeled, e.g. in reports:

<b>Collateral pool on CCP level and its purpose</b>
<p><b>ECM – Value Based Allocation Method</b></p> <ul style="list-style-type: none"> <li>• GCMIDXSTANDARD pool → Collateral pool designated to hold proprietary collateral of the CM as well as omnibus client collateral</li> </ul> <p><b>The decommissioning of ECM by value is planned for the end of 2019.</b></p>
<p><b>ECM – Asset Based Allocation Method</b></p> <ul style="list-style-type: none"> <li>• GCMIDXSTANDARD pool → Collateral pool designated to hold proprietary collateral of the CM</li> <li>• GCMIDXCLIENTECM<sup>2</sup> pool → Collateral pool designated to hold omnibus client collateral<sup>3</sup></li> </ul>
<p><b>ECM – CASS Transactions (UK Client Asset Sourcebook Rules)<sup>4</sup></b></p> <ul style="list-style-type: none"> <li>• GCMIDXCLIENTNET<sup>5</sup> pool → Collateral pool designated to hold omnibus client collateral</li> </ul>
<p><b>ISA<sup>6</sup></b></p> <ul style="list-style-type: none"> <li>• DCIIDXGCMIDxxxx pool -&gt; Collateral pool designated to hold individually segregated client collateral for <b>clients with a member ID</b></li> <li>• GCMIDXISACLxxxx pool -&gt; Collateral pool designated to hold individually segregated client collateral for <b>clients in an A-account of a CM<sup>7</sup></b></li> </ul>
<p><b>ISA – CASS<sup>8</sup></b></p> <ul style="list-style-type: none"> <li>• DCIIDCGCMIDxxxx pool -&gt; Collateral pool designated to hold individually segregated client collateral under CASS for <b>clients with a member ID</b></li> <li>• GCMIDCISACLxxxx -&gt; Collateral pool designated to hold individually segregated client collateral under CASS for <b>clients in an A-account of a CM<sup>9</sup></b></li> </ul>
<p><b>Individual Clearing Model</b></p> <ul style="list-style-type: none"> <li>• DCIIDXGCMIDSEG pool → Collateral pool designated to hold individually segregated client collateral (for asset tagging, a client ID must be set up)</li> <li>• DCIIDXGCMIDxxxx pool → Collateral pool designated to hold individually segregated client collateral (for asset tagging, the last 4 characters are used)</li> </ul> <p><b>The decommissioning of ICM is planned for the end of 2019.</b></p>

<sup>2</sup> Multiple collateral pools can be set up by amending the last two characters in the pool name, ie GCMIDXCLIENTE01, GCMIDXCLIENTE02, GCMIDXCLIENTE03, etc.

<sup>3</sup> For asset tagging, the last 4 characters are included in the SWIFT instruction or in an instruction entered using the GUI of a respective (I)CSD

<sup>4</sup> For asset tagging, the last 4 characters are included in the SWIFT instruction or in an instruction entered using the GUI of a respective (I)CSD

<sup>5</sup> Multiple collateral pools can be set up by amending the last two characters in the pool name, ie GCMIDXCLIENTN01, GCMIDXCLIENTN02, GCMIDXCLIENTN03, etc.

<sup>6</sup> For asset tagging, the last 4 characters **or a client ID** are included in the SWIFT instruction or in an instruction entered using the GUI of a respective (I)CSD

<sup>7</sup> Could also have been set up with the collateral pool GCMIDXICMSCxxxx.

<sup>8</sup> For asset tagging, the last 4 characters **or a client ID** are included in the SWIFT instruction or in an instruction entered using the GUI of a respective (I)CSD

<sup>9</sup> Could also have been set up with the collateral pool GCMIDXCLIENTIxx.

Further details about the segregation models offered at Eurex Clearing are available on the website at

### **Risk Management > Client Asset Protection**

Eurex Clearing provides a comprehensive set of reports to which CMs have access to via the Common Report Engine (CRE). The table below gives an overview of available reports that show collateral pool IDs and therefore these reports are affected by the setup of new collateral pools:

<b>Report Code</b>	<b>Report Name</b>
CC060/ CC760	Daily Margin Statement
CD009	Daily Cash Transactions
CD010/ CD710	Daily Cash Account CM
CD020	Collateral Movement/Coverage
CD030	Security Expiration
CD031	Daily Collateral Valuation
CD033	Collateral Composition
CD037	Claim Amount Based Collaterals
CD042	Daily Settlement Statement
CD044	Daily Client Collateral Alloc.
CD070	Monthly Cash Account CM
CD080	Monthly Collateral Movement
CD100	Audit Trail Coll Transactions
CD230	Monthly Interest Report
CD235	Daily Security Collateral Fee Statement

For a full list of all reports (including samples) available at Eurex Clearing, please see the relevant manuals below:

- For listed derivatives - Eurex XML reports - reference manual
- For OTC IRS - EurexOTC Clear report manual
- For Bonds, Repo and Equity – Description of Reports Formatted layout CCP 16.0

The manuals can be downloaded from the Eurex Clearing website [www.eurexclearing.com](http://www.eurexclearing.com) under the following paths:

**Technology > Eurex Clearing's C7 > System documentation > Eurex Reports**

**Technology > Eurex Clearing's Securities CCP > System documentation > Release 16.0 > Description of Reports Formatted layout CCP 16.0** or

**Member Section > Technology > EurexOTC Clear > System Documentation > Reports**

The forms required for a clearing model change can be downloaded from the Eurex Clearing website under the following path:

**Resources > Forms**

The information that needs to be provided via the Company Admission Tool can be accessed on the Member Section of the Eurex Clearing website under the following path:

**Eurex Clearing Member Section > Admissions & User IDs**

## 2 Elementary Clearing Model – Asset Based Allocation Method

In ECM by value, margin collateral is held in a single collateral securities depository ((I)CSD) account. The assignment of margin collateral to cover proprietary transactions and client-related transactions of the CM is done in the Internal Margin Accounts at Eurex Clearing.

As of 28 January 2019, new CMs will only on-board under ECM by asset. Additionally, CMs currently using ECM by value must migrate to ECM by asset by the end of 2019. **It is however strongly recommended for CMs to plan this change prior to the beginning of October 2019 due to frozen zones around releases planned for November 2019.**

This section describes the documentation requirements and functional process for a migration

- from ECM by value to ECM by asset
- from ECM – CASS Transactions, ICM or ISA/ ISA – CASS to ECM by asset

### 2.1 Migration from ECM by value

The table below contains the required Eurex Clearing documentation and information in order to migrate from ECM by value to ECM by asset. Please note that this migration is purely for the CM to coordinate. The clients continue to remain in omnibus segregation and are not required to provide any documentation.

#### Required Documentation

Documents to be submitted	Purpose
<b>Clearing Agreement between Eurex Clearing and a Clearing Member</b> (Appendix 1 to the Clearing Conditions Annex Number 2)	<ul style="list-style-type: none"> <li>• Legal basis for the Asset Based Allocation Method</li> </ul>
<b>Pledge Agreement relating to pledges of Eligible Margin Assets in the form of Securities</b> (Appendix 7 to the Clearing Conditions)	<ul style="list-style-type: none"> <li>• Legal basis for providing securities collateral regarding the Asset Based Allocation Method</li> <li>• Only required if collateral in the form of securities will be provided</li> </ul>
<b>Company Admission Tool</b>	<ul style="list-style-type: none"> <li>• Set up of omnibus collateral pool(s)</li> <li>• Selection of Clearing Currency for omnibus collateral pool(s)</li> <li>• Optional: Set up of Omnibus Pledged Securities Account(s), if securities will be used</li> <li>• Selection of auto repay of cash collateral</li> <li>• Optional: Set up of separate/ grouped cash instructions for omnibus clients' cash payments</li> <li>• Optional: Set up of separate cash account for omnibus collateral pool(s)</li> <li>• Assignment of CM's client-related accounts (A-accounts of the CM and accounts of Disclosed Direct Clients setup with their own member ID) to the respective collateral pool</li> <li>• Optional: Indication of back-up CM</li> </ul>

## Functional Processing

A CM changing from ECM by value to ECM by asset needs to transfer their client related collateral. If securities are delivered as collateral, a separate CSD account is required for client collateral. If a CM is currently using ECM by value, a transfer of positions is not necessary. The CM only needs to re-assign the client position accounts to the respective collateral pool. All client positions accounts must be assigned to a new collateral pool.

Eurex Clearing recommends considering the impact and arranging for the following points as early as possible:

- The CM shall apply with Eurex Clearing for a change to ECM by asset. Please agree on a migration date with your Key Account Manager or Member Readiness in advance.
- If a CM provides margin collateral only in the form of cash, Eurex Clearing will initiate the required internal booking to assign the appropriate cash amount to the new collateral pool based on the CM's instructions in the Collateral Transfer Request form.
- In case of securities collateral, the CM also needs to make sure that the nominal to be transferred is a deliverable amount, i.e. not below the smallest deliverable amount.
- (I)CSD internal transfers do not require double-funding.
- Cross border transfers need to be arranged and processed by the CM itself. Therefore, the CM should ensure that the selected ISINs can be kept in the target (I)CSD.
- Double-funding is necessary during the transfer period in case the CM transfers the collateral via XEMAC or CmaX and for cross border transfers. The CM should inform Eurex Clearing whether it wants to double-fund using cash or securities.
- When providing cash for double-funding, the declaration of intention to withdraw the double-funded cash needs to be sent by 9:30 CET. Due to the cash investment activities of Eurex Clearing, physical cash withdrawals can only be processed until 9:45 CET for payments in CHF and 14:45 CET for payments in EUR. If these deadlines are not met, cash may only be withdrawn on the next day.

In the following table some useful guidelines are provided to consider when planning the sequence of activities on the migration date.

Recommended timeframe (T= agreed migration day)	Activities to be considered
Minimum of seven business days prior to T	<ul style="list-style-type: none"> <li>• The CM needs to request that their Key Account Manager to set up ECM by asset in the Company Admission Tool.</li> <li>• Submission of new Clearing Agreement</li> <li>• Submission of the Pledge Agreement (in case a new securities account is established).</li> <li>• CM provides Eurex Clearing with the Collateral Transfer Request form.</li> <li>• In the Company Admission Tool, the CM sets up               <ul style="list-style-type: none"> <li>- the new collateral pool(s) and provides all required details for the setup</li> <li>- assigns the client-related accounts to the respective collateral pool(s)</li> </ul> </li> </ul> <p>Please note that with the setup of the collateral pool it needs to be specified whether asset tagging will be used or not for the new omnibus collateral pool(s).</p>
On T-1	All security transfers via XEMAC/ CmaX as well as cross border transfers need to be done by the CM itself. Please be aware that these

	transfers require double-funding on the full amount on T-1. If no double-funding was provided, an overnight margin call will be triggered on T.
On T	<b>Collateral transfer processing</b> Eurex Clearing will transfer the collateral based on the Collateral Transfer Request form.
On T	<b>Position transfer</b> <ul style="list-style-type: none"> <li>As mentioned earlier, position transfers are generally not required when changing to ECM by asset because all the client position account(s) will be linked to the new pool(s) and therefore no position transfer is needed.</li> <li>If nevertheless the CM wishes to transfer positions to another account, please refer to the position transfer guideline as outlined below for ECM – CASS Transactions in section 3.</li> </ul>

## 2.2 Migration from ECM – CASS Transactions, ICM or ISA/ ISA – CASS

The table below contains the required Eurex Clearing documentation and information in order to migrate clients to ECM by asset after the CM has already set up ECM by asset. The migration from ECM by value to ECM by asset is covered in section 2.1.

### Required Documentation

Documents to be submitted	Purpose
<b>Pledge Agreement relating to pledges of Eligible Margin Assets in the form of Securities</b> (Appendix 7 to the Clearing Conditions)	<ul style="list-style-type: none"> <li>Legal basis for providing securities collateral regarding the Asset Based Allocation Method</li> <li><b>Only required if a new or additional securities account is being set up</b></li> </ul>
<b>Company Admission Tool</b>	<ul style="list-style-type: none"> <li>Optional: Set up of additional omnibus collateral pool(s)</li> <li>Selection of Clearing Currency for any new omnibus collateral pool(s)</li> <li>Optional: Set up of Omnibus Pledged Securities Account(s), if securities will be used</li> <li>Optional: Selection of auto repay of cash collateral</li> <li>Optional: Set up of separate/ grouped cash instructions for omnibus clients' cash payments</li> <li>Optional: Set up of separate cash account for omnibus collateral pool(s)</li> <li>Assignment of CM's client-related accounts (A-accounts of the CM and accounts of Disclosed Direct Clients setup with their own member ID) to the respective collateral pool</li> <li>Optional: Indication of back-up CM</li> </ul>

<b>Clearing Model Change Agreement<sup>10</sup></b>	<ul style="list-style-type: none"> <li>• If a client is already set up as a client <b>with a triparty Clearing Agreement</b> in ECM (former Appendix 2 of the Clearing Conditions) or ICM (Appendix 3 or Appendix 4 of the Clearing Conditions), and the client wants to change <b>to ECM by asset</b>, the CM needs to provide this agreement with his clients to confirm the clearing model change.</li> <li>• The client needs to sign Annex 2.</li> </ul>
<b>Agreement on the Technical Connection to the Clearing EDP of Eurex Clearing AG (Connection Agreement)</b>	<ul style="list-style-type: none"> <li>• Legal basis for clients of a CM to maintain access to the systems of Eurex Clearing to perform post-trade management for DCs with System Access and DC Market Participants/ Indirect Client Market Participants</li> </ul>

### Functional Processing of Clearing Model Change

A CM opting to change clients from ECM – CASS Transactions or ISA/ ISA – CASS needs to transfer their client related collateral. A transfer of positions is not necessary if the clients' positions remain in the same account. The CM only needs to re-assign the client position accounts to the respective collateral pool.

Eurex Clearing recommends considering the impact and arranging for the following points as early as possible:

- The CM shall apply with Eurex Clearing for a clearing model change to ECM by asset. Please agree on a migration date with your Key Account Manager or Member Readiness in advance.
- If a CM provides margin collateral only in the form of cash, Eurex Clearing will initiate the required internal booking to assign the appropriate cash amount to the new collateral pool based on the CM's instructions in Annex 1 of the Clearing Model Change Agreement.
- In case of securities collateral, the CM also needs to make sure that the nominal to be transferred is a deliverable amount, i.e. not below the smallest deliverable amount.
- (I)CSD internal transfers do not require double-funding.
- Cross border transfers need to be arranged and processed by the CM itself. Therefore, the CM should ensure that the selected ISINs can be kept in the target (I)CSD.
- Double-funding is necessary during the transfer period in case the CM transfers the collateral via XEMAC or CmaX and for cross border transfers. The CM should inform Eurex Clearing whether it wants to double-fund using cash or securities.
- When providing cash for double-funding, the declaration of intention to withdraw the double-funded cash needs to be sent by 9:30 CET. Due to the cash investment activities of Eurex Clearing, physical cash withdrawals can only be processed until 9:45 CET for payments in CHF and 14:45 CET for payments in EUR. If these deadlines are not met, cash may only be withdrawn on the next day.

In the following table some useful guidelines are provided to consider when planning the sequence of activities on the migration date.

<sup>10</sup> In case the clearing model change is connected to a clearer change, the Clearer Change Agreement covers also clearing model changes.

Recommended timeframe (T= agreed migration day)	Activities to be considered
Minimum of seven business days prior to T	<ul style="list-style-type: none"> <li>• Submission of the Pledge Agreement (in case an additional securities account is established).</li> <li>• Submission of the Clearing Model Change Agreement</li> <li>• Submission of the Connection Agreement (in case the client maintains access to the systems of Eurex Clearing for post-trade management)</li> <li>• In the Company Admission Tool, the CM sets up <ul style="list-style-type: none"> <li>– the new collateral pool(s) and provides all required details for the setup</li> <li>– assigns the client-related accounts to the respective collateral pool(s)</li> </ul> </li> </ul> <p>Please note that with the setup of the collateral pool it needs to be specified whether asset tagging will be used or not for the new omnibus collateral pool(s).</p>
On T-1	<p><b><u>Collateral transfer request</u></b></p> <p>The CM specifies in Annex 1 of the Clearing Model Change Agreement the transfer of collateral. The following applies:</p> <ul style="list-style-type: none"> <li>• <b>Securities</b> can only be transferred by Eurex Clearing within the same (I)CSD. It is required that Eurex Clearing receives the information on T-1 by <b>14:00 CET</b>. Intraday deposits can only be requested to be transferred in case the position is already available in the source collateral pool by 14:00 CET.</li> <li>• <b>Cash</b> collateral is transferred by Eurex Clearing based on instructions received from the CM on T-1 by <b>18:00 CET</b>. In case intraday margin calls occur after the form was delivered on T-1, the CM can make additional transfer requests with the same form until 21:45 CET related to the intraday margin call. In this case it is required to contact Eurex Clearing by phone (+49 69 211-1 12 50) and/ or email (<a href="mailto:eurex.clearing@eurexclearing.com">eurex.clearing@eurexclearing.com</a>). Eurex Clearing recommends avoiding collateral withdrawals from the source collateral pool on T-1 in order to avoid additional margin calls on T.</li> </ul>
On T-1	<p>All security transfers via XEMAC/ CmaX as well as cross border transfers need to be done by the CM itself. Please be aware that these transfers require double-funding on the full amount on T-1. If no double-funding was provided, an overnight margin call will be triggered on T.</p>
On T	<p><b><u>Collateral transfer processing</u></b></p> <p>Eurex Clearing will transfer the collateral based on Annex 1 of the Clearing Model Change Agreement.</p>
On T	<p><b><u>Position transfer</u></b></p> <ul style="list-style-type: none"> <li>• As mentioned earlier, position transfers are generally not required when changing to ECM by asset because the client position account(s) will be linked to the new pool(s) and therefore no position transfer is needed.</li> <li>• If nevertheless the CM wishes to transfer positions to another account, please refer to the position transfer guideline as outlined below for ECM – CASS Transactions in section 3.</li> </ul>

### 3 ECM – CASS Transactions

#### Required documentation

The table below contains the required Eurex Clearing documentation and information in order to participate in ECM – CASS Transactions:

Documents to be submitted	Purpose
<b>Clearing Agreement between Eurex Clearing and a Clearing Member</b> (Appendix 1 to the Clearing Conditions Annex Number 3)	<ul style="list-style-type: none"> <li>• Legal basis for the ECM – CASS Transactions</li> </ul>
<b>Pledge Agreement relating to pledges of Eligible Margin Assets in the form of Securities</b> (Appendix 7 to the Clearing Conditions)	<ul style="list-style-type: none"> <li>• Legal basis for providing securities collateral under the ECM – CASS Transactions</li> <li>• Only required if collateral in the form of securities will be provided</li> </ul>
<b>Company Admission Tool</b>	<ul style="list-style-type: none"> <li>• Set up of omnibus collateral pool(s)</li> <li>• Selection of Clearing Currency for new omnibus collateral pool(s)</li> <li>• Optional: Set up of Omnibus Pledged Securities Account(s), if securities will be used</li> <li>• Selection of auto repay of cash collateral</li> <li>• Optional: Set up of separate/ grouped cash instructions for omnibus clients' cash payments</li> <li>• Optional: Set up of separate cash account for omnibus collateral pool(s)</li> <li>• Assignment of CM's client-related accounts (A-accounts of the CM and accounts of Disclosed Direct Clients setup with their own member ID) to the respective collateral pool(s)</li> <li>• Optional: Indication of back-up CM</li> </ul>
<b>Clearing Model Change Agreement<sup>11</sup></b>	<ul style="list-style-type: none"> <li>• If a client is already set up as a client <b>with a triparty Clearing Agreement</b> in ECM (former Appendix 2 of the Clearing Conditions) or ICM (Appendix 3 or Appendix 4 of the Clearing Conditions), and the client wants to change <b>to ECM – CASS Transactions</b>, the CM needs to provide this agreement with his clients to confirm the clearing model change.</li> <li>• The client needs to sign Annex 2.</li> </ul>
<b>Agreement on the Technical Connection to the Clearing EDP of Eurex Clearing AG (Connection Agreement)</b>	<ul style="list-style-type: none"> <li>• Legal basis for clients of a CM to maintain access to the systems of Eurex Clearing to perform post-trade management for DCs with System Access and DC Market Participants/ Indirect Client Market Participants</li> </ul>

<sup>11</sup> In case the clearing model change is connected to a clearer change, the Clearer Change Agreement covers also clearing model changes.

## Functional Processing of Clearing Model Change

If a CM's undisclosed clients are migrating from ECM by value or ECM by asset, a transfer of positions to the specific A-account(s) that is or will be allocated to a collateral pool for CASS might be necessary.

If a CM's disclosed clients are migrating from ECM by value, ECM by asset, ICM or ISA/ ISA – CASS, a transfer of the client's positions is not required if the positions remain in the same position account structure.

CMs opting to change to ECM – CASS Transactions will need to transfer their client related collateral.

Eurex Clearing recommends considering the impact and arranging for the following points as early as possible:

- The CM shall apply with Eurex Clearing for a clearing model change to ECM – CASS Transactions. Please agree on a migration date with the Key Account Manager or Member Readiness in advance.
- If a CM provides margin collateral only in the form of cash, Eurex Clearing will initiate the required internal booking to assign the appropriate cash amount to the new collateral pool based on the CM's instructions in Annex 1 of the Clearing Model Change Agreement.
- In case of securities collateral the CM also needs to make sure that the nominal to be transferred is a deliverable amount, i.e. not below the smallest deliverable amount.
- Cross border transfers need to be arranged and processed by the CM itself. Therefore, the CM should ensure that the selected ISINs can be kept in the target (I)CSD.
- Double-funding is necessary during the migration period in case the CM transfers the collateral via XEMAC or CmaX and for cross border transfers. A CM may also decide to transfer the positions in tranches to reduce the double-funding value. The CM should inform Eurex Clearing whether it wants to double-fund using cash or securities.
- (I)CSD internal transfers do not require double-funding.
- When providing cash for double-funding, the declaration of intention to withdraw the double-funded cash needs to be sent by 9:30 CET. Due to the cash investment activities of Eurex Clearing, the physical cash withdrawals can only be processed until 9:45 CET for payments in CHF and 14:45 CET for payments in EUR. If these deadlines are not met, cash may only be withdrawn on the next day.
- The transfer the derivatives position intra-day is done at the previous day's settlement price in case of futures or future styled products including flexible contracts. Premium styled option positions are transferred at a price of zero.

Recommended timeframe (T= agreed transfer day)	Activities to be considered
Minimum of seven business days prior to T	<ul style="list-style-type: none"> <li>• The CM needs to request that their Key Account Manager to set up ECM – CASS Transactions in the Company Admission Tool.</li> <li>• Submission of new Clearing Agreement (in case ECM-CASS is established the first time)</li> <li>• Submission of the Pledge Agreement (in case a new (additional) securities account is established).</li> <li>• Submission of the Clearing Model Change Agreement</li> <li>• Submission of the Connection Agreement (in case the client maintains access to the systems of Eurex Clearing for post-trade management)</li> <li>• In the Company Admission Tool, the CM sets up               <ul style="list-style-type: none"> <li>- the new collateral pool(s) and provides all required details for the setup</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>- assigns the client-related accounts to the respective collateral pool(s)</li> </ul> <p>Please note that with the setup of the collateral pool it needs to be specified whether asset tagging will be used or not for the new omnibus collateral pool(s).</p>
On T-1	<p><b><u>Collateral transfer request</u></b></p> <p>The CM specifies in Annex 1 of the Clearing Model Change Agreement the transfer of collateral. The following applies:</p> <ul style="list-style-type: none"> <li>• <b>Securities</b> are transferred by providing the information to Eurex Clearing on T-1 by <b>14:00 CET</b>. Intraday deposits can only be requested to be transferred in case the position is already available in the source collateral pool by 14:00 CET.</li> <li>• <b>Cash</b> collateral is transferred by Eurex Clearing based on instructions received from the CM on T-1 by <b>18:00 CET</b>. In case intraday margin calls occur after the form was delivered on T-1, the CM can request additional transfer requests with the same form until 21:45 CET related to the intraday margin call. In this case it is required to contact Eurex Clearing by phone (+49 69 211-1 12 50) and email (<a href="mailto:eurex.clearing@eurexclearing.com">eurex.clearing@eurexclearing.com</a>). Eurex Clearing recommends avoiding collateral withdrawals from the source collateral pool on T-1 in order to avoid additional margin calls on T.</li> </ul>
On T-1	<p>All security transfers via XEMAC/ CmaX as well as cross border transfers need to be done by the CM itself. Please be aware that these transfers require double funding on the full amount on T-1. If no double funding was provided, an overnight margin call will be triggered on T.</p>
On T	<p><b><u>Collateral transfer processing</u></b></p> <p>Eurex Clearing will transfer the collateral based on Annex 1 of the Clearing Model Change Agreement.</p>
On T 8:00 CET or as soon as possible	<p><b><u>Position transfer processing</u></b></p> <ul style="list-style-type: none"> <li>• The CM needs to do the close-outs on the CM source A-accounts. The position transfer to the target A-account should be only for the final position after all necessary close-outs, as the zero cost quantity will not be transferred to the designated A-account. The Position Close-Out upload can be used by the CM.</li> <li>• If applicable, the CM can transfer all OTC flexible contracts from CM source A-accounts to the target A-account designated for ECM – CASS Transactions. The account can be adjusted by the CM via the OTC Flexible Contracts Clearing window.</li> <li>• The CM can transfer positions in listed contracts from the CM's source A-account to the target A-account designated for ECM – CASS Transactions. The positions will be transferred at the previous business day's settlement price for futures and future styled options. Premium styled products will be transferred at a price of zero. Positions in the A-account(s) can be viewed in the Position Overview window, the OTC Flexible Contracts Clearing window or the Account Transfer Request window.</li> </ul>

On T	<p><b><u>Collateral transfer processing</u></b></p> <ul style="list-style-type: none"><li>• The CM needs to make sure that their collateral requirements are covered. Please take this into consideration in particular if positions are being transferred between A-accounts of the CM.</li><li>• If the collateral requirements are not covered, the CM should provide additional collateral in order to avoid an intra-day margin call.</li><li>• At the latest 30 minutes after Eurex Clearing informed the CM about its collateral shortfall, Eurex Clearing will process an intra-day margin call, if the shortfall has not been fully covered (regular process).</li></ul>
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#### 4 Individual Segregated Accounts (ISA) (including ISA – CASS)

As of 28 January 2019, Individual Segregated Account (ISA) under Chapter I Part 4 of the Clearing Conditions is Eurex Clearing’s standard individual segregation model for all Disclosed Direct Clients. By the end of 2019, Eurex Clearing plans to discontinue the Individual Clearing Model (ICM) (Chapter I Part 3). Therefore, all clients currently setup under ICM will need to migrate to ISA if they would like to continue to have individual segregation. **It is however strongly recommended for CMs to plan this change prior to the beginning of October 2019 due to frozen zones around releases planned for November 2019.**

##### Required Documentation

The table below contains the required Eurex Clearing documentation and information in order to participate in ISA:

Documents to be submitted	Purpose
<b>Company Admission Tool</b>	<ul style="list-style-type: none"> <li>• Set up of individual collateral pool(s) for each Disclosed Direct Client</li> <li>• Selection of Clearing Currency for individual collateral pool(s)</li> <li>• Optional: Set up of an ISA Pledged Securities Account and/ or ISA CASS Pledged Securities Account, if securities will be provided under a pledge structure</li> <li>• Optional: Set up of an ISA Securities Margin Account, if securities will be provided under a title transfer structure (please note that if a Securities Account under title transfer for ICM Clients is already in use, this Securities Account may also be used for ISA in case asset tagging is established.)</li> <li>• Selection of auto repay of cash collateral</li> <li>• Optional: Set up of separate/ grouped cash instructions for segregated clients’ cash payments</li> <li>• Optional: Set up of separate cash account for individual pool</li> <li>• If the client does not have its position in an own A-account/ under an own member ID: Set up of new A-account/ member ID for each Disclosed Direct Client and assignment to respective collateral pool(s) (please note that ICM Clients transferring to ISA may continue to use the same position account(s) and collateral pool.)</li> <li>• Optional: Indication of back-up CM</li> </ul>
<b>Clearing Model Change Agreement<sup>12</sup></b>	<ul style="list-style-type: none"> <li>• If a client is already set up as a client <b>with a triparty Clearing Agreement</b> in ECM (former Appendix 2 of the Clearing Conditions) or ICM (Appendix 3 or Appendix 4 of the Clearing Conditions) and the client wants to change <b>to ISA</b>, the CM needs to provide this agreement with his client to confirm the clearing model change.</li> <li>• The client needs to sign Annex 2.</li> </ul>

<sup>12</sup> In case the clearing model change is connected to a clearer change, the Clearer Change Agreement covers also clearing model changes.

<b>Agreement on the Technical Connection to the Clearing EDP of Eurex Clearing AG (Connection Agreement)</b>	<ul style="list-style-type: none"> <li>• Legal basis for clients of a CM to maintain access to the systems of Eurex Clearing to perform post-trade management for DCs with System Access and DC Market Participants/ Indirect Client Market Participants</li> </ul>
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**Functional Processing of Clearing Model Change**

A CM opting to change a client from ECM to ISA needs to transfer the client related collateral. Position transfers are not required when migrating to ISA when the client related accounts are already set up under a separate member ID or in a separate A-account. Position transfers are required if a client is newly set up with a member ID or in an A-account of the CM.

A CM opting to change a client from ICM to ISA does not need to transfer the client related collateral or any positions. The existing set up can also be used under ISA.

Eurex Clearing recommends considering the impact and arranging for the following points as early as possible:

- The CM shall apply with Eurex Clearing for a clearing model change to ISA. Please agree on a migration date with the Key Account Manager or Member Readiness in advance.
- In case of securities collateral, the CM also needs to make sure that the nominal to be transferred is a deliverable amount, i.e. not below the smallest deliverable amount.
- If a CM provides margin collateral only in the form of cash, Eurex Clearing will initiate the required internal booking to assign the appropriate cash amount to the new collateral pool based on the CM's instructions.
- (I)CSD internal transfers do not require double-funding.
- Cross border transfers need to be arranged and processed by the CM itself. Therefore, the CM should ensure that the selected ISINs can be kept in the target (I)CSD.
- Double-funding is necessary during the transfer period in case the CM transfers the collateral via XEMAC or CmaX and for cross border transfers. A CM may also decide to transfer the positions in tranches to reduce the double-funding value. The CM should inform Eurex Clearing whether it wants to double-fund using cash or securities.
- When providing cash for double-funding, the declaration of intention to withdraw the double-funded cash needs to be sent by 9:30 CET. Due to the cash investment activities of Eurex Clearing, the physical cash withdrawals can only be processed until 9:45 CET for payments in CHF and 14:45 CET for payments in EUR. If these deadlines are not met, cash may only be withdrawn on the next day.(I)CSD internal transfers do not require double-funding.
- The transfer the derivatives position intra-day is done at the previous day's settlement price in case of futures or future styled products including flexible contracts. Premium styled option positions are transferred at a price of zero.

In the following table, some useful guidelines are provided to consider when planning the sequence of activities on the migration date.

<b>Recommended timeframe (T= agreed migration day)</b>	<b>Activities to be considered</b>
Minimum of seven business days prior to T	<ul style="list-style-type: none"> <li>• The CM needs to request that their Key Account Manager to set up ISA/ ISA CASS in the Company Admission Tool.</li> <li>• Submission of the Clearing Model Change Agreement</li> </ul>

	<ul style="list-style-type: none"> <li>• Submission of the Connection Agreement (in case the client maintains access to the systems of Eurex Clearing for post-trade management)</li> <li>• In the Company Admission Tool, the CM sets up <ul style="list-style-type: none"> <li>– the new collateral pool(s) and provides all required details for the setup</li> <li>– assigns the client-related accounts to the respective collateral pool(s)</li> </ul> </li> </ul> <p>Please note that with the setup of the collateral pool it needs to be specified whether asset tagging will be used or not for the new pool on the CSD account application form.</p>
On T-1	<p><b><u>Collateral transfers request for a transfer from ECM</u></b></p> <p>The CM specifies in Annex 1 of the Clearing Model Change Agreement the transfer of collateral. The following applies:</p> <ul style="list-style-type: none"> <li>• <b>Securities</b> can only be transferred by Eurex Clearing for a change to ISA within the same (I)CSD. It is required that Eurex Clearing receives the information on T-1 by <b>14:00 CET</b>. Intraday deposits can only be requested to be transferred in case the position is already available in the source collateral pool by 14:00 CET.</li> <li>• <b>Cash</b> collateral is transferred by Eurex Clearing based on instructions received from the CM on T-1 by <b>18:00 CET</b>. In case intraday margin calls occur after the form was delivered on T-1, the CM can request additional transfer requests with same form until 21:45 CET related to the intraday margin call. In this case it is required to contact Eurex Clearing by phone (+49 69 211-1 12 50) and email (<a href="mailto:eurex.clearing@eurexclearing.com">eurex.clearing@eurexclearing.com</a>). Eurex Clearing recommends avoiding collateral withdrawals from the source collateral pool on T-1 in order to avoid additional margin calls on T.</li> </ul>
On T-1	<p>All security transfers via XEMAC/ CmaX as well as cross border transfers need to be done by the CM itself. Please be aware that these transfers require double-funding on the full amount on T-1. If no double-funding was provided, an overnight margin call will be triggered in T.</p>
On T 8:00 CET or as soon as possible	<p><b><u>Position transfer processing for ECM</u></b></p> <ul style="list-style-type: none"> <li>• The CM needs to do the close-outs on the CM source A-accounts. The position transfer to the target A-account should be only for the final position after all necessary close-outs, as the zero cost quantity will be not transferred to the designated A-account. The Position Close-Out upload could be used by the CM.</li> <li>• If applicable, the CM can transfer all OTC flexible contracts from CM source A-accounts to the target A-account designated for ISA Transactions. The account can be adjusted by the CM via the OTC Flexible Contracts Clearing window.</li> <li>• The CM can transfer positions in listed contracts from the CM's source A-account to the target A-account designated for ISA Transactions. The positions will be transferred at the previous business day's settlement price for futures and future styled options. Premium styled products will be transferred at a price of zero. Positions in the A-account(s) can be viewed in the Position Overview window or in the OTC Flexible Contracts Clearing window, the OTC Flexible Contracts Clearing window or the Account Transfer Request window.</li> </ul>

On T	<b><u>Collateral transfer processing</u></b> Eurex Clearing will transfer the collateral based on Annex 1 of the Clearing Model Change Agreement.
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## 5 Simulation and Contacts

To support members in their testing activities, the permanent simulation environment can be used. In order to set up the model specific collateral pools in simulation, account(s) and collateral pool(s) can be requested in the Company Admission Tool. In simulation, only a limited spectrum of products is available.

For any questions you may have or any further information you require regarding the Client Asset Protection Service, please contact your Key Account Manager or our Member Readiness team under the following e-mail: [clearing.services-admission@eurexclearing.com](mailto:clearing.services-admission@eurexclearing.com).