X-pand into the Future

e u r e x *circular 047/04*

Date: Frankfurt, April 14, 2004
Recipients: All Eurex members and vendors, CCP members
Authorized by: Daniel Gisler

CCP Release 2.0 Simulation

Related CCP Circulars: 046/04

Contact: Customer Support Team, tel. +49-69-211-1 16 40, fax +49-69-211-1 16 41

Content may be most important for:

➲ All Departments

Attachments:

1. Clearstream AG, Frankfurt, Customer Information
2. BrainTrade GmbH Customer Information for all Financial Institutions Connected to XONTRO

Summary:

This circular is to inform you about the upcoming first simulation phase of CCP Release 2.0. Simulation will take place between May 17, 2004 and June 21, 2004.

In addition to the functional changes resulting from member requirements, this simulation phase covers the processing of equities held in foreign collective safe custody (FCSC), Exchange Traded Funds (XTFs) segments and off-exchange Xetra trades in CCP securities.

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Participation in simulation for additional instruments and off-exchange Xetra trades is optional.

The first simulation comprises almost the full scope of CCP Release 2.0. However, some specific adjustments within Risk Based Margining, in particular the processing of dividend payments in non-Euro currencies and the inclusion of NCSC instruments, will not be available.

Simulation will be conducted as an open simulation. That means each CCP member is free to define the simulation scenario to match his own internal processes and parameter setup best. Supplementary focus days on the handling of corporate actions and OTC trade processing will be offered. Focus days are supported by internal experts and participation is optional.

The Permanent Simulation environments of Xetra Release 7.0 and Eurex Release 6.1 are available in addition to the CCP Release 2.0 simulation environment. As was already the case with CCP Release 1.0, XONTRO and the CBF systems, in particular CASCADE, LION und KADI, are also part of the simulation environment. Thereby, a production-like scenario is provided, giving the opportunity to simulate the entire process chain from trading to settlement. For more detailed information on the participation of XONTRO and CBF, please refer to the attachments to this circular.

A Simulation Guide will be published on April 30, 2004 containing details on the approach, data and schedule of CCP Release 2.0 Simulation. Further circulars from BrainTrade GmbH and Clearstream Banking AG, Frankfurt, will give you the necessary authorization data to access the newly participating systems and to retrieve reports.

Please be aware that all remaining trades in the CCP Permanent Simulation environment will be deleted on April 16, 2004. This measure is required in preparation for CCP Release 2.0 to facilitate optimum setup for all participants in the upcoming CCP Release 2.0 Simulation

Please contact the CCP Customer Support Team, tel.: +49-69-211-1 16 40, fax: +49-69-211-1 16 41, should you have any questions or need further information.

Frankfurt, April 14, 2004

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Peter Reitz, Jürg Spillmann
Michael Widmer, Thomas Lenz (Deputy)

Central Counterparty (CCP): Setup of a CBF simulation environment for CCP Release 2.0

Clearstream Banking[1] is setting up a new technical, permanent simulation environment under IMS23, allowing customers to simulate CASCADE-applications for CCP-relevant transactions.

The new environment will be available for the first time during the CCP Release 2.0 Simulation from 17 May to 21 June 2004. Clearstream Banking recommends connecting to the new environment as quickly as possible.

Online access

Customers with access to CASCADE in the current production environment IMS1 will only need new user IDs, which will be assigned and sent out in due time. It is planned to provide customers with 10 IDs with already predefined access rights (user profiles) per account. An additional distribution of access rights through the customer's security administrator is therefore not required.

Online access via "Host Screen" (3270 emulation)

The simulation environment can be accessed by entering "IMS23" on the start screen of Deutsche Börse Systems.

Customers who have created a special link to ease access to the production environment IMS1 for their users (e.g. by clicking on an icon on their desktop) should set up a similar type of access for the simulation environment (IMS23).

Online access via CASCADE-PC

In order to dial into the simulation environment via CASCADE-PC, customers will have to go to the selection menue item „options" in the first logon window. There, they should change the "Appl.ID" into "IMS23" and enter the corresponding ID code for the simulation.

Reporting

The following data transmission channel will be offered from the simulation environment:

- Internet – for data files and reports.

The User IDs and passwords for Internet access will be sent to you in due time.

A distribution of reports per mail, via the Clearstream Banking counter area, per CA-spool, per S.W.I.F.T. or per file transfer will not be possible.

Since the cash clearing in the framework of the New German Settlement Model will not be an integral part of the simulation, cash reservations for the processing in CASCADE will be made automatically by Clearstream Banking.

1. In this customer information, Clearstream Banking refers to Clearstream Banking AG, Frankfurt (CBF). CBF is a company of Deutsche Börse Group.

After the CCP Release 2.0 Simulation has been concluded, the CASCADE simulation environment will remain connected to the permanent CCP Simulation via IMS23.

Further Information

For any queries, you can contact our Customer Service.

Customer Service Domestic Telephone: +49 (0)69 2 11-1 11 77

Clearstream Banking AG, Frankfurt
Neue Börsenstraße 1
D-60487 Frankfurt am Main

Attachment 2 to CCP Circular 047/04

To all XONTRO banks

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Configuration (Setup/Installation) and Operation of a new Simulation Environment for CCP Release 2.0

Dear Sir or Madam,

Frankfurt Main, April 13, 2004

Deutsche Börse AG plans to enlarge the existing simulation environment for the CCP Release 2.0 Simulation for Xetra, Eurex and the Central Counterparty (CCP) by further subsidiary systems. The purpose is to offer Members the entire securities processing chain from order entry to settlement in a contingent simulation environment.

This also includes the installation/setup of a new IMS-simulation environment for XONTRO Order and XONTRO Trade. Different from the so far available application environments IMS1 (production) and IMS27 (test), the new Simulation environment will be named “IMS23“. The new environment will also comprise interfaces to the existing simulation environments for Xetra, Eurex Clearing AG and the CCP, as well as to the Clearstream applications (“KV“ transactions etc.).

With this letter, we offer to connect your bank to the new simulation environment for XONTRO. For this purpose, the following two access channels respectively interfaces, will be at your disposal:

1. Online access to the transaction dialog windows (usually via a so-called “IBM 3270 Emulation“), and/or
2. Download of contract notes as well as other data for banks from the website of Deutsche Börse Systems AG.

The new XONTRO simulation environment for CCP Release 2.0 simulation will be available from May 17, 2004 until June 21, 2004. However, the connection and setup of participants should already take place before these dates.

With this letter, we ask you to decide on a connection of your bank to the new simulation environment for XONTRO, and on its terms. Please inform us on your decision via the enclosed fax-back **by Wednesday, April 21, 2004.** For further details, please refer to the enclosed information. For any queries, please contact our BrainTrade staff under telephone +49 (0) 69 – 58 99 78 – 110.

Yours sincerely

Dr. Michael Hamke

Dr. Sebastian Störmer

Fax-back – please return by April 21. 2004

Adress
BRAINTRADE Gesellschaft für Börsensysteme mbH
Neue Börsenstrasse 1
60487 Frankfurt Main

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Connection to the simulation environment IMS23 for XONTRO Order / Trade

We would like to participate via the following connection type (please check one or both):

o	**Dialog Interface via SNA with 3270 Emulation**
o	**Download of contract notes and Reports from the Internet**

Name of Bank: _____

Our CBF Account Number(s):

	Technical Contact:	Functional Contact:
First and Last Name:		
Department:		
Street / Number or Post Office Box:		
Post Code, City:		
'Phone ext.:		
Fax ext.:		
E-mail:		

Configuration and operation of a new simulation environment for CCP Release 2.0 – Technical Notes

Deutsche Börse AG plans to enlarge the existing simulation environment for Xetra, Eurex and the CCP with the so far not incorporated systems XONTRO Order and XONTRO Trade, as well as by the Clearstream applications. For this purpose, a new IMS, called “IMS23“, will be set up and provided to the participants. This enlargement will enable simulation participants to test the entire process chain from order entry to settlement (including corporate actions etc.) in a separate simulation environment. The simulation environment is mainly focused on the processing of CCP-relevant transactions.

Details mentioned in this document focus on the new simulation environment for XONTRO Order and XONTRO Trade. Deutsche Börse AG will inform you about the other participating systems (CBF-Applications, Xetra, Eurex etc.) in separate circulars.

The new XONTRO connection via the IMS23 environment will enable the participants to simulate the following transactions:

- Entry, editing and deletion of Orders via the Bank in XONTRO Order (via dialog interface)
- Exercising orders by price determination during trading hours according to the pre-defined characteristics and schedule (instruments, timely sequence) through the official broker in XONTRO
- If required, entry of XONTRO “Direkt-Geschäften“ via the respective broker
- Automatic forwarding of executed orders respectively CCP trades to the Eurex Clearing gross delivery management
- Generation of the XONTRO reporting (Contract notes, Brokerage Lists)
- Netting of XONTRO trades (together with Xetra trades) and manual processing within gross delivery management
- Inclusion of the XONTRO CCP trades in the risk calculation of Eurex Clearing AG
- Forwarding of non-CCP trades (from XONTRO and Xetra) for delivery to CASCADE
- If required, entry of XONTRO OTC trades via the XONTRO member – OTC trades entered in XONTRO, however, will not be transferred to the CCP

Access to the IMS23 environment via the so called “System Connection for Banks“ will not be currently offered. The System Connection for Banks is provided for test purposes in the already existing environments IMS27 respectively IMS29.

For XONTRO members the following access channels for the connection to the IMS23 simulation environment are available:

1. Connection via IMS dialog interface – usually via the so-called 3270 emulation on PC as well as a line connection between PC and Host (either via SNA/LU 6.1 respectively LU 6.2 or via Internet/IP as HOB-link)
2. Download of the reports (for example, contract notes) from a specific website of the Deutsche Börse Systems AG, using a personal user ID and password – similar to the processing in IMS27

Participants are free to choose the preferred method of access. Nevertheless it is recommended that both access channels are used.

For alternative 1 as well as for alternative 2 participants will receive specific User IDs and Passwords in a separate circular.

For alternative 2 the “production-like“ configuration parameters will be used. Parameters different to the ones set up in production are, as a rule, not possible.

Please make sure that the selected alternative can be connected to your existing internal order/trade management systems. If you already have a separate internal CCP test environment, the new IMS23 environment should be connected to this test environment. Where only one internal test environment is available, it should be decided if the internal test environment will be connected to IMS23 in addition to or instead of IMS27. If the IMS environment will be initiated with help from internal starting routines, the routines need to be configured taking account of the new requirements.

You will be informed about further technical details of the new CCP Release 2.0 simulation environment IMS23 in the near future. If you have any queries in the meantime, please contact our BrainTrade Competence Center

Telephone: +49 (0)69 – 58 99 78 – 110

E-mail: Competence.Center.Trade@Xontro.de

Frankfurt Main, April 13, 2004

BrainTrade Gesellschaft für Börsensysteme mbH