X-pand into the Future

e u r e x *information*

Date: Frankfurt, 21 May, 2001
Recipients: All Eurex Clearing members and vendors
Authorized by: Gregor Althoff

Equity Central Counterparty – CCP Information 15/01

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Content may be most important for:	**Attachments:**
➲ Equity CCP Coordinators	1. CCP Information 15/01(English/Deutsch) 2. CCP Interface Information (English/Deutsch)

Please find attached a copy of the Equity Central Counterparty information 15/01 sent to Xetra and FWB members and vendors on 18 May, 2001.

The CCP Interface Information is also attached, describing process flows and interfaces for Xetra and XONTRO trades, as well as the specification of settlement-related information (trade confirmations/contract notes) and reports.

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CCP Information 15/01

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Central Counterparty – CCP May 18, 2001
Interface Information

Dear Sir or Madam,

We are happy to provide you today with the interface information, which was announced in CCP Information 11/01, in conjunction with the introduction of the central counterparty.

Enclosed with this letter, you will find the document ‚Interface Information', which was enhanced by the results of the first meeting of the ‚Information Technology' work group.

This document contains descriptions of process flows and interfaces for Xetra and XONTRO trades, as well as the specification of settlement-related information (trade confirmations/contract notes) and reports.

Should you have further questions or need additional information, please do not hesitate to contact the Xetra Change Management Team at

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Yours faithfully
On behalf of the Management

Enrico Isceri Jens Hachmeister

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Interface Information CCP

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1 Description of the processes

With the introduction of the Central Counterparty (CCP) for stock trades on Xetra platform as well as on the floor of Frankfurt stock exchange the scope of services of the existing risk management for the cash market will be increased noticeably. As soon as a trade concludes the CCP will be the counterparty of each single stock trade within the CCP capable instruments. With regard to Xetra and XONTRO trades changes on process flows result from the integration of CCP into Eurex Clearing AG. The present document describes the essential process flows and interfaces for Xetra and XONTRO trades as well as for the settlements afterwards.

The first chapter describes the substantial process flows which are executed when a transaction has been placed. The following figures give an overview of the systems involved and the different information flows being of importance to the members.

1.1 CCP Process flows on T + 0

In the following the process flows for both platforms, Xetra and XONTRO are described for each system separately for the day the trade took place.

1.1.1 CCP process flows on T+0 for Xetra trades

The following figure shows the CCP process flows for Xetra transactions at T+0.

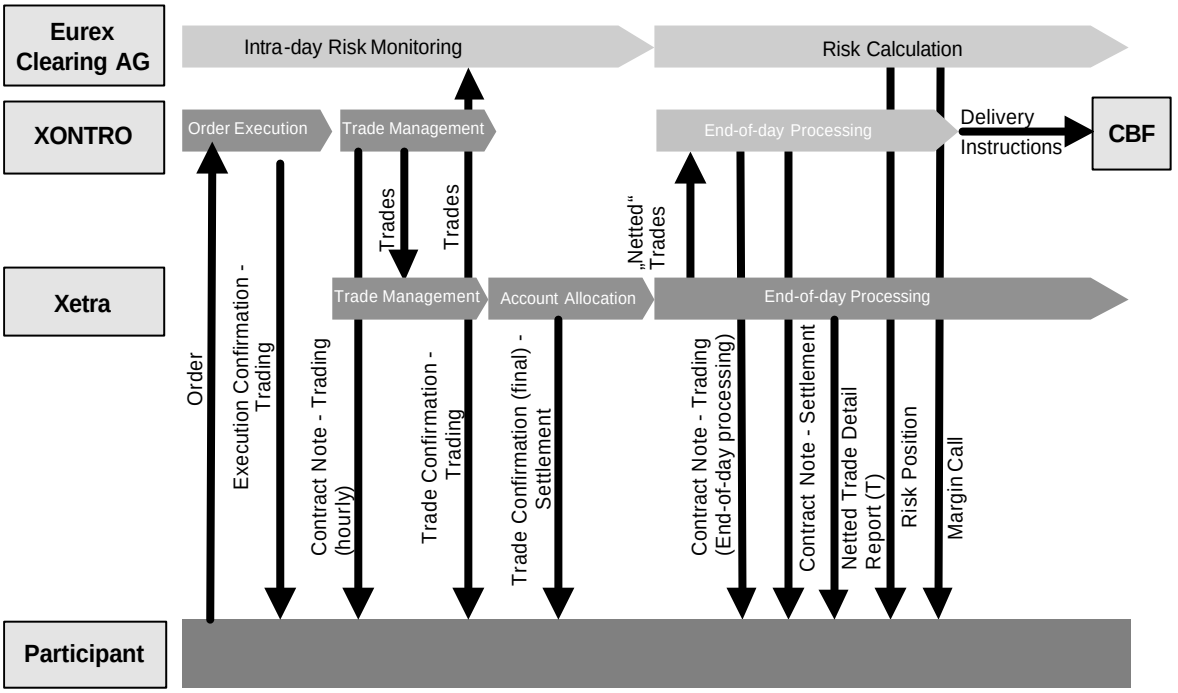


Figure 1: CCP process flows on T+0 for Xetra transactions

After the execution of an order on the Xetra trading platform, the participant receives an execution confirmation, which contains information for each order execution. In addition, the participant and its Clearing Member receive trade confirmations[1] throughout the Xetra trading day. These trading confirmations are sent to the participants as soon as the trade was concluded.

For trades processed due to a reduction of technical delivery instructions on account level at the end of the day, the participant and its Clearing Member additionally receive a settlement trading confirmation which shows the offset delivery instruction.

In addition, the following information is available to the participant in contract note format at the end of the trading day: for each single trade, the participant may receive a trading contract note; for each delivery instruction resulting from delivery instruction offset, the participant may receive a settlement contract note.

Also in the course of end-of-day processing, participants receive the Xetra report “Xetra Netted Trade Detail”. This report itemises the single trades which are enclosed in the offset delivery instruction of the current trading day.

[1] See chapter 2 “Trade Confirmations”

1.1.2 CCP Process flow at T+0 for Xontro trades

The following figure shows the process flows at T+0.

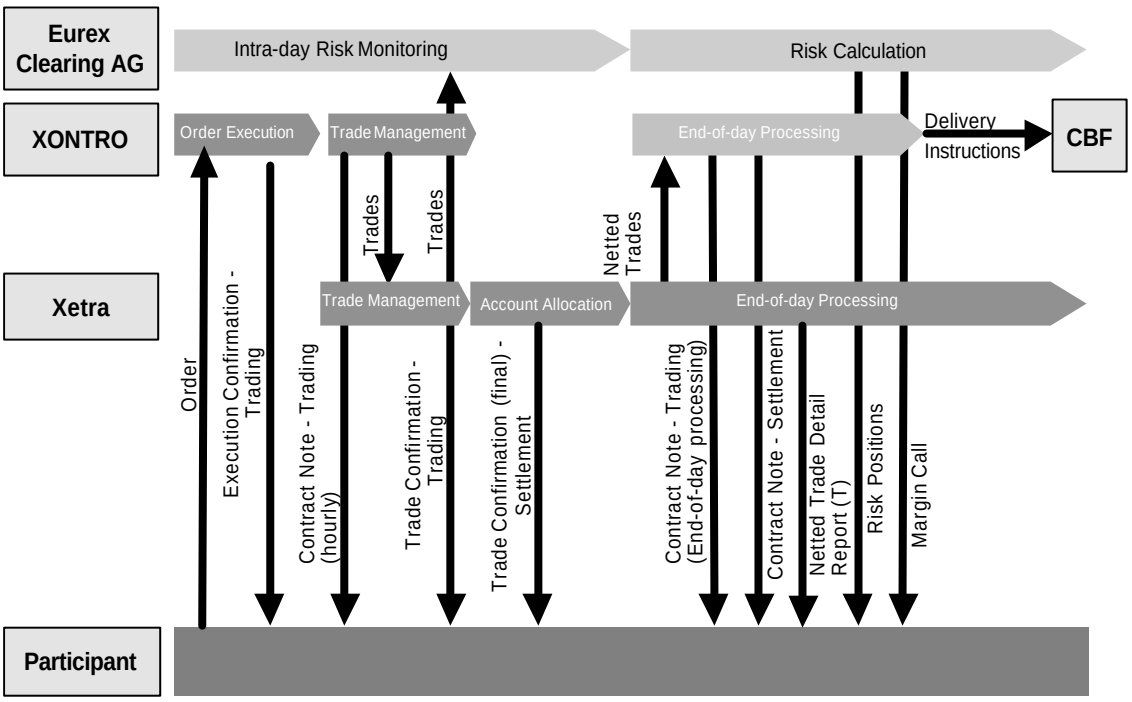


Figure 2: Process flows at T+0 on Xontro trades

After the execution of an order by the broker in Xontro, the participant receives an execution confirmation which contains information for each order execution. In addition, the participant has the possibility to receive trading contract notes [2] from Xontro every hour. With a time delay, CCP relevant information about single trades are available to the participant and its Clearing Member throughout the trading day in the form of Xetra trade confirmations.

For trades processed due to a reduction of technical delivery instructions on account level at the end of the day, the participant and its Clearing Member additionally receive a settlement trade confirmation which shows the offset delivery instruction.

In addition, information resulting from offset of delivery instructions are available at the participant's disposal as a settlement contract note in the contract note format at the end of the trading day.

Also in the course of the end-of-day processing, participants receive the Xetra report "Xetra Netted Trade Detail". This report itemises the single trades which are enclosed in the offset delivery instruction of the current trading day.

[2] In case the participant selected hourly contract note inquiry. Otherwise, trading contract notes of the entire trading day will be available within the end-of-day processing

1.2 CCP process flows at T+1 and T+2 for Xetra and XONTRO trades

The following figure shows the process flows for Xetra trades after T+0 trading day and for Floor trades for T+1 and T+2 days.

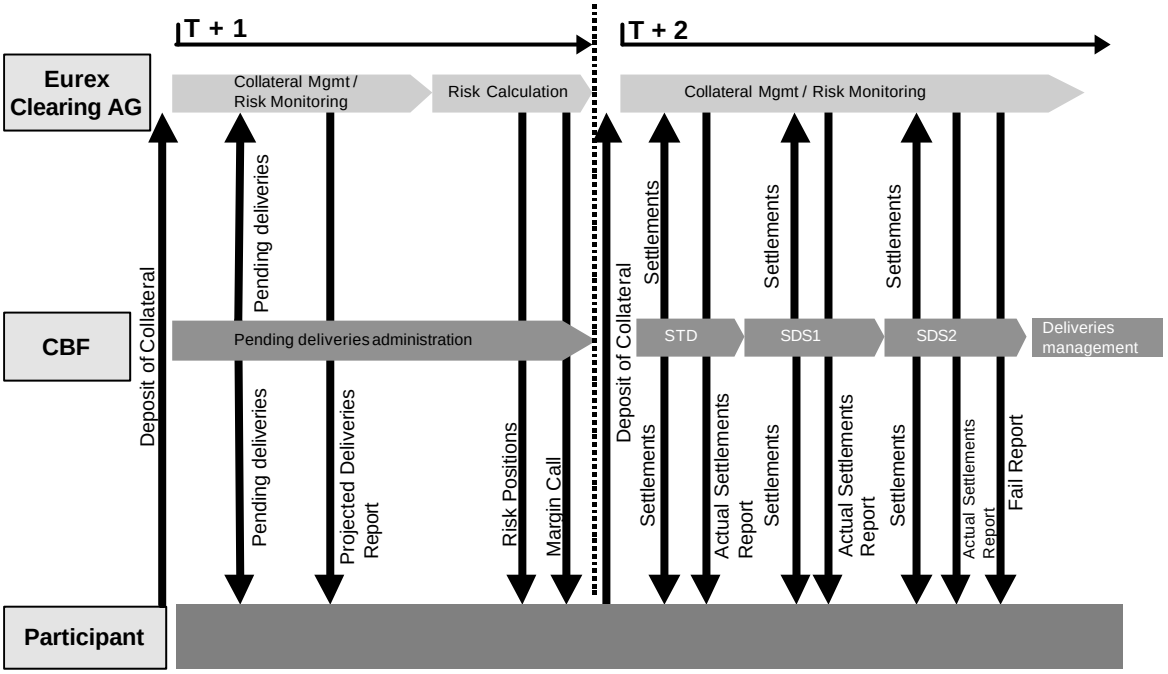


Figure 3: Process flow at T+1 and T+2 for Xetra and Floor trades

Figure 3 gives an overview of the systems involved and the different interfaces, which are important for the following days T+1 and T+2. In excess of CCP process flow in T+0, a 'projected deliveries' report will be established in T+1. This report, which is a supplement to Clearstream's delivery list, contains for all delivery instructions not finalised those instructions which have been successfully settled. In T+2, an 'actual deliveries' report is generated and distributed to the participant after every settlement (STD, SDS1 and SDS2). This report, which is a supplement to Clearstream's delivery list, contains the single trades of all successfully settled delivery instructions. In case deliveries were not performed, a respective 'fail report' is provided.

2 Trade Confirmations

Trade Confirmations show all executed trades of a given trading day. Trade Confirmations are available to the participants for all Xetra and Floor trades in all securities supported by the central counterparty. In the future, trade confirmations will continue to cover the following trading information for all (partial) executions:

- Price and volume of the (partial) execution,
- Time stamp of the (partial) execution.

If reduction of delivery instructions on order or account level is used, an updated trade confirmation (Update Trade Confirmation) for every additional partial execution is generated bearing the same trade number, which only differs in an ascending suffix. Update trade confirmations additionally contain

- overall volume,
- accumulated actual money amount
- average price

of all previous partial executions of a given order.

For all delivery instructions resulting from order level offset, the participants receive a settlement trade confirmation in the end-of-day processing.

Thus the trade confirmation will continue to receive all information necessary for reporting pursuant to section 9 German Securities Trade Act and pursuant to the German Foreign Trade Regulation.

3 Contract notes

Contract notes generated in the Xontro system will be distributed to all members. Like today, contract notes will be available for Floor trades as well as for Xetra trades.

3.1 Types of contract notes

According to the optional usage of technical delivery reductions, contract notes can generally be differentiated as follows:

- Contract note - trading - documentation of the trading activity
- Contract note - settlement - documentation of the technical delivery instructions after shaping (for account allocation)
  If the reduction of delivery instructions is selected, the technical delivery instruction will be documented under the consideration of shaping.

There is a possibility to choose the receipt of trading and/or settlement contract notes.

The advantage of receiving two different contract note types is that the trading contract note contains detailed data and thus serves for internal co-ordination and reporting purposes, e.g. to the Federal Securities Supervisory Office (pursuant to section 9 German Securities Trade Act). The settlement contract notes provide the participant with an overview of his delivery and payment obligations.

3.2 Additional fields on the CCP contract note data medium

The S.W.I.F.T. MT512- format will change as follows:

- Modifications in the S.W.I.F.T. MT512 format, label 23 (trade type),
  - ‘Principal trade‘ mark in the contract notes trading and settlement (mandatory)
  - If reduction of delivery instructions is selected, the “netting category” in the contract notes trading and settlement will be filled
- Modifications in the S.W.I.F.T. MT512 format label 72; third row (information sender to recipient).
  Trade code suffix, as contract notes - trading receive the same trade numbers for several partial executions, if the reduction of technical delivery instructions is activated (entry in the existing field Xetra/Newex - trade number, this data is already available in label 20, trade number)

4 Overview of information and reports provided by the trading systems

The following two tables illustrate the information and reports provided by the trading systems:

	Trade Confirmation Trading	Contract Notes - Trading	Trade Confirmation Give-up/Take-up	Contract Notes – Give-up/Take-up
Contents	• All trades • Partial executions • Only trades of the current trading day • Trading information at no allocation, price-, order and account allocation • Settlement information at no allocation, price- and order allocation	• All trades • Partial executions • No reduced information • Only trades of the same trading day	• Trade reversal information (negative volume) for the designating participant and its Clearing Member • Trade informationen for the accepting participant and its Clearing Member	• Trade information marked as reversal (positive volume)
Dispatch time	• Realtime for Xetra trades • Delayed for Xontro trades	• Xontro: according to selection • Xetra: end-of-day processing	After approval of the accepting Clearing Member	End-of-day processing
Format	Xetra – trade confirmation	Contract note format (S.W.I.F.T.)	Xetra – trade confirmation	Contract note format (S.W.I.F.T.)
Dispatch infrastructure	Xetra network	SNA	Xetra network	SNA
Dispatch of Member documentation	already dispatched (see www.xetra.de)	already dispatched (see www.xontro.de)	already dispatched (see www.xetra.de)	already dispatched (see www.xontro.de)

Table 1: Overview 1

	Trade Confirmation Settlement	Contract Notes - Settlement	Xetra Netted Trade Detail Report
Contents	• Only CCP trades with reduction at account level allocation • The field 'Netting Type' is filled with "S" • Only reduced information	• Only CCP trades with reduction of delivery instructions • Only reduced information	• All CCP trades of the current trading day • Assignment of partial executions to reduced delivery instructions
Dispatch time	End-of-day processing	End-of-day processing	End-of-day processing
Format	Xetra trade confirmation	Contract note format (S.W.I.F.T.)	• Xetra report • Raw data file
Dispatch infrastructure	Xetra network	SNA	Xetra network
Dispatch of Member Documentation	Already dispatched: (see www.Xetra.de)	Already dispatched: (see www.xontro.de)	In the near future

Table 2: Overview 2

All reports concerning risk calculation and deposit of collateral will be distributed by Eurex Clearing to the settlement participants

In general, the information provided can be classified as

- Information-based
- Information in form of reports and raw data

1. The following information will be provided information-based in the form of trade confirmation and contract note format:

   - Trade Confirmations (including update Trade Confirmations) include information regarding (partial) executions (trading) and technical delivery instructions (settlement), if no delivery instructions offset or offset on price or order level was selected. Give-up/take-up information is also contained.
   - Settlement Trade Confirmations contain technical delivery instructions (settlement), if offset on account level was selected.
   - Settlement contract notes cover trading information itemised by single trade. Give-up/take-up information is included.
   - Trading contract notes contain technical delivery instructions according to the level selected for offset. Give-up/take-up information is included.

2. The following information is available at the end of the day in the form of reports/raw data:

   - Assignment of all single trades to the delivery instructions according to the selected offset level – (Netted Trade Detail Report)
   - Pending deliveries (including assignment to trades) – (Projected Deliveries Report, all pending trades)
   - Performed deliveries (including assignment to trades) – (Actual Settlements Report)
   - All non-performed deliveries (including assignment to trades) – (Fail Report)
   - Margining/Collateral Management Information

5 Documentation of interfaces information already dispatched

All documentation published in connection with the introduction of the CCP are also available on the Web pages www.xetra.de of Deutsche Börse AG.

5.1 Documentation Xetra

For the trading platform Xetra the documentation: „Xetra Release 6.0 VALUES API Programming Version, Volume 5 - Xetra Application Requests, Responses and Subscriptions“ has been dispatched. The documentation includes a detailed description of Trade Confirmations. It has been available since 01.02.2001 and can be viewed under the following link:

www.xetra.de (subdirectory: About Xetra/Technik/Values API).

An update is currently being prepared for the documentation of the report “Netted Trade Detail”.

5.2 Documentation XONTRO

For the trading platform Xontro, the documentation: „S.W.I.F.T.-information formats for contract notes and trade confirmations generated by Xontro Trade“ has been dispatched. It includes a detailed description of contract notes (trading and settlement).

It has been available since 06.04.2001 and can be viewed under the following link:

www.xontro.de (Subdirectory: Xontro/Handbücher)

An update is currently being prepared.

5.3 Documentation CCP

The documentation „Preliminary Functional Release Notes - Equity CCP“ and „Preliminary Technical Release Notes - Equity CCP“ provide a detailed overview of risk and collateral management reports. The documentation has been available since 04.04.2001 and can be viewed under the link:

www.xetra.de (Subdirectory: Members only)

The documentation associated with the CCP is available in the closed user group ‘Members only’. With the login: ‘ccp2001’[3] and password ‘kontrahent’[4], access to the CCP web pages is enabled. In the menu ‘documentation’, access to all previously released CCP-related information is provided.

[3] please type lower case letters only
[4] please type lower case letters only