X-pand into the Future

e u r e x *information*

Date: Frankfurt, 19 July, 2002
Recipients: All Eurex Clearing members and vendors
Authorized by: Daniel Gisler

Central Counterparty – CCP Circular 23/02 and 24/02

Contact: Functional Member Readiness: Tel. +49 (0)69-21 01-17 00

Content may be most important for:	**Attachments:**
➲ Central Counterparty Coordinators	**CCP Circular 23/02 (English/Deutsch)** Attachments: 1. Instructing and Settling CCP Instructions in CASCADE 2. Set-up of Simulation Environment 3. Application for Connection to Simulation Environment **CCP Circular 24/02 (English/Deutsch)** Attachment 1. CCP Communication Calendar 3rd Quarter 2002

Please find attached a copy of Central Counterparty Circulars 23/02 and 24/02 sent to Frankfurter Wertpapierbörse members and vendors recently.

CCP Circular 23/02 provides further information on the CCP simulation phase, and includes the simulation registration form which should be returned before **2 August, 2002**.

CCP Circular 24/02 provides the CCP Communication Calendar, giving the schedule for CCP publications in the 3rd quarter of 2002.

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CCP Circular 23/02

Deutsche Börse

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Recipients: General, Trading Contacts, Back Office, System Administrator, Project Coordinator

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Central Counterparty – CCP July 10, 2002
Effects of the CCP on Settlement: Simulation

Dear Sir or Madam,

With today's circular we provide you with further information on the CCP simulation phase, which is projected to start on November 25, 2002. To simulate the CCP process chain in its entirety, Clearstream Banking Frankfurt (CBF) additionally provides a simulation environment allowing you to simulate CASCADE applications for CCP-relevant trades.

For your information please find attached the following CBF documents:

- "Central Counterparty (CCP): Instructing and settling CCP instructions in CASCADE"
- "Central Counterparty (CCP): Setup of simulation environment – registration period ends 2 August 2002"
- "Application for connection to the simulation environment of Clearstream Banking AG, Frankfurt"

For any questions you may have, please do not hesitate to contact us under

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from 8 a.m. until 6 p.m. (CET) on exchange trading days.

Yours faithfully
On behalf of the Management

Jens Hachmeister Christian Ochsner

Enclosure

General Managers:

Edward Backes
Dr. Heiko Beck
Rudolf Ferscha
Frank Gerstenschläger
Volker Potthoff

Central Counterparty (CCP): Instructing and settling CCP instructions in CASCADE

With the introduction of the Central Counterparty for the German market in the first quarter of 2003, Clearstream Banking Frankfurt (CBF) will take on the settlement of those CCP trades that cannot be netted.

Particular features concerning the instruction and settlement of CCP instructions are detailed below.

Background information to the CCP

Initially, the CCP processing will include all trades on XETRA and the Frankfurt Stock Exchange (floor) in German shares (DE-ISIN), held in collective safe custody and denominated in EUR. Stock exchange transactions in all other securities will continue to be settled via CASCADE/LION.

Account 8501 (Eurex Clearing AG - CCP) will be assigned as counterparty to all CCP trades.

Trades are routed intraday from the trading systems to the CCP system where for a given settlement value date, **"buys"** and "sell" within a securities identification number (ISIN code) are netted.

Participants can amend the status of trades on an individual basis in the CCP system. With the implementation of CCP, sells can only be blocked and released in the CCP system but no longer in CASCADE. Participants can also earmark trades for gross or net processing.

Separate settlement instructions to CASCADE are generated if trades are earmarked with 'gross' in the CCP system.

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Trades earmarked for net processing will be included in the CCP's netting process. If this netting process produces a difference between buys and sells (net delivery instructions), these net delivery instructions are settled via CASCADE against payment.

No distinction is made in CASCADE between an instruction from the CCP system containing a net delivery instruction resulting from the netting process or a gross trade. Both trades are labelled CCP instruction in CASCADE.

The project team of Deutsche Boerse and Eurex Clearing will regularly send detailed information on the CCP project and the treatment of trades in the CCP system to the participant's project officers.

Special features of CCP Instructions

Instructions are automatically transferred from the CCP system to CASCADE on S-1 (Settlement-Day-1) in the evening before the start of the STD cycle. Further instructions may follow on the settlement day and sent for settlement in one of the batch settlement cycle, respectively 1st SDS and 2nd SDS.

The CCP places instructions with CASCADE as OTC instructions against payment of EUR for its own account (8501) and on behalf of the accounts of the participants ('on-behalf' instructions). As instructions are placed in the OTC instruction database, only independent accounts ('master accounts') or "abweichende Depotkonten" (linked accounts) can be addressed.

CCP instructions display the following features in CASCADE:

- CCP instructions are entered in the OTC instruction database.
- CCP instructions can be selected via sub instruction type 'A' (instruction type 01 or 02) using transaction code KVAI-AA. The booking references correspond to those for OTC trades (06).
- The CCP instructs settlement with the highest priority 'Dispo Priority 1 – Very High'.
- All trades are entered and settled against the CCP account 8501.
- CCP instructions, like the remaining stock exchange transactions, settle exclusively in one of the batch settlement cycles ; STD, 1st SDS or 2nd SDS.
- At the end of the 2nd SDS cycle, CCP will delete CCP instructions in CASCADE that cannot be settled for good value.
- CCP instructions are included in the existing reports (daily CASCADE list, settlement list, Clearing and Settlement Statement) except for the list of pending transactions. The format of the reports will remain unchanged. The Clearing and Settlement statement will include a new CCP reference, “ECP – Eurex CCP” in field 94b.

Further information on the CCP can be retrieved at www.xetra.de in the "Members Only" section by entering the user name "ccp" and the password "go". Clearstream Banking-related documents on this topic can also be retrieved at www.clearstream.com under "Market Initiatives" – "Central Counterparty".

Your contacts for queries relating to CCP are:

CCP Change Management Team

Phone: +49-(0)69-21 01-16 60
Fax: +49-(0)69-21 01-16 61
E-mail: change-management@deutsche-boerse.com

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Central Counterparty (CCP): Setup of simulation environment – registration period ends 2 August 2002

Clearstream Banking Frankfurt (CBF) is setting up a new technical simulation environment under IMS24, allowing customers to simulate CASCADE applications for CCP-relevant transactions.

CCP simulation is scheduled to start on 25 November 2002. Therefore, CBF recommends an early connection to the new environment.

Online access

Customers accessing CASCADE in the current production environment IMS12 only require new user IDs which will be assigned upon application (see Attachment). It is planned to provide customers with 10 IDs per account with predefined access rights. Therefore, specific access rights do not need to be assigned by the customer's security administrator.

Online access via "Host Screen" (3270 emulation)

The simulation environment can be accessed by entering 'IMS24' on Deutsche Boerse Systems' home page.

Customers who have created a link in the desktop for easy access to the production environment IMS12 for their users (i.e. by clicking on an icon) should set up a similar type of access for the simulation environment (IMS24).

Online access via CASCADE-PC

To access the simulation environment via CASCADE-PC, it is required, in the login screen menu under the item “Options” to change the "Appl.ID" to "IMS24", and then enter the simulation identification code.

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Banking

Reporting
The following data transmission options are provided within the simulation environment:

- Internet – for data files and reports;
- File transfer – for data files; and
- SWIFT – for SWIFT message types supported by CBF.

Reports cannot be provided by; mail, or in person from CBF, or via CA-Spool.

Please use the attached form to notify us of your participation in the CCP-relevant CASCADE simulation environment. Please state, which of the above mentioned data transmission options are to be set up for your company. Please return the form to us even if you do NOT want to participate in the CCP CASCADE simulation.

For simulation purposes, CBF kindly asks you to only request the transmission option that you use currently. If you still receive the settlement results data file, CBF encourages you to change over to the new C&S Statement (MT 536) as soon as possible, and before participating in the simulation environment, as CCP trades will not be integrated in the old settlement statement. The new Custody Payment File (KADI) format will be available in the simulation environment.

Customers whose production SNA line might not be sufficient to support the incremental data volumes resulting from simulation should consider using the Internet for simulation purposes. The Internet option will include data files that can be processed electronically.

To ensure that all aspects of the CCP set-up from trading through to settlement, can be simulated in a co-ordinated manner, please contact the CCP project officer and your IT department in advance to clarify the functional and technical details in the form.

Customers are requested to fax the attached form, to the mentioned number by 2 August 2002.

Further information on the CCP can be retrieved at www.xetra.de in the "Members Only" section by entering the user name "ccp" and the password "go".

Your contacts for queries relating to CCP are:

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Application for connection to the simulation environment of Clearstream Banking AG, Frankfurt

clearstream Banking

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Customer (CBF account holder)

Name of the institution

CCP representative (first and last name)

Phone Fax

E-mail

Technical contact (first and last name)

Phone Fax

E-mail

Affected accounts (only master accounts, no settlement link branches)

We would like to participate in the CCP-CASCADE simulation: ☐ Yes ☐ No

We would like to participate in simulation via the following media:

☐ Online (for all CASCADE online queries via IMS24)

☐ Internet
- ☐ Lists: Settlement list, daily CASCADE list, KADI list, list of pending transactions, daily cash statement
- ☐ LIMA Clearing and Settlement Statement (MT536)
- ☐ LIMA queries
- ☐ Custody Payment File (KADI cash data carrier in new format)

☐ File Transfer
Target address: _____
- ☐ LIMA Clearing and Settlement Statement (MT536)
- ☐ LIMA queries
- ☐ Custody Payment File (KADI cash data carrier in new format)

File transfer software: ☐ Connect:Direct ☐ NJE ☐ RJE ☐ FTMSP ☐ Netview FTP ☐ ONGUM

☐ SWIFT ☐ Custody Information ☐ Clearing and Settlement Statement

Remarks: _____

Date _____

Customer signature (CBF account holder) _____

CCP Circular 24/02

Deutsche Börse

To the FWB Members, Xetra® Members and Vendors

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Central Counterparty – CCP July 11, 2002
Communication Calender 3rd Quarter 2002

Dear Sir or Madam,

Attached to this circular please find the Communication Calender for the third quarter of 2002, giving you an overview on the CCP-related documents scheduled for publication until end of September 2002. The indicated publication dates futher offer you the opportunity to consider these within project planning.

As usual, all published documents will be sent to you via our CCP Circulars. Upon publication, this information will further be available electronically in the 'Members Only' section of the CCP website www.xetra.de (user name: "ccp"; password: "go").

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On behalf of the Management

Jens Hachmeister

Christian Ochsner

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Enclosure

CCP Communication Calendar 3rd Quarter 2002



	3rd Quarter 2002
Member File-based Interface Programming Version	26.07.
VALUES API Programming Version + Header Files	26.07.
Report Layout Description Preliminary Version	26.07.
Preliminary Raw Data Report Files	26.07.
Fee and Pricing Structure	09.08.
CCP Implementation Checklist	09.08.
Technical Connection Guide	30.08.
Report Files Preliminary Version	30.08.
CCP Pricelist	06.09.
Final Functional Release Notes	06.09.
Final Technical Release Notes	06.09.
Final Sizing Guideline	20.09.