X-pand into the Future

e u r e x *circular 099/06*

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Recipients: All Eurex members and vendors, CCP members, Eurex Repo and Eurex Bonds members
Authorized by: Daniel Gisler

CCP Release 3.1: Technical and Functional Documents – Simulation Kits

Contact: Customer Support, tel. +49-69-211-1 17 00,
CCP Technical Helpdesk, tel. +49-69-211-1 28 00

Content may be most important for:

- Middle + Backoffice
- IT / System Administration
- Auditing / Security Coordination

Attachments:

1. Information Memorandum US QI Reporting
2. Application forms for US Tax Status
3. CCP 3.1 Simulation Guide
4. CCP 3.1 Simulation Scenarios

on Eurex website only:

5. CCP 3.1 Front End Installation Guide
6. CCP 3.1 Front End Operations Guide
7. CCP 3.1 User Guide (German version)
8. Report Test Files in Raw Data Format

Summary:

In the context of the introduction of CCP Release 3.1 we have published today further documents to support your preparation activities for the release start.

To download any of the above-mentioned documents, please visit

www.eurexchange.com > Member Section > Documentation/Manuals CCP > CCP 3.1.

This circular also provides the schedule for distribution of the CCP Release 3.1 Simulation Kits and gives information about installation.

CCP Release 3.1: Technical and Functional Documents - Simulation KIts

In the context of the introduction of CCP Release 3.1 we are providing today further documents and information to support your preparation activities for the release start:

- Information memorandum US QI Reporting
- Application forms for US Tax Status
- CCP 3.1 Simulation Guide
- CCP 3.1 Simulation Scenarios
- CCP 3.1 Front End Installation Guide
- CCP 3.1 Front End Operations Guide
- CCP 3.1 User Guide (German version)
- Information regarding CCP 3.1 Internet Forum
- Information regarding trade migration
- Information regarding raw data test files
- Information regarding distribution of simulation kits
- Information regarding new USIM files

US QI Reporting

This document describes the reporting and tax exemption process for dividend payments in products cleared via CCP and declared reportable by the US Internal Revenue Service. After the introduction of CCP Release 3.1, inclusion of Eurex Clearing AG in the reporting process will be required since deliveries will be performed via an account of Eurex Clearing AG. Reporting will follow the processes already in place at Clearstream Banking.

Participants who hold a CBF account with existing US tax status, may obtain necessary forms directly from Clearsteam Banking (Clearstream TAX Service). Participants holding a CBF account without US Tax status as well as participants holding an account at SegaInterSettle (SIS), need to fill out and submit the attached forms directly to Clearstream Banking (Clearstream TAX Service).

Please refer to the attached information memorandum “US QI Reporting” for further information and your contact at Clearsteam.

CCP 3.1 Simulation Guide

This document explains the simulation approach for CCP Release 3.1. It provides milestones for activities on the members’ side which need to be observed in order to guarantee successful participation in the simulation. The Simulation Guide also includes the detailed simulation calendar and a list of instruments available in CCP Release 3.1 simulation.

CCP 3.1 Simulation Scenarios

As a supplement to the Simulation Guide, this document offers possible test cases for open simulation including focus days.

CCP 3.1 Front End Installation Guide

The “CCP 3.1 Front End Installation Guide” is intended for use by system administrators who are responsible for installing and configuring the CCP front-end software on their in-house systems. The purpose of this document is to provide a brief overview of the technical structure of CCP followed by detailed information pertaining to the installation of the CCP front-end software kit, including a systematic walk through the necessary planning, installation and verification procedures.

Eurex Clearing AG
D-60485 Frankfurt am Main
www.eurexchange.com

Customer Support
Tel. +49-69-211-1 17 00
Fax +49-69-211-1 17 01

Management Board:
Andreas Preuß (CEO), Daniel Gisler, Thomas Lenz, Peter Reitz, Jürg Spillmann

CCP 3.1 Front End Operations Guide

The „CCP 3.1 Front End Operations Guide" describes the procedures for regular operation of the CCP software on the member side. It explains applications provided by Eurex Clearing AG to support system administrators who work with the CCP software.

CCP 3.1 User Guide (German Version)

This document describes the browser-based Graphical User Interface (GUI) for CCP Release 3.1. The GUI includes features for management of trades in equities and fixed-income products as well as for new procedures to be introduced with CCP 3.1. Amongst others, the GUI provides access to the CCP trade management features.

CCP Release 3.1 Internet Forum

Eurex Clearing AG offers its participants to post upcoming questions and their answers with regard to CCP Release 3.1 on the Eurex website. Questions submitted via your Key Account Manager or e-mailed to customer.supportteam@eurexchange.com together with their answers will be published in a pdf file under

www.eurexchange.com > Member Section > Documentation/Manuals CCP > CCP 3.1 > FAQ

Information regarding "Trade Migration"

Currently, deliveries out of Excercises/Assignments and Notifications/Allocations are transferred from Eurex to the connected CSDs for settlement. After introduction of CCP Release 3.1, Eurex exercises will be processed in the CCP core back-end, which means they will be included in Settlement Netting and the CCP functionalities can be applied to these transactions.

Excercises/Assignments and Notifications/Allocations which Eurex will transfer to the connected CSDs, CBF and SIS, until August 11, 2006 will be processed according to the current, pre-CCP 3.1 procedure. After the introduction of CCP Release 3.1, these deliveries will still be available in the CSDs' (CBF, SIS) systems for settlement. However, settlement reports will no longer be sent by the Eurex® system. Instead, Eurex Clearing AG will send corresponding information via e-mail to the Clearing Members.

Raw Data Test Files

With this circular we are providing test files in raw data format for the reports CE260 Pending Delivery, CE265 Pending Delivery before NTP, CE 270 Settled Delivery and CE290 Eurex Deliveries on our website for downloading under www.eurexchange.com > Member Section > Documentation/Manuals CCP > CCP 3.1 > Technical Manuals.

Simulation Kits

The evening of May 26, 2006, after close of trading, Eurex will transmit the CCP Release 3.1 Simulation Kit, the GATE 3.4 Simulation Kit and the GATE 3.4 Update Kit 2 via file transfer (FTP) to the MISSes over the CCP network.

As of **June 6, 2006**, using the new software in simulation is mandatory.

Additionally, the kits including documentation will be available for downloading from the Eurex website www.eurexchange.com as of **May 26, 2006**.

As announced in Eurex circular 087/06, Windows Server 2003 will be supported starting June 6, 2006. Please be reminded that an additional software module (OpsArchApi_win2003.pm) will be required for GATE 3.4 to ensure full compatibility with Windows Server 2003. This additional software module may be downloaded under www.eurexchange.com > Member Section > Software Kits.

The dates and details regarding distribution and installation of software kits required for simulation are listed below:

Distribution of Simulation Kits

We will distribute the following software kits for simulation on Friday evening, **May 26, 2006**:

- CCP Release 3.1 Simulation
- GATE Release 3.4 Simulation
- GATE Release 3.4 Simulation Update 2

Distribution will be carried out via data transfer (FTP) over the CCP network.

To ensure a smooth distribution, please note the following:

- At least 130 MB disk space must be available in the transfer directory on each of your simulation MISSes
- Make sure that the MISSes of your CCP simulation environment remain connected without interruption from the evening of **May 26, 2006** until the morning of **May 31, 2006** to enable the file transfer
- The necessary read and write permissions for the transfer directory have to be set correctly.
- Please ensure that you received both the Windows and the SUN kits[1]

The target transfer directories are:

- SUN: /opt/gate/transferdir/release21
- Windows: <ftp-root directory>\release21

Eurex Clearing AG will monitor the successful distribution of the kits. In case of any transfer problems, another transfer for the next day will be initiated. In addition, the software will be posted on the Eurex website as of May 26, 2006 for downloading under the following path:

www.eurexchange.com > Member Section > Software Kits > CCP Release 3.1 Simulation

Please use your member-specific account to login to the Member Section.

Installation of Simulation Kits

Upgrading to GATE 3.4 including Update 2 is a mandatory pre-requisite for installation of the CCP software.

All CCP participants must install the CCP Release 3.1 Simulation Kit in order to continue to participate in the CCP simulation. Please note that the CCP Release 3.1 Simulation Kit can be used for both updating CCP 2.0 as well as CCP 3.0. Details about installation can be found in the “readme” files for CCP and GATE as well as in the documents “Front End Installation/Operations Guide CCP 3.1“ and „Front End Installation/Operations Guide GATE 3.4.“

New USIM Files for Windows and SUN Solaris MISSes

With the introduction of CCP Release 3.1, new USIM files for all Windows and SUN Solaris MISSes will be required. On Thursday, **June 1, 2006** and Friday, **June 2, 2006**, CCP will distribute the new USIM files per FTP. The target directories for transmission of USIM files are the same as for the Simulation Kits.

To guarantee that transmission of the new USIM files will run smoothly, all MISSes should be connected to the CCP network as of Thursday, **June 1, 2006**. Members should contact the CCP Technical Helpdesk at telephone +49-69-211-1 28 00 if the new USIM files have not been received by Tuesday, **June 6, 2006**.

In order to support members during installation of the new USIM files, the “Start-of-Day” procedure in the CCP 3.1 software has been modified. In case a USIM file is available in the transfer directory, the file is automatically copied into the corresponding directory.

[1] Please note: Sun Solaris 8 will no longer be supported after July 31, 2006

Further information concerning the new USIM files can be found in the documents “Front-End Installation Guide CCP 3.1” and “Front-End Operations Guide CCP 3.1”.

The new USIM files are mandatory for all MISSes in order to facilitate a connection with the CCP 3.1 Simulation Back-End. Existing CCP 2.0/3.0 USIM files are not compatible with CCP 3.1 and therefore cannot be used anymore.

Should you have further questions or require support for installation and connection of the CCP 3.1 Simulation Kit, please do not hesitate to call the CCP Technical Helpdesk at +49-69-211-1 28 00. Fax +49-69-211-1 84 01.

The documents have been published in the Member Section of the Eurex website. To download your personal copy, please visit

www.eurexchange.com > Member Section > Documentation/Manuals CCP > CCP 3.1.

We would like to take the opportunity to refer you to a circular published on April 19, 2006 by Clearstream Banking Frankfurt about the enhancement of Clearsteam systems in connection with the introduction of CCP Release 3.1. This document is available under www.clearstream.com > Publications & Downloads > CSD Announcements > Code D024 CCP Release 3.1: Enhancement of Clearstream systems.

Frankfurt, May 19, 2006

Attachment „Information Memorandum US QI Reporting“

1 General Information on US taxable transactions

On Eurex Exchanges (Eurex) stock options on US taxable equities are listed. With CCP Release 3.1 – Delivery Harmonization – all deliveries, i.e. also deliveries in US taxable stocks, from Eurex will be processed via the CCP. The processing for US taxable stocks include the corporate action processing resulting income payments (e.g. dividends) which are subject to US withholding tax and require US withholding tax deduction by a US Qualified Intermediary (QI).
With the dividend entitlement compensation in the CCP, the compensation payments flow through the Eurex Clearing AG’s accounts. Thus the withholding tax processing and reporting includes Eurex Clearing.

1.1 US tax status of Eurex Clearing AG

Eurex Clearing will apply for a US Qualified Intermediary (QI) status with the Internal Revenue Service (IRS, US tax authority). To be more precise Eurex Clearing AG will apply for a QI-A status, i.e. Qualified Intermediary with primary NRA (Non Resident Alien) withholding responsibility and primary 1099 reporting and backup withholding responsibility.

1.2 US Tax Status of the Eurex Clearing AG Counterparts

For every CCP counterpart (i.e. settlement accounts used for US taxable equity processing) US tax status information has to be available to Eurex Clearing as responsible QI. This includes all account holders and the respective settlement accounts, which are held at CBF and SIS. According to this US tax status the US tax calculation is performed and reported.
CCP customers using a CBF settlement account have already provided the TAX information to CBF and so it is sufficient that for the CBF SAC the CCP account holder confirm via pre-filed W8 tax forms that this tax status can be re-used for the handling of the CCP trades as well. This W8 tax forms - pre-filled with the individual tax status of the member - will be provided separately and collected as additional form before launch of CCP Release 3.1.
CCP customers using a SIS account with the production launch of CCP Release 3.1 need to provide the official W8 tax forms to Eurex Clearing including the withholding statement. These W8 forms and the withholding statement will be collected as additional form before launch of CCP Release 3.1.

2 TAX Deduction and TAX Reporting Process

2.1 Holdings

As today the income payments on the holdings in US taxable instruments are performed by the respective CSD (CBF or SIS). For CCP customers using a CBF settlement account these payments on the holding will be done by CBF. For CCP customers using a SIS settlement account the income payments will be done by SIS.
This processing is not changed with CCP Release 3.1 and ECAG is not involved in the processing of holdings.

2.2 Pending Trades

For each pending trade the CCP customer will be debited or credited according to his tax status.

2.3 TAX Reporting

Eurex Clearing AG will outsource the US tax reporting to Clearstream Services Luxembourg.
All Eurex customers (i.e. account holder) will get a form 1042 which contains the transactions and tax deduction information related to all CCP transactions. Based on this 1042 form the customers can perform their reporting towards IRS. The 1042 forms will be submitted to the customers once at the beginning of the year to ensure that the tax deadlines towards the IRS can be hold.

For more detailed information please refer to the announcements and the Tax Guide United States of America on the Clearstream website www.clearstream.com.

3 Contacts

In case of detailed questions regarding the US tax reporting for US transactions processed via the CCP please be referred to the Clearstream TAX Service:

Tel.: +352-243-32835
Fax: +352-243-632835
tax@clearstream.com