C7 SCS Release 3.0

Focus Call

5 October 2023
Agenda

1. Key Dates & Documentation
2. C7 SCS Release - Scope Items
3. Simulation Approach
4. Report Changes
5. Q&A
Key Dates & Documentation
C7 SCS Release 3.0 Key Dates & Documentation

Introduction Circular & Communication Calendar
Apr 23

Functional Release Notes
May 23

Release Documentation*
Jun 23

Simulation Start
04 Oct 23

Focus Call
05 Oct 23

Readiness Statement
13 Nov 23

Production Start
20 Nov 23

*Detailed information on the name of documents can be found in communication calendar.
C7 SCS Release 3.0
Initiatives page and Readiness Statement

All documentation on the Eurex Clearing website www.eurex.com
Eurex > Clear > Support > Initiatives & Releases > C7 SCS Releases >
C7 SCS Release 3.0
C7 SCS Release Scope Items
Deliveries towards Euroclear UK & International

Functional Shaping

Dedicated Italian TIN on position account level

Preponement of disclosure of subscription rights
Deliveries towards Euroclear UK & International

Migration from Securities CCP to C7 SCS

- Transfer of current client setups from Securities CCP to C7 SCS system
- Applies to Eurex derivative business for physical deliveries out of UK & Irish options and futures
  - Business Migration over the weekend (24 – 27 November 2023)
  - Information on EUI deliveries starting on 27 November 2023 is available in C7 SCS reports
  - Delivery positions are created in C7 SCS based on Gross & Released settings / no changes possible
  - Change of delivery reference structure
Eurex Derivative deliveries towards Euroclear UK & International - UK & Irish equity options and futures

**T7/XEUR**
- Trades
- Trades
- Trades

**C7**
- Position

**CCP**
- GROSS positions
- Delivery positions

**C7 SCS**
- GROSS net position trades
- Delivery positions

**CSD**
- Delivery instructions
- Feedback: failed partially settled

**CCP reporting**
- CE290
- CE260
- CE265
- CE270

**C7 SCS reporting**
- CE890
- CE860
- CE870

T7/C7 no change

5 October 2023
**Objective**

- Reduction of potential delivery failure risk

**Implementation Scope**

- All deliveries out of Eurex derivative business for all members

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**Status Quo**

Eurex Derivative client can encounter obligations to deliver high volume of securities amount which could potentially lead to a failure of delivery.

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**Enhancement**

- C7 SCS system will create several delivery positions related to the Net Position Trade and provide it as delivery instructions to (I)CSDs which will reduce the risk of failure of the total amount of the Net Position Trade.
- A large delivery obligation is broken down into multiple smaller delivery instructions based on shaping limits per instrument.
- The functional shaping for XEUR will automatically apply for high volume deliveries as additional safeguard against lack of cash, as the partial settlement can only be triggered in case of lack of securities on CSD side.*

*Not all CSDs support partial settlement i.e. SIX SIS*
Eurex Derivative deliveries w/o functional shaping (1/2)

Lack of cash on buyer's account

T7/XEUR
- trades (158 mio)
- trades (152 mio)
- trades (207 mio)
  high vol. position (310 mio)

C7
  high vol. position (207 mio)

C7 SCS
  net position trade (517 mio)
  Delivery position (517 mio)
  Delivery instruction
  not settled
  i.e. 1 mio is missing on cash account

CSD
  C7 SCS reporting
Eurex Derivative deliveries with functional shaping (2/2)

Lack of securities on seller’s account (1) / Lack of cash on buyer’s account (2)

T7/XEUR
- trades (158 mio)
- trades (152 mio)
- trades (207 mio)

C7
- high vol. position (310 mio)
- high vol. position (207 mio)

C7 SCS
- net position trade (517 mio)
- Functional shaping (ECAG)
- Delivery position 1 (200 mio)
- Delivery position 2 (200 mio)
- Delivery position 3 (117 mio)

CSD
- Delivery instruction 1
- Delivery instruction 2
- Delivery instruction 3

settlement status:
- settled
- not settled
- partially settled

Legend:
- (1) – lack of securities on seller’s CSD account
- (2) – lack of cash on buyer’s cash account

C7 SCS reporting
### Dedicated Italian TIN on position account level (Optional)

<table>
<thead>
<tr>
<th>Enhancement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trading participants, who are willing to use dedicated position account in Eurex system to segregate the Italian bonds delivery for its non-disclosed clients, can assign a client’s TIN on agency account level</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Scope</th>
</tr>
</thead>
<tbody>
<tr>
<td>The enhancement will be enabled for all deliveries out of Eurex derivative business for Italian bonds</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Option</th>
</tr>
</thead>
<tbody>
<tr>
<td>This is an optional feature. In case no additional assignment has been made, C7 SCS is using trading participant’s TIN as it’s currently the case</td>
</tr>
</tbody>
</table>
Eurex Derivative deliveries - TIN on Italian bond deliveries on position account level (1/2) - Current

T7/XEUR
XYZFR / FBTP
- Trades P1
- trades A2
- trades Flex acc

C7
XYZFR / FBTP
- position P1
- position A2
- position Flex acc

C7 SCS
XYZFR
ISIN: IT000A52018
TIN: B021AA
- net position trade
- Delivery position B021AA

CSD(CBF)
- Delivery instruction B021AA
- settlement
- Delivery instruction B021AA
- Delivery instruction B021AA
- Delivery instruction B021AA

5 October 2023
Eurex Derivative deliveries - TIN on Italian bond deliveries on position account level (2/2) - Future

**T7/XEUR**
- Trades P1
- trades A2
- trades Flex acc

**C7**
- position P1
- position A2
- position Flex acc

**C7 SCS**
- ISIN: IT000A52018
- TIN: B021AA
- Delivery position B021AA
- Delivery position C3302
- Delivery position F4502

**CSD(CBF)**
- Delivery instruction B021AA
- Delivery instruction C3302
- Delivery instruction F4502

TIN A2: C3302
TIN Flex acc: F4502

5 October 2023
Preponement of disclosure of subscription rights

Overview

What?
- Current processing of late subscription rights trades to be enhanced by adjusting the timing for disclosure of belated subscription rights transactions
- Triggering of the disclosure on the business day before the last day of the subscription period

How?
- The disclosure will be shifted to the business day before the last day of the subscription period, giving buyers and sellers the opportunity to align on the buyer’s desired election before the end of the subscription period
- An approach for cases when the last trading day is only two days before the last day of the subscription period (i.e. last day of the subscription period = contractual settlement date, ISD = T+2) is still in clarification
## Preponed Disclosure of late Subscription Rights Trades

Disclosure will be done 1 business day before last day of subscription period for ‘T+3’ events

### Procedural change

- If there are (at least) 3 business days between last trading date at FWB and last date of subscription period (‘T+3’) Eurex Clearing will disclose counterparties on the business day before end of the subscription period.
- Same rule will be valid for non-tradable rights.
- If above condition is not met, disclosure on the end of subscription period will be kept for tradable rights.
- All other steps of the procedure for handling of late subscription rights trades will be kept.

### Timeline for handling of unperformed subscription rights transactions

<table>
<thead>
<tr>
<th>Event process</th>
<th>Key dates</th>
<th>T+2 / ISD</th>
<th>T+3 / ISD+1</th>
<th>ISD+2</th>
<th>NEW</th>
<th>+10 days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ann</td>
<td>EX</td>
<td>RD</td>
<td>T</td>
<td>T+1</td>
<td>T+2 / ISD</td>
<td>T+3 / ISD+1</td>
</tr>
<tr>
<td>Distribution of rights</td>
<td>Guaranteed participation date</td>
<td>Last subscription date for T+2 events</td>
<td>Preponed by 1 day</td>
<td>External settlement in case of agreement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CA payment date</td>
<td>CA market deadline for T+3 event</td>
<td>Preponed by 1 day</td>
<td>External settlement in case of agreement</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Improved Disclosure

- **T+3 event**
  - i.e. (at least) 3 days between last trading date and last date of subscription period.
  - Preponed by 1 day
    - Benefit: Buyer and seller can align on buyer’s preferred election before market deadline.

### Unchanged Disclosure

- **T+2 event**
  - i.e. (at most) 2 days between last trading date and last date of subscription period.
  - Disclosure
    - Cash settlement of trade counter value
  -Assignment of unsettled buy and sell rights trades
  - Disclosure
    - Cash settlement of trade counter value
  - Assignment of unsettled buy and sell rights trades

### Notes

- If there are (at least) 3 business days between last trading date at FWB and last date of subscription period (‘T+3’) Eurex Clearing will disclose counterparties on the business day before end of the subscription period.
- Same rule will be valid for non-tradable rights.
- If above condition is not met, disclosure on the end of subscription period will be kept for tradable rights.
- All other steps of the procedure for handling of late subscription rights trades will be kept.

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**Ann = Announcement, EX = Ex-Date, RD = Record Date, T = Last Trading Date, ISD = Intended Settlement Date, NEW = distribution of new shares**

5 October 2023
3 Simulation Approach
Deliveries towards Euroclear UK & International

- **EUI Equities:**
  - possible during the simulation period with simulator
  - 2 weeks in October/November ’23 for E2E testing with CREST
  - Products in E2E testing scope

<table>
<thead>
<tr>
<th>Product</th>
<th>Name</th>
<th>Currency</th>
<th>Type</th>
<th>Product ISIN</th>
</tr>
</thead>
<tbody>
<tr>
<td>HSBC</td>
<td>OPT ON HSBC</td>
<td>GBX</td>
<td>OSTK</td>
<td>DE000A2QC909</td>
</tr>
<tr>
<td>IGLN</td>
<td>OPT ON ISHARES PHYSICAL GOLD</td>
<td>USD</td>
<td>OSTK</td>
<td>IE00B4ND3602</td>
</tr>
<tr>
<td>SCB</td>
<td>OPTION ON STANDARD CHARTERED</td>
<td>GBX</td>
<td>OSTK</td>
<td>GB0004082847</td>
</tr>
<tr>
<td>BIR</td>
<td>OPT ON BANK OF IRELAND</td>
<td>EUR</td>
<td>OSTK</td>
<td>IE008YSZ9G33</td>
</tr>
</tbody>
</table>
Functional Shaping

- **Equity:** possible during the simulation period
- **Products in E2E testing scope**

<table>
<thead>
<tr>
<th>Product</th>
<th>Name</th>
<th>Curr</th>
<th>ProdType</th>
<th>Product ISIN</th>
<th>U/L ISIN</th>
<th>Shaping parameter</th>
</tr>
</thead>
<tbody>
<tr>
<td>DBK</td>
<td>OPT ON DEUTSCHE BANK AG</td>
<td>EUR</td>
<td>OSTK</td>
<td>DE0005140008</td>
<td>DE0005140008</td>
<td>10 m</td>
</tr>
<tr>
<td>RWE</td>
<td>OPT ON RWE AG -ST</td>
<td>EUR</td>
<td>OSTK</td>
<td>DE0007037129</td>
<td>DE0007037129</td>
<td>100,000</td>
</tr>
<tr>
<td>AFR</td>
<td>OPT ON AIR FRANCE-KLM</td>
<td>EUR</td>
<td>OSTK</td>
<td>FR0000031122</td>
<td>FR0000031122</td>
<td>10 m</td>
</tr>
</tbody>
</table>

- **Bonds:** 2 additional bond expirations (OCT/NOV’23) will be setup to provide member with test possibilities
- **Products in E2E testing scope**

<table>
<thead>
<tr>
<th>Product</th>
<th>U/L ISIN</th>
<th>Name</th>
<th>Curr</th>
<th>Expiry date</th>
<th>Settlement day</th>
<th>Shaping parameter</th>
</tr>
</thead>
<tbody>
<tr>
<td>FBTM OCT 2023</td>
<td>IT0004966033</td>
<td>Italian, Republic 4.75% 13/28</td>
<td>EUR</td>
<td>24.10.2023</td>
<td>26.10.2023</td>
<td>200 m</td>
</tr>
<tr>
<td>FBTS NOV 2023</td>
<td>IT0005170839</td>
<td>Italian, Republic 1.6% 16/26</td>
<td>EUR</td>
<td>02.11.2023</td>
<td>08.11.2023</td>
<td>200 m</td>
</tr>
<tr>
<td>FGBK OCT 2023</td>
<td>DE0001102481</td>
<td>Deutschland, Bundesrepublik 0000% 19/50</td>
<td>EUR</td>
<td>24.10.2023</td>
<td>26.10.2023</td>
<td>200 m</td>
</tr>
</tbody>
</table>

- **Functional shaping / Bund Future + Italian Bonds**
Dedicated Italian TIN on position account level

- **Bonds**: 2 additional bond expirations (OCT/NOV’23) will be setup to provide member with test possibilities

- **Italian Bonds**
- **Products in E2E testing scope**

<table>
<thead>
<tr>
<th>Product</th>
<th>U/L ISIN</th>
<th>Name</th>
<th>Expiry Date</th>
<th>Settlement Day</th>
</tr>
</thead>
<tbody>
<tr>
<td>FBTM</td>
<td>IT0004889033</td>
<td>Italian, Republic 4.75% 13/28</td>
<td>24.10.2023</td>
<td>26.10.2023</td>
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<tr>
<td>FBTS</td>
<td>IT0005170859</td>
<td>Italian, Republic 1.6% 18/26</td>
<td>02.11.2023</td>
<td>08.11.2023</td>
</tr>
</tbody>
</table>
4 Report changes
Report Changes

- Functional shaping / changes to Net Clearing report – XEUR
  - The structure of Net Clearing Report - XETR & XFRA is also adapted

Changes caused by migration of Euroclear business to C7 SCS (from CCP to C7 SCS report formats)

Change of Clearing time stamp to xml-standard

Affected Reports by Report ID

<table>
<thead>
<tr>
<th>Report IDs</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>CE890/1/2</td>
<td></td>
</tr>
<tr>
<td>CE895/6/7</td>
<td></td>
</tr>
<tr>
<td>CE290/1/2; CE260/1/2; CE270/1/2</td>
<td>To be discontinued</td>
</tr>
<tr>
<td>CE890/1/1; CE860/1/2; CE870/1/2</td>
<td>To be enhanced</td>
</tr>
<tr>
<td>TC800/1/2; TC850/1/2</td>
<td></td>
</tr>
</tbody>
</table>
Questions?
Thank you!

Contact: client.services@eurex.com
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