X-pand into the Future

e u r e x *information*

Date: Frankfurt, March 12, 2003
Recipients: All Eurex Clearing members and vendors
Authorized by: Jürg Spillmann

Central Counterparty – CCP Circulars 30/03, 31/03

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

Content may be most important for:	**Attachments:**
➲ Central Counterparty Coordinators	CCP Circular 30/03 (English/Deutsch) CCP Circular 31/03 (English/Deutsch)

Please find attached a copy of Central Counterparty Circulars 30/03 and 31/03 sent to Frankfurter Wertpapierbörse members and vendors recently.

Circular 30/03 provides information on the availability of trades in Gross Delivery Management after the introduction of CCP into production on March 27, 2003.

Circular 31/03 gives full details of the preparations and planning for the CCP introduction on March 27, 2003, and defined the measures to be taken by members prior to the start of production, including the nomination of a technical contact for the connection test on Saturday March 22, 2003. The schedule of activities in the early days of live production is described, and a series of Helpdesk contact numbers are also included.

The attachments to the Circulars above are not included with this communication. All important CCP documents, including those referenced above, can be accessed via the CCP web-site under 'Documentation'.

Access to the CCP site from the Eurex web-site is via 'info for members' (Eurex login required) > ccp (login 'ccp' and password 'go').

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Management Board:
Rudolf Ferscha (CEO), Daniel Gisler,
Thomas Lenz, Peter Reitz,
Jürg Spillmann, Michael Widmer

CCP Circular 30/03

Deutsche Börse

To the FWB Members, Xetra® Members and Vendors

Recipients: Project Coordinators, System Administrators

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Frankfurter Wertpapierbörse

Management

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Central Counterparty – CCP March 11, 2003
Trade Availability in the Gross Delivery Management

Dear Sir or Madam,

With this circular we would like to inform you about the availability of trades in Gross Delivery Management (GDM) via VALUES and @X-PERT (GUI) from CCP production start on March 27, 2003 onwards.

The system is open 07:00 a.m. until 08:30 p.m. During certain phases, e.g. SDS1, SDS2, STD, some trades are not available according to below mentioned rules via VALUES and @X-PERT respectively. All other trades are available for your disposition activities in GDM, thus providing you a maximum time frame for delivery management.

The enclosed illustrations and the following explanations serve to clarify GDM availability for the relevant times and trades. The specified settlement runs (SDS1, SDS2, STD) take CBF as well as CCP processing into consideration.

Availability on trade day (T):
CCP relevant trades, executed in Xetra and XONTRO on the trade day, are immediately available via VALUES/@X-PERT after their transfer to the CCP and may be managed during the entire opening time.

Availability on the following business day (T+1):
As of 05:45 p.m. trades that are up for Settlement Netting and the respective following STD processing are not available. During this period will be determined for which trades the corresponding delivery instructions for Clearstream Banking Frankfurt (CBF) will be created and which trades will be settled within the CCP.

From approx. 06:30 p.m. (depending on the duration of Settlement Netting) the system will be available for trades that are reaching the contractual settlement day on the next day and that are assigned to an offsetting block, as these do not have to be transferred to CBF for settlement.



16 days to go

CCP Production Start
on March 27, 2003

General Managers:
Edward Backes
Rudolf Ferscha
Matthias Ganz
Rainer Riess

The following trades are not available in GDM after Settlement Netting until the upcoming business day:

- trades that have been partially or entirely assigned to a surplus as well as
- trades that have been marked for gross processing.

Trades in securities affected by corporate actions are also not available after Settlement Netting (05:45 p.m. until approx. 06:30 p.m.). This is valid for trades in the surplus, for trades in the offsetting block as well as for trades marked for gross processing.

Availability on the settlement day (T+2/S):
On the settlement day, in the time from

- 09:00 a.m. (CCP acceptance deadline, hereafter „best effort" period) until approx. 11:00 a.m. (SDS1) and
- 12:15 p.m. (CCP acceptance deadline, hereafter „best effort" period) until approx. 02:30 p.m. (SDS2)

the following trades are not available via VALUES/@X-PERT:

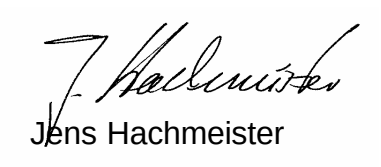
- trades that have been partially or entirely assigned to a surplus as well as
- trades that have been marked for gross processing.

The given end times for the processing at 11:00 a.m. (SDS1) and 02:30 p.m. (SDS2) cannot be guaranteed. GDM will be available after the receipt and the processing of the CBF feedback.

All trades that have been entirely assigned to an offsetting block are fully available in GDM and may be managed at any time.

For any questions you may have, please do not hesitate to contact the CCP Change Management Team under telephone: +49(0)69-21 01-16 60 or fax: +49(0)69-21 01-16 61.

Yours faithfully
On behalf of the Management



Jens Hachmeister Christian Ochsner

Enclosure

CCP Circular 31/03

To the FWB Members, Xetra® Members and Vendors

Recipients: Project Coordinators

Please read carefully!

Central Counterparty – CCP March 11, 2003
CCP Production Start

Dear Sir or Madam,

Below you will find all necessary information related to the introduction of the Central Counterparty for Equities on March 27, 2003.

In detail, the information refers to:

1. Planned Introduction schedule and activities until March 31, 2003
2. Communication during the planned CCP production launch
3. Measures in the event of a CCP production launch not according to plan
4. Communication in the event of a CCP production launch not according to plan
5. Helpdesk availability

Attached please find a fax reply form which should be used for the nomination of your CCP contact person responsible during CCP production launch and ongoing CCP production. Please also specify a technical contact person for issues regarding the connection test on Saturday, March 22, 2003, and technical questions in general.

Please fill out and return this form until **March 13, 2003** at the latest.



16 days to go

CCP Production Start
on March 27, 2003

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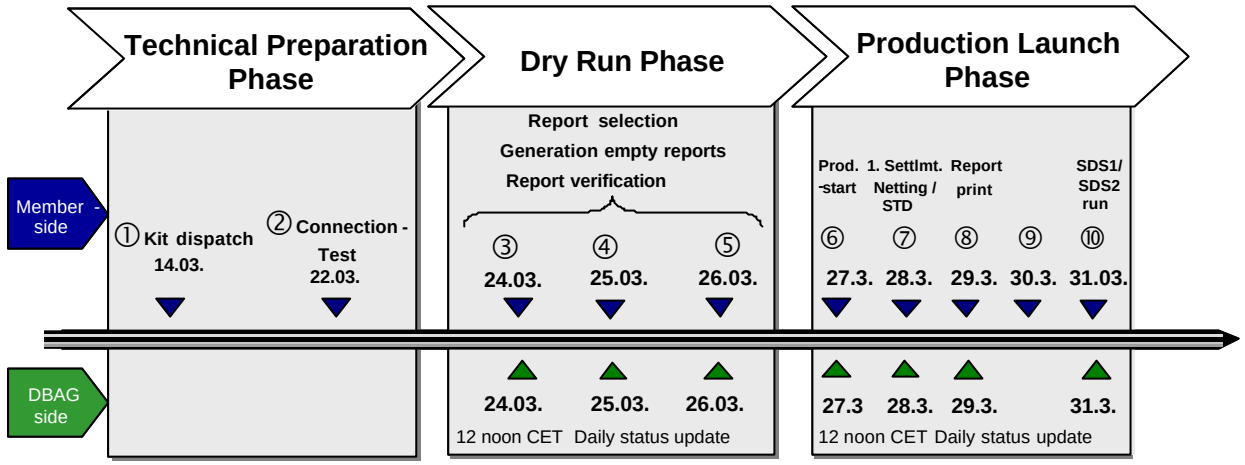
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1 Planned Introduction Schedule* and Activities until March 31, 2003

The following table provides an overview of important dates and times relevant for the CCP introduction:



Description of the bullets ① to ⑩:

① The **CCP Production Kit** will be distributed on the evening of Friday, **March 14, 2003**. Please note that the CCP Production Kit is to be installed on all production MISSes. Kindly refer to attachment 1 for detailed information. In case of any functional questions, please do not hesitate to call the CCP Sales Support Helpdesk at +49(0)69-21 01-16 60. For technical questions, please contact the Technical Helpdesk at +49(0)69-21 01-28 00.

We recommend installing the CCP Production Kit prior to March 22, 2003. The installation on Multimarket MISS Production front-end systems should be performed outside the trading hours.

② The mandatory **connection test** will take place on Saturday, **March 22, 2003**, between **01:00 and 03:00 p.m. CET**. For this purpose, you have to

- boot the MISS infrastructure,
- start the browser applications and
- successfully perform the log-in

for all systems involved in production.

* This schedule is independent from the decision whether a 1-step or 2-step introduction of instruments covered by the first CCP release will take place.

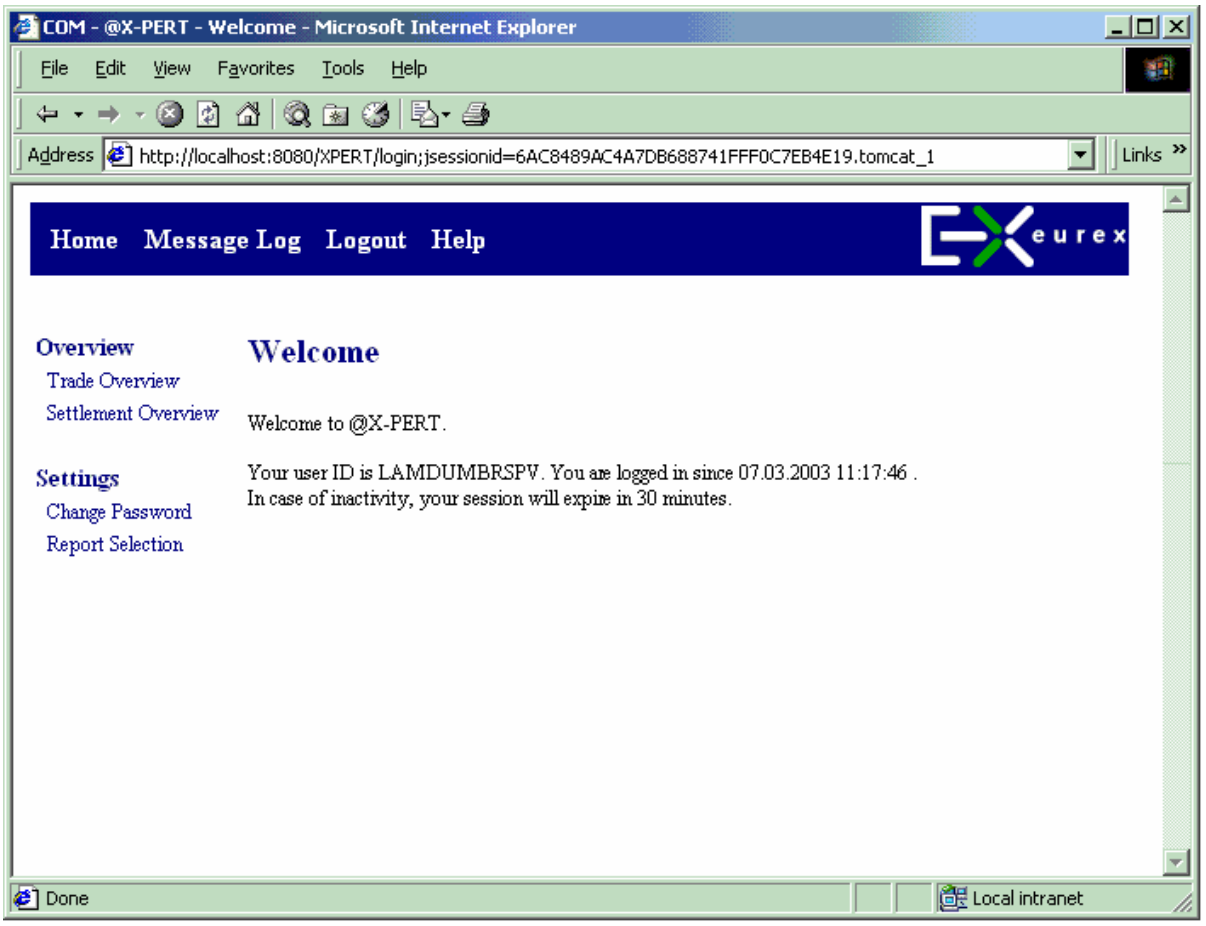
As a prerequisite for a successful connection test, the current GATE 3.1 version and the CCP Production Software Kit must have been installed.

At this point, the **user IDs**, as previously specified by your institution in advance, will already have been set up. The corresponding 8-digit **passwords** are to be determined according to the following rule:

1st - 5th digit:	your CCP member ID
6th - 8th digit:	1st - 3rd digit of the associated user ID.

After having entered the correct user ID/password combination via the @X-PERT login screen, access to the CCP environment via @X-PERT is granted.

The following screen is shown after a successful login:



Deutsche Börse AG will monitor the successful connection process. Please refer to attachment 2 for full details regarding the connection test.

Should you have questions regarding the Connection Test, the Technical Helpdesk is available on March 22, 2003 at telephone

+49(0)69-21 01-28 00 between 01:00 and 03:00 p.m. CET.

③ to ⑤ The „**Dry Run**“ period stretches from Monday, **March 24, 2003** until **Wednesday, March 26, 2003**. During this phase, the CCP system and the relevant infrastructure will be switched productive; however, the processing of functional contents will not be possible. At this stage, reports showing empty fields will be generated and reviewed with regard to the number of created reports. In this context, please check if all users predefined vis-à-vis Deutsche Börse AG are able to successfully login to the CCP system.

To do so, kindly note the log-in and password details under ② and execute the steps for login via the @X-PERT screen individually for each user. In case the login for a User fails, please contact the Clearing Supervision Helpdesk under telephone +49(0)069-21 01-19 40.

Please note that the enhanced Eurex risk management reports which include CCP-relevant data will be available in the Eurex production environment as of **March 24, 2003**.

During the **Dry Run phase** the following actions are to be performed within your institution:

③ **March 24, 2003:** Selection of all necessary reports for production via the respective front-ends.
④ **March 25, 2003:** Check number of selected empty reports for completeness. Should not all reports have been selected or received, your report selection may be modified on this day.
⑤ **March 26, 2003:** Check report completeness as well as correct report selection.

Please bear in mind that disposition for Gross Delivery Management and settlement of all trades is performed in CASCADE/LION until March 26, 2003 including.

⑥ For the **CCP Production start** on Thursday**, March 27, 2003**, online entries will be possible from 07:30 a.m. CET onwards. Trades executed in CCP-instruments on March 27, 2003 will be displayed in the @X-PERT-GUI after their conclusion and transfer to the CCP. Thus, trades will be available until 08:30 p.m. CET for disposition in Gross Delivery Management. Participants acting as a Clearing Member or as a Settlement Institution will receive trade confirmations and contract notes on March 27.

Furthermore on March 27, the report CE260 Pending Delivery Report will be generated for trades executed on March 27, 2003 and provided to the participants.

Additional relevant information regarding the availability of trades within Gross Delivery Management was provided with CCP circular 30/03 as of March 11, 2003. Please be reminded that **all** trades executed **before** March 27, 2003 will be available in LION, as usual.

Furthermore, we would like to draw your attention to the fact that on March 27, 2003, CCP trades will be considered for Eurex Clearing AG intra-day margin calculation for the first time. Thus, CCP trades may also trigger intra-day margin calls. After the close of trading, Eurex risk management reports including CCP positions will be distributed. Possible collateral shortage will be collected in cash through margin calls on March 28, 2003.

⑦ Until Friday, **March 28, 2003**, Gross Delivery Management disposition of same-day trades and trades entered on the previous day is possible. The CCP delivery release file can be transferred to the CCP system for the first time. Also for the first time, Settlement Netting and the **STD run** will be executed including CCP trades.

⑧ On Saturday, **March 29, 2003**, participants should thoroughly check the **reports** received and, if necessary, the results of their automatic processing. In case of any discrepancies, please contact Clearing Supervision Helpdesk under telephone +49(0)069-21 01-19 40. As specified in the table in chapter 5 further helpdesks will be available continuously from 10:00 a.m. CET to 02:00 p.m. CET on this day.

Kindly note that Gross Delivery Management, the @X-PERT GUI and CASCADE will not be available on this day.

⑨ On Sunday, **March 30, 2003**, no availability of systems or helpdesks is planned.

⑩ On Monday, **March 31, 2003**, the first SDS1 run and the first SDS2 run including CCP trades will take place. Further details with respect to disposition time slots for Gross Delivery Management as well as regarding the CCP delivery release file can be obtained from CCP Circular 30/03 as March 11, 2003. Additionally, cash settlement takes place for the first time on this day.

Please bear in mind that the new fee and pricing model will become effective on April 01, 2003. Before this date, the Xetra all-in price will be charged. Even though the CCP fee reports will show the appropriate fees, this data will not be considered for the March invoice.

2 Communication during the planned CCP production launch

In order to provide complete and continuous communication, you will receive updates regarding the status and course of the CCP production launch on every date specified in the figure on page 2. This means that from March 24, onwards, during the „Dry Run“ phase (③ to ⑤) and the production launch phase (⑥ to ⑩), we will continuously provide daily status updates at 12:00 noon CET (except Sunday, March 30, 2003).

This information can also be retrieved from the Internet in the closed user area “Members Only” (after accessing it by using the login “ccp” and the password “go”). The daily status updates will be published in the new section “Production News”.

3 Measures in the event of a CCP production launch not according to plan

Should the **production launch** phase (⑥ to ⑩) not proceed according to plan, Deutsche Börse AG will take preparatory measures to ensure orderly settlement of all trades as part of a so-called **contingency procedure**.

Should regular CCP processing not be possible, Deutsche Börse AG will take the following measures, aimed at ensuring orderly processing, adequate risk management and trade reporting:

- The trading day in the Xetra and XONTRO systems will be continued without interruption until the close of trading.
- The CCP will continue to enter into the trades as the Central Counterparty; however, no Settlement Netting will be performed in Gross Delivery Management.
- If affected trades are “Aufgaben” (broker’s open transactions) or “Weitergaben” (open transaction forwardings), they will be closed against the broker’s depository bank and converted into CCP trades.
- For the sake of risk management, all trades will be transferred to “EKNeu” (New Engagement Monitoring Procedure) after the close of trading. Risk information regarding CCP trades cannot be provided.
- Gross Delivery Management dispositions, which were executed during the online day in the CCP, will be lost. The trades will be available for disposition again in LION as part of the contingency processing. Therefore, no CCP reports will be available. However, the corresponding LION reports will be distributed.

- The trades will be transmitted from the CCP** to LION. Regarding this transfer, please note the following details:

    - If the participant has selected aggregation on order level, the trades will be transferred in aggregated form, hence the instruction level will be the contract note.
    - In LION processing, the delivery release file can only be processed in its previous CBF-compatible format. In case of the contingency procedure, the CCP delivery release file may not be sent to LION in its CCP format. The data is to be provided in a LION-compatible format.
    - Furthermore, disposition of CCP trades is possible via the LION online functions.
    - In LION, CCP trades are processed according to the processing rules for non-CCP trades.
    - The settlement status of exchange trades with 8501 as counterparty will be reported to the participants by CBF. The "RegÜber" relationship will be reported analogously to the existing CBF processing for non-CCP trades.
    - In this context, LION plausibility checks will be applied as usual.

- The CCP will ensure data reporting in order to comply with the requirements of §9 of the German Securities Trade Act („Wertpapierhandelsgesetz") and the German Foreign Trade and Payments Ordinance ("Außenwirtschaftsverordnung").

Please be prepared to execute processing according to the above provisions, which will take place should the contingency procedure become applicable. The CCP production launch schedule will be continued according to plan on March 31, 2003, should the problems be solved until March 29, 2003.

In case problems that occur between March 27 and March 31, 2003 turn out to be so severe that they cannot be solved within the contingency procedure, Eurex Clearing AG will decide the **rollback** to the status prior to the CCP introduction and communicate its decision.

This means that the technical status and the infrastructure prior to the CCP production as of March 26, 2003 will be re-established. Therefore, given the possibility of a rollback, please take preparatory measures to return to proc-

** If the decision for the application of a contingency procedure is made during the online day on March 28, 2003, March 27 trades will be transferred intra-day to LION to enable disposition by the participants prior to the STD run. Settlement disposition can thus be performed for the March 28 STD run and for the SDS1 and SDS2 runs on March 31, 2003.

essing without CCP as of April 01, 2003. Pending trades of the trading days March 27, 28 and 31 are to be delivered in LION against 8501 until they are fully settled.

As part of the rollback procedure, Wertpapier-Mitteilung (WM) will be advised immediately to modify the corresponding master data. WM will remove the CCP flags and the updated WM data will become effective on April 01, 2003.

4 Communication in the event of a CCP production launch not according to plan

In the unlikely event of a CCP production launch not according to plan, we will provide prompt information regarding the current status and the measures that will be taken.

In case problems which require an extension of this phase should occur during the **Dry Run** phase (③ to ⑤), you will be notified accordingly via the daily status updates.

In addition, you will receive daily status updates at 12:00 noon (except on Sunday, March 30, 2003) as part of the **contingency procedure** (⑥ to ⑨). Further relevant details (e.g. the time at which CCP trades will be available in LION for disposition in the context of the contingency procedure) will be distributed intra-day to your designated contact person.

Please make sure that your contact person will be available during these days under the telephone numbers specified by you.

In the unlikely event that the problems cannot be solved until March 30, 2003 (⑨), we will inform you immediately about the further procedure regarding the **rollback decision**.

A new date for the CCP production start will then be discussed with the participants and communicated.

5 Helpdesk availability

During the introduction phase, the following helpdesks will be available at the specified times:

Helpdesk	Focus	Number	Availability March (Times CET)					
		069-2101	26.	27.	28.	29.	30.	31.
Deutsche Börse Systems CCP Technical Helpdesk	Technical problems	**28 00**	6 a.m. - 10 p.m.	6 a.m. - 10 p.m.	6 a.m. - 10 p.m..	10 a.m. - 2 p.m.		6 a.m. - 10 p.m.
Eurex Clearing Supervision	Functional/ operational questions regarding CCP, Gross Delivery Management, Risk Management	**19 40**	7 a.m. - 8.30 p.m.	7 a.m. - 8.30 p.m.	7 a.m. - 8.30 p.m.	10 a.m. - 2 p.m.		7 a.m. - 8.30 p.m.
Clearstream Banking Frankfurt/ Customer Service	Functional settlement questions CASCADE/LION	**11 77**	8 a.m. - 7 p.m.	8 a.m. - 7 p.m.	8 a.m. - 7 p.m.	10 a.m. - 2 p.m.		8 a.m. - 7 p.m.
Deutsche Börse AG Sales Support	Customer service/ Member connection/admission	**16 60**	8 a.m. - 6 p.m.	8 a.m. - 6 p.m.	8 a.m. - 6 p.m.	10 a.m. - 2 p.m.		8 a.m. - 6 p.m.

For any questions you may have, please do not hesitate to contact the CCP Change Management Team under telephone: +49(0)69-21 01-16 60 or fax: +49(0)69-21 01-16 61.

Yours faithfully
On behalf of the Management

Oliver Vossmann Jens Hachmeister

Enclosures