

Eurex Clearing - C7 SCS 3.7

C7 SCS 3.7 - Release Notes

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Abstract

With C7 SCS Release 3.7, Eurex Clearing will introduce Home Market Settlement (HMS) for Eurex physical deliveries. This new optional service provides the possibility for Clearing Members to settle physical deliveries resulting from Eurex equity options and futures at the domestic CSD ("Home CSD"), if the domestic CSD is one of Euroclear's ESES CSDs: Euroclear France (SIC), Euroclear Nederland (NEC) or Euroclear Belgium (CIK) for a predefined list of underlying instruments.

Furthermore, with the amendments to CSDR RTS Art.19, clients will have to adapt their internal penalty processing according to changes forced by regulators.

Finally, enhancement to GC Pooling processing will be introduced to increase the overall settlement performance of the system.

The timeline for C7 SCS Release 3.7 is as follows:

- Start of Member Simulation:
 - Home Market Settlement at ESES CSDs for Eurex physical deliveries: **1 July 2024**
 - CSDR-Refit and Enhancement to GC Pooling processing: **15 July 2024**
- Production Launch:
 - Eurex Clearing processing with regards to CSDR RTS Art. 19 amendments: **2 September 2024**
 - Enhancement to GC Pooling processing: **16 September 2024**
 - Home Market Settlement at ESES CSDs for Eurex physical deliveries: **23 September 2024**

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1 Introduction

This document provides an overview of the functionality covered and available with C7 SCS Release 3.7.

With the C7 SCS Release 3.7 of Eurex Clearing following initiatives will be implemented:

- Eurex Clearing processing with regards to CSDR RTS Art. 19 amendments
- Enhancements to GC Pooling processing
- Home Market Settlement at ESES CSDs for Eurex physical deliveries

Important: The C7 SCS Release 3.7 is an optional release for Eurex Repo members, Clearing Members, DC Market Participants, and respective Settlement Institutions (SI).

1.1 Readiness Statement

Due to the nature of C7 SCS Release 3.7 as an optional release, Eurex Clearing AG does not require a readiness statement from the Clearing Members.

Participation in the C7 SCS Release 3.7 simulation and testing phase is optional, though highly recommended. Please consider, Eurex Clearing will offer test cases to give all participants the opportunity to get familiar with the new clearing service, check their internal set-up and processing for Home Market Settlement at ESES CSDs for Eurex physical deliveries.

1.2 Related Documents

All documents which will be updated in connection with the introduction of C7 SCS Release 3.7 will be made available for download on Eurex Clearing website www.eurex.com/ec-en/ under the following path: [Support > Initiatives & Releases > C7 SCS Releases > C7 SCS Release 3.7](#)

Details on the publication dates can be found in the “C7 SCS 3.7 – Member Communication Calendar” available on the Eurex Clearing website www.eurex.com/ec-en/ under the following path:

Support > Initiatives & Releases > C7 SCS Releases > C7 SCS Release 3.7 > System Documentation > Overview & Functionality

2 Overview C7 SCS Release 3.7

With C7 SCS Release 3.7 of Eurex Clearing following initiatives will be implemented starting on 2 September 2024 until 23 September 2024.

C7 SCS Release 3.7 covers the following functional changes:

- The amendments to CSDR RTS Art.19, for which clients will have to adapt their internal penalty processing according to regulatory requirements. Scheduled on **2 September 2024**.
- Enhancement of GC Pooling processing, introduced to increase overall settlement performance of the system. Scheduled on **16 September 2024**.
- Introduction of Home Market Settlement (HMS) at ESES CSDs for Eurex physical deliveries. This new optional service provides the possibility for Clearing Members to settle physical deliveries resulting from Eurex equity options and futures at the domestic CSD ("Home CSD"), if the domestic CSD is one of Euroclear's ESES CSDs: Euroclear France, Euroclear Nederland or Euroclear Belgium for a predefined list of underlying instruments. Scheduled on **23 September 2024**.

Eurex Clearing provides a dedicated release simulation environment to give participants the opportunity to perform comprehensive testing of their applications, independent from the C7 SCS production environment.

The simulation period for C7 SCS Release 3.7 will consist of two parts, first part will enable members to simulate changes for Home Market Settlement at ESES CSDs for Eurex physical deliveries starting on **1 July 2024** and the second part for CSDR-Refit and Enhancement to GC Pooling processing starting on **15 July 2024**.

3 Reporting and payment process update due to CSDR 2024 Refit

With September Release (C7 SCS Release 3.7) changes on reporting and payment process of Eurex Clearing (as central counterparty/CCP) regarding CSDR penalties related to the settlement fails of cleared transactions will be introduced.

Changes are introduced to comply with the Delegated Regulation (EU) 2023/1626 of 19 April 2023 on amending the Regulatory Technical Standards (RTS) laid down in Delegated Regulation (EU) 2018/1229. The amendment is already entered into force and changes will apply on 2 September 2024. For process changes on (I)CSD level, please refer to the specific publications of the related (I)CSDs.

3.1 Overview of RTS Art. 19 changes and impact for Clearing Members

Today, Eurex Clearing AG in the role of a Central Counterparty (CCP) for cleared trades takes an active role in the CSDR penalty booking and reporting process via Article 19 of the CSDR Regulatory Technical Standards (RTS).

With enforcement of the amended CSDR RTS on the Settlement Discipline Regime as part of the 'CSDR 2024 Refit', the monthly penalty booking process obligations for the cleared business of CCPs are removed from RTS Art. 19. With the change, daily and monthly penalty calculation, reporting (MT537 PENA) and booking is solely performed by the CSDs on settlement account/institution level as today for non-cleared business. Monthly CSDR penalty booking for cleared CCP business will then be fully combined with the current CSD OTC penalty booking process, that is already only done on (I)CSD settlement account/institution level.

With the planned amendments to CSDR RTS Art. 19, Eurex Clearing as CCP will no longer be involved in the regular monthly penalty booking process with its current Art.19 obligation for a breakdown on Clearing Member level. Eurex Clearing will consequentially decommission the CSDR penalty booking and reporting processing with the new RTS enforcement on 2 September 2024:

- The monthly penalty billing and invoice process of CSD calculated CSDR penalties on Clearing Member level.
- The billing-related report CB226.
- The daily and monthly CSDR penalty member reporting via reports CE840 and CE845.

For reference on the amended changes please refer to the [CSDR SDR RTS Art. 19](#).

Important notice: The 'CSDR Refit 2024' with amendment of RTS Art. 19 only concerns the daily and monthly CSDR penalty reporting and booking process. The overall CSDR Settlement Discipline Regime (SDR) with calculation and application of CSDR cash penalties by the CSDs remains unchanged. This means, all other CSDR specific processes and requirements at Eurex Clearing on the level of trades, netting, instruction filling, instruction delivery, etc. will remain unchanged.

3.2 CSDR penalty imbalance compensation mechanism with Clearing Members

With RTS Art. 19 amendment, (I)CSDs will directly book CSDR net cash penalties on Eurex Clearing's cash accounts. As Eurex Clearing cannot apply anymore pro-rata corrections for penalty imbalances already before booking as today via the own billing process, a monthly net penalty gap in view of Eurex Clearing can occur. To avoid own losses, CCPs are permitted by the amended RTS Art. 19 to allocate any remaining net cash amount of penalties after booking by the (I)CSDs to their Clearing Members. Eurex Clearing intends to apply the RTS Art. 19 permission and will claim the right for imbalance compensation in their Clearing Conditions in September 2024. More details regarding the compensation will be provided later.

3.3 Timeline

Regulatory go-live for changes based on CSDR RTS Art. 19 amendment is scheduled for 2 September 2024. Eurex Clearing will process and report CSDR penalties based on RTS Art. 19 last time with monthly penalty process for the penalty period from August 2024 to mid-September (14–18th BD of September).

3.4 Migration Approach

The planned process migration for Eurex Clearing will be done between August and October 2024.

During August 2024, the full current process will remain unchanged:

- Current daily creation of CSDR member report CE840.
- Current monthly penalty process between 14-18th BD of August for penalty data July, including Billing process. CSDR Penalties Billing Report (CB226) and Monthly CSDR Penalties Report (CE845) to be created.

As of September 2024:

- The daily creation of CSDR Daily Penalty Report (CE840) will be in line with (I)CSD timeline of daily MT537 PENA (only for August penalties, including amended penalties).
- On the 11th BD of September (16.09.2024), it will be the last creation of the daily CE840 being distributed to CRE.
- Also, the last monthly penalty process between 14-18th BD of September, for penalty data for August, including the full monthly Billing process for August penalty period (including amended August penalties in September) will be held. The monthly reports CB226, CE845 will still be created (only for August penalties, including amended penalties).

From October 2024 and following months:

- No regular CSDR penalty process based on current RTS Art. 19 will be applied.
- There will be no creation of member reports CB226, CE840, CE845.
- Eurex Clearing will start with the penalty imbalance evaluation and member compensation (first time for monthly (I)CSD reporting in October 2024 for September 2024 penalty period).

4 Enhancement to GC Pooling Processing

With C7 SCS Release 3.7, Eurex Clearing in close collaboration with Clearstream aims to improve and enhance the overall settlement processing for GC Pooling.

Based on the netting result for non-same day GC Pooling trades or nominal of same day GC Pooling trades, C7 SCS determines the new exposure and generates the exposure adjustment using the MT527 messages.

Currently Clearstream's Triparty Collateral Management Service (CmaX) processes the exposure adjustments in sequential manner and processes the next exposure adjustment only after the previously requested exposure updates have been fully covered by CmaX. In future, CmaX will immediately consider the next exposure adjustment(s) for processing in case the change is in the same direction.

The processing on C7 SCS side will be adapted to support the parallel processing accordingly. C7 SCS reports are not impacted by this change. This enhancement aims to particularly speed up the settlement processing for the same-day trades in the same direction.

Please note that members using the T2S DCA service from Clearstream still need to fund all securities purchases up front as today.

5 Home Market Settlement for Eurex physical deliveries

With C7 SCS Release 3.7, as a first phase of Eurex Clearing's Home Market Settlement initiative, Eurex Clearing will introduce the possibility for Clearing Members to settle physical deliveries resulting from Eurex equity options and futures at the domestic CSD ("Home CSD"), if the domestic CSD is one of Euroclear's ESES CSDs, i.e. Euroclear France, Euroclear Nederland or Euroclear Belgium. The service is an optional service for selected underlying instruments.

Today, Eurex Clearing offers settlement of Eurex physical deliveries at Clearstream (CBF, CBF-i), SIX SIS and Euroclear UK and International (EUI, "CREST").

Currently, Clearing Members holding their inventory at other depositories in home countries, need to re-align securities between their settlement account at the home CSD and their settlement account at CBF (or SIX SIS) to facilitate settlement of Eurex physical deliveries instructed by Eurex Clearing.

The current and envisaged connectivity to settlement locations for Eurex physical deliveries look as follows:

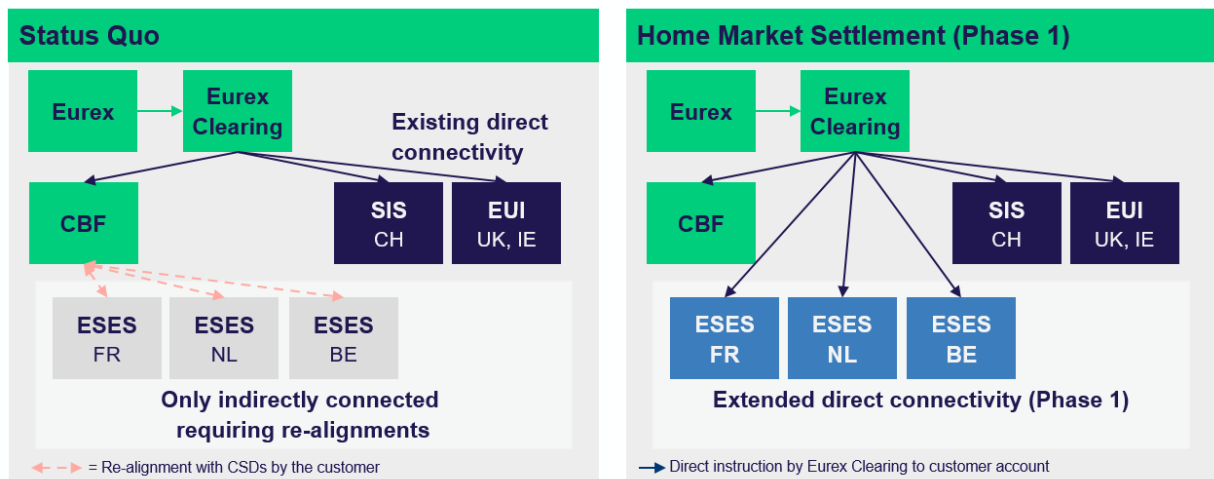


Figure 1 - Extension of directly connected Settlement Locations

By establishing a connectivity to the three ESES CSDs, Eurex Clearing extends the choice of eligible settlement locations for clients and enables them to directly transfer equity-style securities between their settlement account at ESES and Eurex Clearing's settlement account at CBF by applying cross-CSD settlement via T2S. Thereby, the re-alignment between ESES CSDs and CBF will not be required any longer.

Clients willing to use the new service are requested to contact their Clearing KAM. Clients will be requested to provide details of the ESES settlement account and grant Power of Attorney (POA) to Eurex Clearing. Maintenance of related settlement account details and settings at Eurex Clearing will be offered via C7 CAS in production environment.

Please note that the Home Market Settlement offering is an optional service. No action will be required for members who wish to continue with their existing setup of settlement location, i.e. a settlement of Eurex physical deliveries in French, Dutch or Belgian equities via CBF or SIX SIS.

Eurex Clearing encourages Eurex participants, willing to use the Home Market Settlement service, to actively participate in simulation for C7 SCS Release 3.7 in order to check how the change of place of settlement will be processed in customers' internal systems.

5.1 Eligible Instrument Scope

In a first phase, Eurex Clearing will offer Home Market Settlement for Eurex Physical Deliveries in equities, which are T2S-eligible and whose primary issuer CSD ("Home CSD") is one of Euroclear ESES CSDs, i.e. either Euroclear France, Euroclear Belgium or Euroclear Nederland. Home Market Settlement is supported only for transactions whose settlement currency is EUR.

Eurex Clearing will preselect the HMS-eligible instruments and publish the list of selected instruments on a daily basis in the existing CCP Eligibility File¹ by extending the file with an additional field [Alternative Home CSD] at the end of each row indicating the relevant Home CSD.

The new field [Alternative Home CSD] is only filled in rows if the [Name of CCP-Market] is "EUREX". For instruments which are not HMS-eligible, the field [Alternative Home CSD] is left empty. As of today, the content in the CCP Eligibility File is valid for the following business day.

Example for the extended CCP Eligibility File:

Name of Security	;Isin	;SNam;	Name of CCP-Market;	Alternative Home CSD
Allianz SE	;DE0008404005;	ALV	;EUREX	
TotalEnergies SE	;FR0000120271;	TOTB	;EUREX	;Euroclear France
KBC Groep N.V.	;BE0003565737;	KDB	;EUREX	;Euroclear Belgium
PostNL N.V.	;NL0009739416;	TNTC	;EUREX	;Euroclear Nederland
A2A S.p.A.	;IT0001233417;	EAM	;EUREX	

Important note for all clients: Due to the above mentioned extension, the general structure of the CCP Eligibility File will change. All clients need to consider this format change if they process this file in an automated way, even if they do not plan to make use of the Home Market Settlement service. The publication of CCP Eligibility File with the new structure will come along the release of the Home Market Settlement service.

For member simulation, Eurex Clearing will provide a dedicated list of HMS-eligible instruments which can be used for testing.

5.2 Application and Master Data Setup

Clients willing to use the Home Market Settlement service are requested to contact their Clearing KAM to align the necessary steps for application:

- Selection of ESES settlement account(s) per CSD they want to use.
- The account owner needs to grant Power of Attorney (POA) to Eurex Clearing for these account(s) and notify ESES about the POA and the use for Eurex Clearing's Home Market Settlement Service.²
- Provide settlement account details and settings to Eurex Clearing. Maintenance of settlement account details and HMS settlement account settings will be offered via C7 CAS in production environment.³

¹ The CCP Eligibility File is published on the Eurex Clearing website at <https://www.eurex.com/ec-en/services/transaction-management/ccp-eligible-instruments>.

² In case a member decides to use ESES France, it is mandatory to provide details and POA for an account to settle regular French shares and for an account to settle French Registered Shares.

³ For changes related to HMS account and related settings via C7 CAS, internal processing time will be needed by Eurex Clearing until changes become effective in C7 SCS.

Settlement Account Details

Clients need to provide the ESES settlement account identifier in T2S format for the settlement accounts they want to use. A sample value of such identifier in T2S format is “SICVBANKDEFFXXX000L10”, which is compiled out of following components:

Component	Format	Sample Value
CSD identifier	Alphanumeric (BIC4)	SICV ⁴
T2S Party BIC	Alphanumeric (BIC11)	BANKDEFFXXX
Account Nature	Numeric (Length 3)	000
Type of sub-account	Alphanumeric (Length: 2)	L1
Sub-account	Alphanumeric	0

Table 1 - Components of ESES settlement account in T2S format

For details on T2S format of ESES settlement account please refer to Euroclear’s documentation on ESES account structure⁵.

Moreover, clients need to provide the T2S Party BIC (BIC11, e.g. BANKDEFFXXX) of the account owner at ESES for each ESES settlement account.

Please note that the dedicated settlement account at Euroclear France used to settle French Registered Shares (see also HMS Settlement Account Settings for French Registered Shares below) needs to be set up as a separate record in Settlement Account Details.

HMS Settlement Account Settings

Clients can define via the HMS Settlement Account Settings in C7 CAS, if Eurex physical delivery transactions in HMS-eligible ISINs should be settled at the home CSD, and on which settlement account. This definition can be done per Clearing Member, Trading Member, Account Type, Position Account and Home CSD.

Component	Format	Sample Value
Clearing Member	Alphanumeric (Length 5)	CCCCC
Trading Member	Alphanumeric (Length 5)	TTTTT
Account Type	Wildcard “*” or Alphanumeric (Length 2)	A1
Position Account	Wildcard “*” or Alphanumeric	A42

⁴ “SICV” stands for ESES France, “NECI” for ESES Nederland and “CIKB” for ESES Belgium.

⁵ See <https://my.euroclear.com/eses/shared/en/reference/dsd/eses-t2s-dsd-account-structure-and-subscription-management.html>

Component	Format	Sample Value
Trading Location	Alphanumeric	Eurex Derivatives
ISIN	Wildcard „*“, or Alphanumeric (Length 12). A dedicated ISIN can only be selected for French Registered Shares, see next paragraph.	*
Currency	Alphanumeric (Length: 3) <i>For the time being always filled with “EUR”</i>	EUR
Settlement Location	Alphanumeric (Length: 3)	SIC
Settlement Account (in T2S format)	Alphanumeric	SICVBANKDEFFXXX000L10

Table 2 - HMS Settlement Account Settings

HMS Settlement Account Settings for French Registered Shares

According to Euroclear’s rules for settlement, French “Essentially Registered Securities” (“Valeurs Essentiellement Nominatives”, VEN) cannot be transferred from/to a regular Euroclear France settlement account with account nature 000. Instead, a specific account nature 001 must be applied. For details, please refer to Euroclear’s documentation on ESES account structure and French Registered Shares.

Therefore, clients need to define a settlement account setting record for French Essentially Registered Securities on ISIN level, comprising an Euroclear France settlement account in T2S format with the specific account nature. Currently, Michelin (ISIN FR001400AJ45) the only French “Essentially Registered Securities” instrument which is HMS-eligible and listed as underlying for Eurex derivatives.

Please note that transactions in Occasionally Registered Securities (“Valeurs Occasionnellement Nominatives”, VON) must be transferred via the regular ESES settlement account with account nature 000. If clients want to register such securities, they can do so directly at Euroclear France after settlement of the Eurex physical delivery transaction was completed. As a consequence, clients willing to use Euroclear France as an additional settlement location for Eurex physical deliveries need to provide (at least) two ESES settlement accounts for Euroclear France, one for Occasionally Registered Securities (“VON”) with [ISIN] = “*” (wildcard) and one for French Essentially Registered Securities (“VEN”) on ISIN level, i.e. [ISIN] = “FR001400AJ45”.

Please note that when the list of HMS-eligible instruments which are “Essentially Registered Securities” (VEN) changes, also the HMS Settlement Account Settings have to be adjusted for respective ISINs. Eurex Clearing will inform about such change of impacted instruments so that client can take action to adjust their settings.

Priority rules for HMS Settlement Account Settings when applying wildcards

For the usage of wildcards (“*”) for fields [Account Type] [Position Account] and [ISIN] the following priority rank applies:

Priority	Account Type	Position Account	ISIN ⁶
0 (top priority)	<value>	<value>	<value>
1	<value>	<value>	*
2	*	<value>	<value>
3	*	<value>	*
4	<value>	*	<value>
5	<value>	*	*
6	*	*	<value>
7 (lowest priority)	*	*	*

Table 3 - Priority ranking for HMS Settlement Account Settings

The example at the end of this chapter outlines how to consider this priority ranking in case of multiple, overlapping records in the HMS Settlement Account Settings.

Determination of target Settlement Location and Clearing Member Settlement Account

C7 SCS determines the target settlement location and target settlement account for each Eurex physical delivery transaction based on

- List of CCP-eligible instruments
- HMS Settlement Account Settings provided by the client
- Existing Settlement Account Setting ("CSD selection sheet") provided by the client

The decision process comprised three steps illustrated in **Error! Reference source not found..**

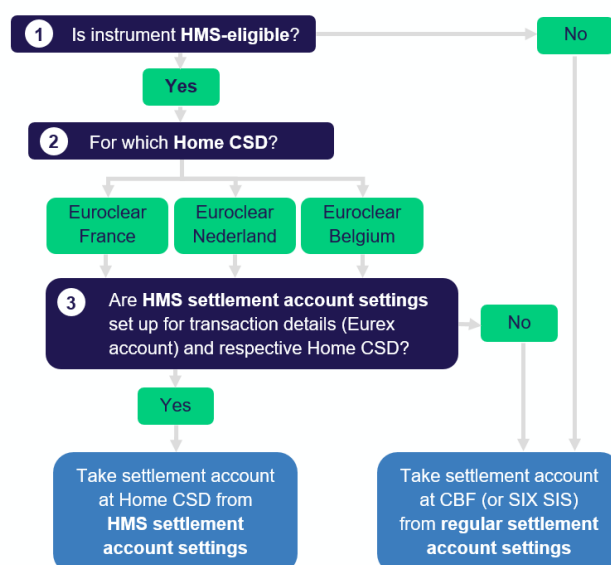


Figure 2 - Determination of Settlement Location and Settlement Account

⁶ A dedicated ISIN can only be selected for French Registered Shares.

- At first, C7 SCS checks if the instrument of an Eurex physical delivery transaction is HMS-eligible.
- If yes, the potential Home CSD as potential alternative settlement location is determined.
- As a next step, C7 SCS determines based on priority rules the HMS Settlement Account Settings applicable for the respective Home CSD and the transactions details of the Eurex physical delivery transaction, i.e. for: Clearing Member x Trading Member x Account Type x Position Account x ISIN x Currency
- If such valid row is found, the Home CSD is taken over as settlement location and the Settlement Account at the Home CSD is taken from respective row in HMS Settlement Account Settings.
- If the instrument is not HMS-eligible or there are no HMS Settlement Account Settings set up for the Home CSD which matches with the transaction details, the settings given in the regular Settlement Account Settings ("CSD Selection Sheet") are considered to determine the settlement location (either CBF or SIX SIS) and the respective settlement account at that settlement location.

Example for Member Settings and Determination of Settlement Location and Settlement Account

A sample Clearing Member CDEFR and a sample Trading Member TUVWX has set up following member master data for trading venue "XEUR":

Settlement Account Details

Settlement Location	Settlement Account Number	T2S Party BIC
CBF	1234	
CBF	1235	
SIS	CH123456	
SIC	SICVBANKDEFFXXX000L10	BANKDEFFXXX
SIC	SICVBANKDEFFXXX001L10	BANKDEFFXXX
CIK	CIKBBANKDEFFXXX000L10	BANKDEFFXXX
NEC	NECIBANKDEFFXXX000L10	BANKDEFFXXX
NEC	NECIBANKDEFFXXX000L11	BANKDEFFXXX

Table 4 - Example Settlement Account Details

Regular Settlement Account Settings ("CSD Selection Sheet")

Custody Type	Instrument Style	Account Type	Currency	Settlement Location	Settlement Account Number
CSC	Equity	A1	EUR	CBF	1234
CSC	Equity	PP	EUR	CBF	1235
CSC	Equity	A1	CHF	SIS	CH123456
CSC	Equity	PP	CHF	SIS	CH123456
..					

Table 5 - Example Settlement Account Settings

HMS Settlement Account Settings

ID	Account Type	Position Account	ISIN	Currency	Settlement Location	Settlement Account Number
01	*	*	*	EUR	SIC	SICVBANKDEFFXXX000L10
02	*	*	FR001400AJ45	EUR	SIC	SICVBANKDEFFXXX001L10
03	*	*	*	EUR	NEC	NECIBANKDEFFXXX000L10
04	A1	*	*	EUR	NEC	NECIBANKDEFFXXX000L11
05	A1	A42	*	EUR	NEC	NECIBANKDEFFXXX000L10
06	A6	*	*	EUR	NEC	NECIBANKDEFFXXX000L11
07	PP	*	*	EUR	CIK	CIKBBANKDEFFXXX000L10
08	A7	*	*	EUR	CIK	CIKBBANKDEFFXXX000L10

Table 6 - Example HMS Settlement Account Setting

Moreover, the list of CCP-eligible instrument file contains following entries:

Name of Security	ISIN	Name of CCP Market	Alternative Home CSD
TotalEnergies	FR0000120271	EUREX	Euroclear France
Michelin	FR001400AJ45	EUREX	Euroclear France
PostNL	NL0009739416	EUREX	Euroclear Nederland
Ferrari	NL0011585146	EUREX	
KBC Groep	BE0003565737	EUREX	Euroclear Belgium
Allianz	DE0008404005	EUREX	

Table 7 - Example CCP-eligible instrument file

Based on above master data below Eurex physical delivery trades of sample Clearing Member CDEFR and sample Trading Member TUVWX would be assigned the following settlement location and settlement accounts:

Trade ID	ISIN	Currency	Account Type	Position Account	Settlement Location	Settlement Account Number
T01	FR0000120271	EUR	PP	P1	SIC	SICVBANKDEFFXXX000L10
T02	FR0000120271	EUR	A1	A1	SIC	SICVBANKDEFFXXX000L10
T03	FR001400AJ45	EUR	PP	M1	SIC	SICVBANKDEFFXXX001L10
T04	FR001400AJ45	EUR	A2	A2	SIC	SICVBANKDEFFXXX001L10
T05	NL0009739416	EUR	PP	P1	NEC	NECIBANKDEFFXXX000L10

Trade ID	ISIN	Currency	Account Type	Position Account	Settlement Location	Settlement Account Number
T06	NL0009739416	EUR	A1	A1	NEC	NECIBANKDEFFXXX000L11
T07	NL0009739416	EUR	A1	A41	NEC	NECIBANKDEFFXXX000L11
T08	NL0009739416	EUR	A1	A42	NEC	NECIBANKDEFFXXX000L10
T09	NL0009739416	EUR	A5	A5	NEC	NECIBANKDEFFXXX000L10
T10	NL0009739416	EUR	A6	A6	NEC	NECIBANKDEFFXXX000L11
T11	NL0011585146	EUR	PP	P1	CBF	1234
T12	NL0011585146	EUR	A1	A1	CBF	1235
T13	BE0003565737	EUR	PP	P1	CIK	CIKBBANKDEFFXXX000L10
T14	BE0003565737	EUR	A1	A1	CBF	1235
T15	BE0003565737	EUR	A7	A7	CIK	CIKBBANKDEFFXXX000L10
T16	DE0008404005	EUR	PP	P1	CBF	1234
T17	DE0008404005	EUR	A1	A1	CBF	1235

Table 8 - Example Eurex physical delivery transaction and resulting settlement location and account

Explanation for the assignments:

Trade ID	Settlement Location	Settlement Account Number	Explanation
T01	SIC	SICVBANKDEFFXXX000L10	HMS SAS ⁷ #01 applies, priority 7
T02	SIC	SICVBANKDEFFXXX000L10	HMS SAS #01 applies, priority 7
T03	SIC	SICVBANKDEFFXXX001L10	HMS SAS #02 applies, priority 6
T04	SIC	SICVBANKDEFFXXX001L10	HMS SAS #02 applies, priority 6
T05	NEC	NECIBANKDEFFXXX000L10	HMS SAS #03 applies, priority 7
T06	NEC	NECIBANKDEFFXXX000L11	HMS SAS #04 applies, priority 5
T07	NEC	NECIBANKDEFFXXX000L11	HMS SAS #04 applies, priority 5
T08	NEC	NECIBANKDEFFXXX000L10	HMS SAS #05 applies, priority 1
T09	NEC	NECIBANKDEFFXXX000L10	HMS SAS #03 applies, priority 7
T10	NEC	NECIBANKDEFFXXX000L11	HMS SAS #06 applies, priority 5
T11	CBF	1234	ISIN is not HMS-eligible

⁷ HMS SAS #xx = HMS Settlement Account Setting record with the given ID

Trade ID	Settlement Location	Settlement Account Number	Explanation
T12	CBF	1235	ISIN is not HMS-eligible
T13	CIK	CIKBBANKDEFFXXX000L10	HMS SAS #07 applies, priority 5
T14	CBF	1235	No matching HMS SAS entry found
T15	CIK	CIKBBANKDEFFXXX000L10	HMS SAS #08 applies, priority 5
T16	CBF	1234	ISIN is not HMS-eligible
T17	CBF	1235	ISIN is not HMS-eligible

Table 9 - Explanations on the assignment of settlement location and account per trade

Settlement Account Clearing Settings

As today, clients can choose settings for Trade Date Netting also related to ESES settlement accounts.

Cash Account Details

Clients choosing strange net handling NET/SPLIT related to an ESES settlement account need to provide a cash account per settlement account and supported currency, i.e. "EUR" for HMS Phase 1.

Collection of Master Data

Maintenance of Settlement Account Details and HMS Settlement Account Settings will be offered via C7 CAS in the production environment.

Master data for testing in the simulation environment will be collected via dedicated forms and not via C7 CAS. Details will be provided in the respective Member Simulation Guide for C7 SCS Release 3.7.

5.3 Cross-CSD Settlement Flow

For each Eurex physical delivery transaction that is eligible for Home Market Settlement, Eurex Clearing will send two settlement instructions:

- The customer's leg on the ESES settlement account named by the client to the ESES CSD on behalf of the Clearing Member with Power-Of-Authority (POA)
- Eurex Clearing's own leg on Eurex Clearing's settlement account at CBF (account number 8501)

Both instructions will then match at T2S and T2S will perform cross-CSD settlement, delivery vs payment.

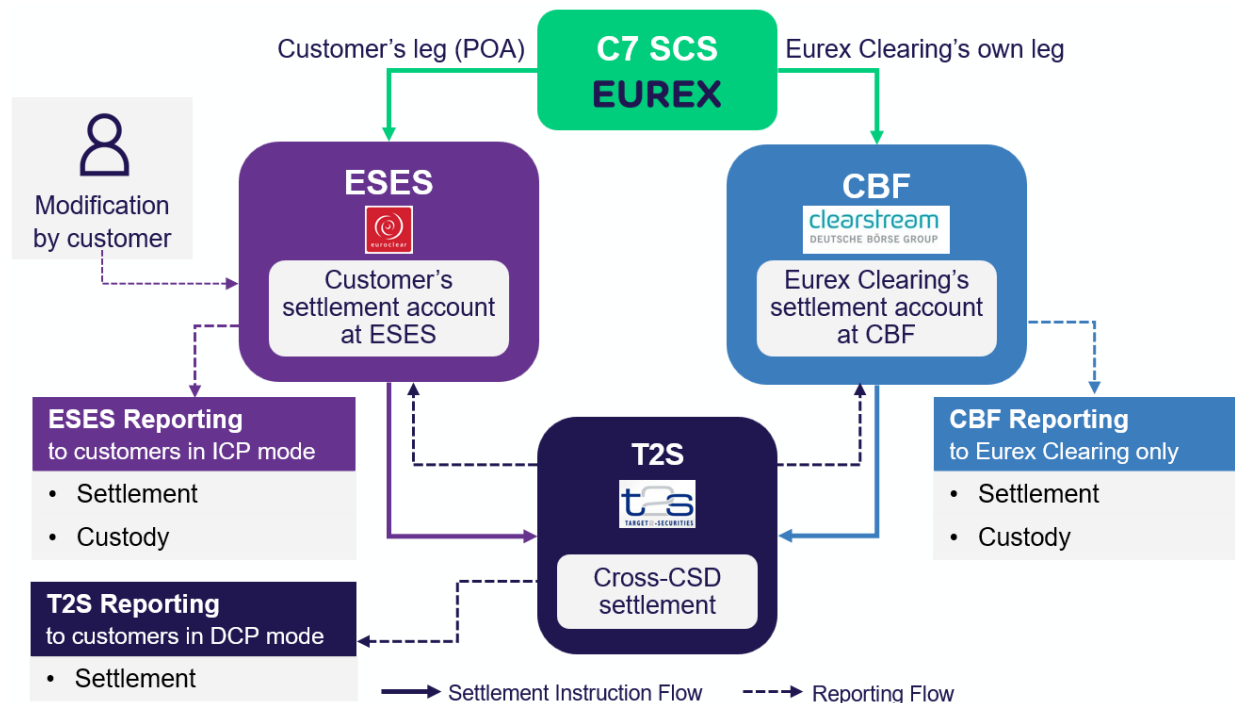


Figure 3 - Home Market Settlement Flow

As a prerequisite, the account holder of the ESES settlement account must grant Power of Attorney (POA) in favor of Eurex Clearing and notify ESES and Eurex Clearing about it.

Like today for existing settlement locations, customers can pre-define via Settlement Account Clearing Settings in C7 CAS whether Eurex Clearing should instruct delivery instructions (with delivery obligation for the Clearing Member) in status RELEASED or on HOLD on behalf of the Clearing Member. The customer will be able to modify the hold/release status of the pending instruction directly at the ESES CSD. For details on such modification of pending instructions please approach the Euroclear CSDs.

Transaction References

Eurex Clearing will send transaction references as follows:

Transaction Reference	ESES	CBF	CBF-i	SIX SIS
Net Position Trade ID	20C::TRRF	70E::SPRO	20C::TRRF	20C::TRRF
Delivery Reference/ T2S Actor Reference	20C::SEME	20C::SEME	20C::SEME	20C::SEME
Delivery ID	Builds last 8 digit of Delivery Reference in instructions send by C7 SCS			
Clearing Member ID + Trading Member ID ("CCCCTTTT")	70E::SPRO	:97A::SAFE/ in Party Level information	:97A::SAFE/	Not supported

Table 10 - Transaction References

Examples for Transaction References:

SWIFT Tag	ESES	CBF	CBF-i	SIX SIS
20C::SEME//	Delivery Reference SPA2709D12345678	Delivery Reference SAM2709M12345678	Delivery Reference SPA2709D12345678	Delivery Reference SPA2709D1234 5678
20C::TRRF//	Net Position Trade ID 12345678901234		Net Position Trade ID 12345678901234	Net Position Trade ID 1234567890123 4
70E::SPRO//	Clearing Member ID + Trading Member ID NL1/CCCCCTTTT	Net Position Trade ID SCS/12345678901234		
20C::COMM//	Common Reference 2709X12345678	Common Reference 2709X12345678	Common Reference 2709X12345678	Common Reference 2709X12345678
:97A::SAFE/ in Party Level information	-	Clearing Member ID + Trading Member ID CCCCCTTTT	Clearing Member ID + Trading Member ID CCCCCTTTT	

Table 11 - Examples for Transaction References

For more details on transaction references please see [Release Notes for C7 SCS Release 1.0](#), chapter 8.

Eurex Clearing will use the BIC “EUXCDEFFCCP” in production environment and “EUXCDEF0CCP” in simulation environment for instructions sent to ESES on behalf of Clearing Members.

5.4 Reporting

C7 SCS Member Reporting

Eurex Clearing will continue to report the actual settlement location for each Net Position Trade and Delivery Instruction in existing reports:

- CB830/1 Trades Action Report
- CD850 Settled Cash Transactions Report
- CE860/1/2 Pending Delivery Report
- CE870/1/2 Settled Delivery Report
- CE890/1/2 Net Clearing Report XEUR

The new values for the fields ‘settlLoc’ and ‘dlvSettlLoc’ will be:

- “SIC” = Euroclear France
- “NEC” = Euroclear Nederland
- “CIK” = Euroclear Belgium

There are no structural changes to existing C7 SCS reports due to Home Market Settlement.

CSD Settlement Reporting and Corporate Action Reporting

Clients making use of the Home Market Settlement service can obtain settlement reporting and corporate action reporting directly from the Euroclear CSDs. For details, please approach your contact at the Euroclear.

5.5 Further aspects

Failure Handling

Eurex Clearing will handle settlement failures for Eurex deliveries with settlement location being one of the ESES CSDs in the same way as today for Eurex deliveries settling at CBF and SIX SIS, i.e. existing Buy-In and Cash Settlement procedures apply. The Pair-Off service is offered also for deliveries with the settlement location being one of the ESES CSDs.

Corporate Action Processing

ESES as Issuer CSD processes market claims and transformation on pending instructions according to its rules and provides corporate action messages to the customer, provided that the client is subscribed to the messages.

CBF receives corporate actions information from ESES as the Local Market Partner (LMP) for the respective markets, processes market claims and transformation on pending instructions and provides corporate action information to Eurex Clearing. Eurex Clearing will reflect adjustments to deliveries due to corporate actions in CE860/1/2 Pending Delivery Report and CE870/1/2 Settled Delivery Report.

CSDR Penalties

CSDR penalties for settlement account holders are calculated and booked by CSDs. See chapter 3 for details on the change of CSDR penalty processing for CCP transactions.

Fees and Fines

In Phase 1, there will be no dedicated fees charged by Eurex Clearing for the usage of the Home Market Settlement service related to the Euroclear ESES CSDs Euroclear France, Euroclear Nederland and Euroclear Belgium.

Please note that for settlement via ESES and the provided reporting, the ESES tariffs⁸ apply, which will be charged by Euroclear.

The Late Delivery Fine on divided record days will apply for deliveries with settlement location being one of the ESES CSDs in the same way as today for deliveries settling at CBF and SIX SIS.

⁸ <https://my.euroclear.com/eses/shared/en/reference/tariff.html>

Tax aspects

Tax handling for deliveries with settlement location being one of the ESES CSDs is in the member's responsibility. Clients are requested to assess the tax impact on their side.

6 Abbreviations and Glossary of Terms

Abbreviations	Description
AG	Aktiengesellschaft (public limited company)
BD	Business Day
C7 SCS	C7 Securities Clearing Service
CBF	Clearstream Banking Frankfurt
CBF-i	Clearstream Banking Frankfurt International
CBL	Clearstream Banking Luxembourg
CCP	Central Clearing Counterparty
CIK	Indicator for settlement location ESES Belgium
CM	Clearing Member
CmaX	Triparty collateral management system used by Clearstream Banking Luxembourg (CBL) and Clearstream Banking Frankfurt (CBF)
CSDR	Central Securities Depositories Regulation
CRE	Common Report Engine
CREST	Certificateless Registry for Electronic Share Transfer
DBAG	Deutsche Börse AG
DBG	Deutsche Börse Group
DCA	Dedicated Cash Account
EACH	European Association of CCP Clearing Houses
EasyWay	Euroclear online GUI
EB	Euroclear Bank
ECAG	Eurex Clearing AG
ECSDA	European Central Securities Depositories Association
EDP	Clearing Electronic Data Processing
EOC	Indicator for settlement location Euroclear Bank
ESES	Euroclear Settlement for Euronext Zone Securities
ESMA	European Securities and Markets Authority
EUI	Euroclear UK & International

Abbreviations	Description
EUR	Euro
GC	General Collateral
GUI	Graphical User Interface
HMS	Home Market Settlement
(I)CSD	(International) Central Security Depository
ISIN	International Securities Identification Number
ISO	International Organization for Standardization
KAM	Key Account Manager
NEC	Indicator for settlement location ESES Nederland
OTC	Over The Counter
PSW	Partial Settlement Window
RTS	Regulatory Technical Standards
SDR	Settlement Discipline Regime
SI	Settlement Institute
SIC	Indicator for settlement location ESES France
SSR	Short Selling Regulation
SWIFT	Global provider of secure financial messaging services
T2	TARGET2 Payment System
T2S	TARGET2-Securities Settlement System
VEN	Valeurs Essentiellement Nominatives = Essentially Registered Securities
VON	Valeurs Occasionnellement Nominatives = Occasionally Registered Securities
Xact	Clearstream online GUI

Table 12 - Abbreviations and Glossary of Terms