

Eurex Clearing - C7 SCS 3.7

Member Simulation Guide

© Eurex 2024

Deutsche Börse AG (“DBAG”), Clearstream Banking AG (“Clearstream”), Eurex Frankfurt AG (“Eurex”), Eurex Clearing AG (“Eurex Clearing”), Eurex Repo GmbH (“Eurex Repo”) are corporate entities and are registered under German law. Eurex Global Derivatives AG is a corporate entity and is registered under Swiss law. Clearstream Banking S.A. is a corporate entity and is registered under Luxembourg law. Eurex Frankfurt AG is the administrating and operating institution of Eurex Deutschland. Eurex Deutschland is in the following also referred to as the “Eurex Exchange”.

All intellectual property, proprietary and other rights and interests in this publication and the subject matter hereof (other than certain trademarks and service marks listed below) are owned by DBAG or its affiliates and subsidiaries or used under authorization by their respective owners, including, without limitation, all patent, registered design, copyright, trademark and service mark rights. While reasonable care has been taken in the preparation of this publication to provide details that are accurate and not misleading at the time of publication DBAG, Clearstream, Eurex, Eurex Clearing, Eurex Repo as well as the Eurex Exchange and their respective subsidiaries, servants and agents (a) do not make any representations or warranties regarding the information contained herein, whether express or implied, including without limitation any implied warranty of merchantability or fitness for a particular purpose or any warranty with respect to the accuracy, correctness, quality, completeness or timeliness of such information, and (b) shall not be responsible or liable for any third party’s use of any information contained herein under any circumstances, including, without limitation, in connection with actual trading or otherwise or for any errors or omissions contained in this publication.

This publication is published for information purposes only and shall not constitute investment advice respectively does not constitute an offer, solicitation or recommendation to acquire or dispose of any investment or to engage in any other transaction. This publication is not intended for solicitation purposes but only for use as general information. All descriptions, examples and calculations contained in this publication are for illustrative purposes only.

Eurex and Eurex Clearing offer services directly to members of the Eurex Exchange respectively to clearing members of Eurex Clearing. Those who desire to trade any products available on the Eurex market or who desire to offer and sell any such products to others or who desire to possess a clearing license of Eurex Clearing in order to participate in the clearing process provided by Eurex Clearing, should consider legal and regulatory requirements of those jurisdictions relevant to them, as well as the risks associated with such products, before doing so.

Only Eurex derivatives that are CFTC-approved may be traded via direct access in the United States or by United States persons. A complete, up-to-date list of Eurex derivatives that are CFTC-approved is available at: <https://www.eurex.com/ex-en/rules-regs/eurex-derivatives-us/direct-market-access-from-the-us>.

In addition, Eurex representatives and participants may familiarize U.S. Qualified Institutional Buyers (QIBs) and broker-dealers with certain eligible Eurex equity options and equity index options pursuant to the terms of the SEC’s July 1, 2013 Class No-Action Relief. A complete, up-to-date list of Eurex options that are eligible under the SEC Class No-Action Relief is available at: <https://www.eurex.com/ex-en/rules-regs/eurex-derivatives-us/eurex-options-in-the-us-for-eligible-customers>. Lastly, U.S. QIBs and broker-dealers trading on behalf of QIBs may trade certain.

single-security futures and narrow-based security index futures subject to terms and conditions of the SEC’s Exchange Act Release No. 60,194 (June 30, 2009), 74 Fed. Reg. 32,200 (July 7, 2009) and the CFTC’s Division of Clearing and Intermediary Oversight Advisory Concerning the Offer and Sale of Foreign Security Futures Products to Customers Located in the United States (June 8, 2010).

Trademarks and Service Marks

Buxl®, DAX®, DivDAX®, eb.rexx®, Eurex®, Eurex Repo®, Strategy Wizard®, Euro GC®, FDAX®, FTSE 100, FWB®, GC Pooling®, GCPI®, MDAX®, ODAX®, SDAX®, TecDAX®, USD GC Pooling®, VDAX®, VDAX-NEW® and Xetra® are registered trademarks of DBAG or its affiliates and subsidiaries. MSCI®, EAFE®, ACWI® and all MSCI indexes (the "Indexes"), the data included therein, and service marks included therein are the intellectual property of MSCI Inc., its affiliates and/or their licensors (together, the "MSCI Parties"). The Indexes are provided "as is" and the user assumes the entire risk of any use it may make or permit to be made of the Indexes. No MSCI Party warrants or guarantees the originality, accuracy and/or completeness of the Indexes and each expressly disclaims all express or implied warranties. No MSCI Party shall have any liability for any errors or omissions in connection with any of the Indexes, or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. For full disclaimer see [msci.com/disclaimer](https://www.msci.com/disclaimer).

ATX®, ATX® five, CECE® and RDX® are registered trademarks of Vienna Stock Exchange AG. IPD® UK Quarterly Indexes are registered trademarks of Investment Property Databank Ltd. IPD and have been licensed for the use by Eurex for derivatives. SLI®, SMI® and SMIM® are registered trademarks of SIX Swiss Exchange AG. The STOXX® indexes, the data included therein and the trademarks used in the index names are the intellectual property of STOXX Limited and/or its licensors. Eurex derivatives based on the STOXX® indexes are in no way sponsored, endorsed, sold or promoted by ISS STOXX and its licensors and neither ISS STOXX nor its licensors shall have any liability with respect thereto. PCS® and Property Claim Services® are registered trademarks of ISO Services, Inc. Korea Exchange, KRX, KOSPI and KOSPI 200 are registered trademarks of Korea Exchange Inc. The names of other companies and third-party products may be trademarks or service marks of their respective owners.

FTSE® is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited ("FTSE") under license. All rights in the FTSE®100 Index (the "Index") vest in FTSE or its licensors. Neither FTSE nor any of their affiliates or licensors (a) assumes any liability, losses, damages, expenses or obligations in connection with any derivative product based on the Index; or (b) accepts any liability for any errors or omissions, fitness for a particular purpose or the results to be obtained from the use of the Index or related data. No party may rely on the Index or related data contained in this communication which Index and data is owned by FTSE or their affiliates. No use or distribution of the Index is permitted without FTSE's express written consent. FTSE does not promote, sponsor or endorse the content of this communication nor any financial or derivative product that it relates to.

PRIIPs: Eurex Deutschland qualifies as manufacturer of packaged retail and insurance-based investment products (PRIIPs) under Regulation (EU) No 1286/2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs Regulation), and provides key information documents (KIDs) covering PRIIPs traded on Eurex Deutschland on its website under the following link: <https://www.eurex.com/en/rules-regs/priips-kids>.

In addition, according to Art. 14(1) PRIIPs Regulation the person advising on, or selling, a PRIIP shall provide the KID to retail investors free of charge.

Abstract

The document illustrates the approach of the C7 SCS 3.7-member simulation. It describes all simulation guidelines, timelines, plan, processes, requirements, and responsibilities necessary to participate successfully in the C7 SCS 3.7-member simulation.

Table of Contents

1	Introduction	7
2	Simulation Approach	8
2.1	Simulation Objectives	8
2.2	Target Group	8
2.3	Simulation Timelines	9
3	Simulation Execution	12
3.1	Reporting and payment process update due to CSDR 2024 Refit	12
3.2	Enhancement to GC Pooling processing	13
3.3	Home Market Settlement for Eurex physical deliveries	13
3.4	Simulation without ETE Connection to (I)CSDs but with settlement simulator	15
3.5	Simulation with ETE Connection to (I)CSD	15
3.6	Preparation for Testcases with HMS for Eurex physical delivery	15
3.7	Specifics for C7 SCS 3.7 simulation with ESES ETE connection during member simulation:	16
3.8	C7 SCS Simulation Calendar	17
4	Member Preparations	18
4.1	Technical Preparation	18
4.1.1	Technical Connection	18
4.2	Functional Preparation	18
4.2.1	Functional Preparations C7 SCS	18
4.2.2	Settlement Account & Cash Account for Settlement	19
4.3	Member Data Set-up	19
4.4	Member Readiness Statement	19
5	Simulation Reporting	20
6	Simulation Availability	21
6.1	Participating Systems	21
6.2	Daily Schedule	22
7	Related Documentation	24
8	Support	25
9	Abbreviations	26

List of Figures:

Figure 1: Extension of directly connected Settlement Locations

Figure 2: Batch Day Process in Central European (Summer) Time (CEST)

List of Tables:

Table 1: Overview of C7 SCS 3.7 key events

Table 2: Overview of (I)CSDs participating in C7 SCS 3.7-member simulation

Table 3: HMS ETE Instruments available with ESES for American exercise-style Options Products

Table 4: Applications involved in the daily lifecycle of the C7 SCS system

Table 5: Abbreviations

1 Introduction

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**
 - Enhancement to GC Pooling processing: **15 July 2024**
 - CSDR-Refit related technical changes will be implemented: **15 July 2024**. Simulation environment will continue to be a “current” production like until production launch.
- Production Launch:
 - Eurex Clearing processing with regards to CSDR RTS Art. 19 amendments: **2 September 2024**
 - Home Market Settlement at ESES CSDs for Eurex physical deliveries and enhancement to GC Pooling processing: **23 September 2024**

This document is structured as follows:

Chapter 2 focuses on the approach of the C7 SCS 3.7 simulation with its simulation objectives, timelines, and the target group of this document.

Chapter 3 describes the Simulation Execution including test cases preparation and execution of the Home Market Settlement, changes due to the amendments to CSDR RTS Art. 19, and enhancement to the GC Pooling processing.

Chapter 4 illustrates required technical, functional preparation for the member data set-up requirements, and member readiness statement.

Chapter 5 gives a description of the C7 SCS 3.7 simulation availability with related documentation, support contacts, and list of available instruments.

2 Simulation Approach

With C7 SCS 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 optional for selected 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. Simulation participants can define and perform their own internal simulation scenarios as appropriate for new functionalities of the system. For this, members will find an overview of scenarios which are strongly recommended to be focused on in order to test specific C7 SCS functionalities (in detail in chapter 3.6). Functional and technical support will be staged during the helpdesk opening hours each simulation working day. Please refer to Chapter 8 "Support" for further details.

2.1 Simulation Objectives

The purpose of the simulation is to provide an opportunity for members to become familiar with the new C7 SCS services, functionalities and to test business procedures in preparation for the launch of C7 SCS 3.7.

Active participation in the simulation is strongly recommended. Early and frequent participation of all, Clearing Members (CM), Settlement Institutions (SI) and Trading Members (TM) facilitates the identification and solution of potential issues with respect to software, infrastructure, business, or system operations before production launch.

2.2 Target Group

This document serves as a guide for all CMs, SIs and TMs (through their CMs) participating in the simulation as well as all users of the system. Participation of all CMs and SIs in the simulation is strongly recommended. In case CM or SI are using Service Providers (SP) for their internal support, it is strongly recommended as well to also include those SPs into the simulation activities.

The following internal departments of participating member organizations should be involved:

- Trading for the generation of trades in the Trading Locations in T7 Eurex (XEUR), T7 Xetra (XETR), T7 Xetra Frankfurt (XFRA), and F7 Repo (XERE).
- Clearing, Settlement and other relevant middle-/back-office functions
- IT Infrastructure and Environment Operations
- Network Operations (WAN and LAN and SWIFT network)

- Internal Organization and Process Management
- Risk Management
- Legal department

2.3 Simulation Timelines

The C7 SCS 3.7-member simulation to test all functionalities of the C7 SCS system is scheduled to start on 01.07.2024. Frozen Zones or interruptions in-between can take place but will be communicated upfront. The table below provides an overview of C7 SCS 3.7 key events:

Date/Timeline	Event
10.06. – 21.06.2024	Member simulation setup forms received
24.06. – 02.07.2024	Frozen zone: HMS
01.07.2024	Start of member simulation for HMS (1 st online day)
02.07.2024	1 st Batch Day with new HMS functionality in C7 SCS
11.07. – 16.07.2024	Frozen zone: CSDR-Refit and GC Pooling processing
11.07. – 25.07.2024	1 st Focus weeks for HMS member testing
20.08. – 30.08.2024	2 nd Focus weeks for HMS member testing
15.07.2024	Start of member simulation for CSDR-Refit ¹ and enhancement to GC Pooling processing (1 st online day)
16.07.2024	1 st Batch Day with new CSDR-Refit ¹ and enhancement to GC Pooling processing functionalities in C7 SCS
02.09.2024	Production Launch for CSDR-Refit
23.09.2024	Production Launch for HMS and enhancement to GC Pooling processing

Table 1: Overview of C7 SCS 3.7 key events

¹ CSDR-Refit changes will be technically available, Simulation environment will continue to be “current” production like, and no testing will be supported for CSDR Refit.

Table 2 provides an overview of the participating (I)CSDs with their simulation environments, and their availability during the C7 SCS 3.7 simulation:

Participating (I)CSDs	End-to-End connection Availability	Connectivity Approach
CBF	Entire simulation period	CBF Simulation will be connected: <ul style="list-style-type: none"> From 01.07. to 08.08.2024 and from 19.08. to 19.09.2024 with ETE connection From 09.08. to 16.08.2024 and from 20.09. to 03.10.2024 with Simulator
CBL	Not planned	CBL (I)CSD Clearstream Luxembourg) will not be connected for ETE member simulation, the settlement feedback will be generated via Simulator.
EB	Not planned	EB (Euroclear Bank) will not be connected for ETE member simulation, the settlement feedback will be generated via Simulator. Not in scope for C7 SCS 3.7.
ESES CSDs (Euroclear France, Euroclear Nederland and Euroclear Belgium)	Entire simulation period	ESES CSDs (Euroclear France, Euroclear Nederland and Euroclear Belgium) are settlement locations for Home Market Settlement for Eurex physical deliveries resulting from T7 Eurex (XEUR) trading location. Simulation will be connected during Member simulation period: <ul style="list-style-type: none"> From 01.07. to 08.08.2024 and from 19.08. to 19.09.2024 with ETE connection From 09.08. to 16.08.2024 and from 20.09. to 03.10.2024 with Simulator
SIS	Not planned	SIS (SEGA Intersettle) will not be connected for ETE member simulation, the settlement feedback will be generated via Simulator. Not in scope for C7 SCS 3.7.

Table 2: Overview of (I)CSDs participating in C7 SCS 3.7-member simulation

It is recommended that all members adhere to the published simulation timetables in this document for the simulation execution. This will contribute to a smooth and effective simulation period and a successful production launch for all market participants. Please ensure that this document is communicated as soon as possible to your project teams and to line organizations, where applicable. Before the start of simulation, all parties involved should be aware of their tasks and the existing dependencies with other participants.

3 Simulation Execution

This chapter describes reporting and penalty payment update due to CSDR 2024 Refit, enhancement to GC Pooling processing, and Home Market Settlement for Eurex physical deliveries. Additionally, it covers test cases preparation and execution, and ETE connection to (I)CSD and simulated feedback procedure.

3.1 Reporting and payment process update due to CSDR 2024 Refit

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 is removed from RTS Art. 19. With this 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. For process changes on (I)CSD level, please refer to the specific publications of the related (I)CSDs.

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 for a breakdown on Clearing Member level.

Eurex Clearing will continue to process and report CSDR penalties in CE840 and CE845 till 31.08.2024.

The new RTS enforcement will be active from 02.09.2024, the status of the reports is as follows:

- The daily CSDR penalty member report (CE840) will contain only the amended August penalties if received from (I)CSD² and will be decommissioned on 16.09.2024.
- No change to the monthly CSDR penalty member report (CE845). Report will be decommissioned on 25.09.2024.
- No change to the billing-related report CB226. Report will be decommissioned on 25.09.2024.

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

For more details refer to [C7 SCS 3.7 Release Notes](#).

² CE840 will be empty if no amendments received from (I)CSD. Amendments will not be simulated via simulator.

3.2 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 of 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 the C7 SCS side will be adapted to support the parallel processing accordingly. The C7 SCS reports are not impacted by this change. This enhancement aims to particularly speed up the settlement processing of 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.

C7 SCS will not be connected to the Clearstream's Thirdparty system CmaX, thus ETE with CmaX will not be available, and feedback will be simulated.

3.3 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 CSDs, i.e. Euroclear France, Euroclear Nederland or Euroclear Belgium. The service is an optional service for CMs.

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:

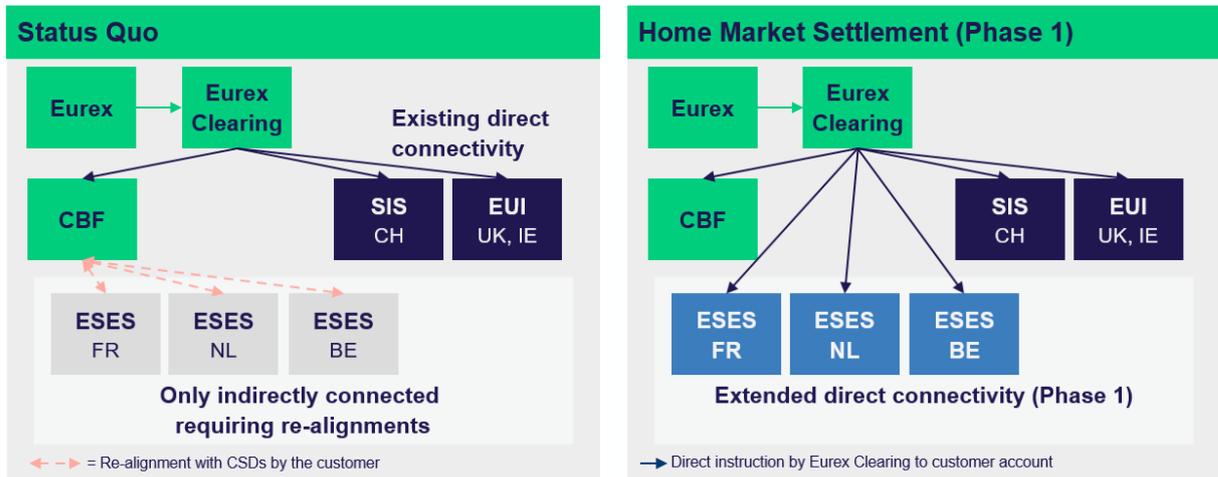


Figure 1: Extension of directly connected Settlement Locations

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 settle their physical deliveries at the ESES CSDs. Settlement between CBF and ESES settlement accounts is done as 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.

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.

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 CSDs, i.e. either Euroclear France, Euroclear Nederland, or Euroclear Belgium. Home Market Settlement is supported only for transactions whose settlement currency is EUR.

For member simulation, Eurex Clearing provides a dedicated list of HMS-eligible instruments which can be used for testing (in details in chapter 3.6).

For more details refer to [C7 SCS 3.7 Release Notes](#).

3.4 Simulation without ETE Connection to (I)CSDs but with settlement simulator

In the times (I)CSDs are not offered with an ETE availability in simulation, C7 SCS will use the settlement confirmations provided by using a simulator but not from the corresponding (I)CSDs. Based on this simulated (I)CSD settlement response, C7 SCS prepares the member relevant reports and distributes them via the CRE. Those reports are the result of the underlying trades members have concluded at the different Trading Locations. This results in a mandatory connection to the simulation systems of the connected Trading Location XEUR on the one side, but on the settlement side no member connection between the (I)CSDs and the participating members is required. Nevertheless, a connection to the CRE to receive member reports should be in place.

During the tests with no ETE availability of (I)CSDs in C7 SCS Simulation, participating members will not receive any (I)CSD reporting, and C7 SCS member reports are the only source of information for members.

Please Note: specific dates of settlement simulator availability are described in chapter 2.3.

3.5 Simulation with ETE Connection to (I)CSD

During the ETE connection with (I)CSD in simulation which will be possible with CBF and ESES (Euroclear France, Euroclear Nederland, Euroclear Belgium), the settlement feedback that participating members will receive is provided by the connected (I)CSD due to a direct involvement between C7 SCS and the related (I)CSD. For that reason, participating members can expect their individual reporting from the participating and connected (I)CSD as well.

The ETE connection with (I)CSDs might be temporarily required to switch back to the use of the simulator. This might be needed, due to potential downtimes of the participating and connected (I)CSD.

Please Note: ETE connection is always available except simulated feedback timeline specified in chapter 3.4.

Please Note: specific dates of (I)CSDs ETE availability are described in chapter 2.3.

3.6 Preparation for Testcases with HMS for Eurex physical delivery

Early preparation activities are mandatory for the participation on the testing with HMS for Eurex physical delivery with ETE Settlement in ESES CSDs in Euroclear France, Euroclear Nederland or Euroclear Belgium. Following instruments (table 3) are offered for supported ESES settlement feedback testing during following focus weeks:

- 11.07.2024 - 25.07.2024
- 20.08.2024 - 30.08.2024

Members who want to participate in the ETE Testcases with Options Products (American exercise-style) and settlement at ESES specified in table 4 must:

- Build up positions in the respective Eurex options products (by entering orders and/or TES trades in Eurex T7)
- Exercise positions in Eurex C7 on the day when TDN for HMS physical deliveries in C7 SCS should be tested.

Home CSD	Product Type	Eurex Product ID	U/L ISIN & Product ISIN	Name	Currency
SIC	OSTK	CAR	FR0000120172	CARREFOUR	EUR
SIC	OSTK	MCH	FR001400AJ45	MICHELIN	EUR
SIC	OSTK	TOTB	FR0000120271	TOTALENERGIES	EUR
NEC	OSTK	EAD	NL0000235190	AIRBUS	EUR
NEC	OSTK	HNK	NL0000009165	HEINEKEN	EUR
CIK	OSTK	ITK	BE0974293251	ANHEUSER-BUSCH INBEV	EUR
CIK	OSTK	SOL	BE0003470755	SOLVAY	EUR

Table 3: HMS ETE Instruments available with ESES for American exercise-style Options Products

Important Information for the test execution:

- The Simulation environment is not usable for high volume or performance tests during the C7 SCS 3.7 simulation. In order to participate in ETE testing with ESES (Euroclear France, Euroclear Nederland, Euroclear Belgium) settlement locations, members need to assure settlement account setup for Eurex physical deliveries accordingly and provide Eurex Clearing with the respective ESES settlement account details (more information in chapter 4.3).

3.7 Specifics for C7 SCS 3.7 simulation with ESES ETE connection during member simulation:

Due to dependencies on the T2S simulation environment (UTEST) the number of pending instructions in simulation should be minimized by each participating member. This might of course not be valid in case certain pending instructions are required for the execution of specific testcases. All members are encouraged to reduce their pending instructions for example by providing sufficient cash or holdings, so that trades can be settled or by switching the status of a settlement instruction from "Hold" to "Released" for the full amount of the trade. The change, "Hold" and "Released" is possible only for ETE instruments via CBF CSD or ESES CSDs.

3.8 C7 SCS Simulation Calendar

The C7 SCS Release 3.7 simulation follows the Simulation Calendar for Securities Clearing Services. All Simulation Calendars of the connected environments are aligned to guarantee the services and functionalities on all batch days. The Simulation Calendar is released and published following the link:

www.eurex.com/ec-en/ > Support > Initiatives & Releases > [Simulation Calendar](#)

4 Member Preparations

Members are advised to make use of the entire preparation period, in order to ensure successful participation in the C7 SCS simulation.

This Chapter describes the simulation preparation tasks to be done by CMs, SIs and TMs. The simulation preparation tasks are divided into four sections. Chapter 4.1 describes technical preparations while Chapter 4.2 displays functional preparation. Chapter 4.3 “Member Data Set-up” mentions the necessary data for member set-up in C7 SCS 3.7 simulation. Finally details about the “Member Readiness Statement” are provided in Chapter 4.4.

4.1 Technical Preparation

With the start of C7 SCS 3.7 simulation Clearing Members do not need any direct connection between their own systems and the C7 SCS application. Reports that are available to all CMs, SIs and their TMs are provided on the Common Report Engine (CRE) of DBAG. Members can reach their individual reports in the standard Securities CCP directory as they are already used to for the Eurex Clearing Securities CCP system. No additional certificates or connecting activities are required for C7 SCS.

4.1.1 Technical Connection

Clearing Members, Settlement Institutions and Trading Members are requested to verify their new or existing connections to the simulation environments of the relevant systems – CRE, ESES (Euroclear France, Euroclear Nederland, Euroclear Belgium), C7, CBF, Prisma, T2S and T7 Eurex (XEUR) interface as a trade entry. Members are encouraged to verify the availability of all applications used in the simulation and to verify, that all required users are set up and access is granted to them.

4.2 Functional Preparation

4.2.1 Functional Preparations C7 SCS

CMs' functional preparation should include the setup of the back office, staff training as well as the conclusion of arrangements with affiliated members, if applicable. Clearing Members planning to participate in the simulation should verify their individual setup/clearing relationship and inform Eurex Clearing of any changes that may be required prior to the start of the simulation. All participants planning to utilize the new functionalities in production should participate in the member simulation. The introduction of the new C7 SCS 3.7 may lead to new and/or altered back-office processes. Clearing Members are encouraged to complete the adaptations (e.g., staff training and IT applications updates) prior to the start of the simulation period. This will ensure the seamless integration of the new and enhanced clearing and settlement functionality into the existing back-office environment. Participants are also encouraged to set up an internal issue management process. The new functionalities of C7 SCS 3.7 are detailed in the current “C7 SCS 3.7 - Release Notes”, which can be found on Eurex Clearings website via the following path:

www.eurex.com/ec-en/ > Support > Initiatives & Releases > C7 SCS Releases > [C7 SCS Releases 3.7](#)
> select under “Overview and Functionality”

4.2.2 Settlement Account & Cash Account for Settlement

Settlement Accounts and cash accounts for CCP cash payments are required at the (I)CSDs like in production. When CBF and/ or ESES are connected to C7 SCS 3.7 simulation, sufficient cash and securities holdings on these accounts are necessary. Customers willing to test the settlement of Eurex physical deliveries at ESES have to ensure sufficient coverage in cash and securities as well.

Settlement Agents are encouraged to check their message subscription for settlement reporting and custody reporting at the (I)CSD for their Settlement Accounts.

Settlement Agents are encouraged to check their connectivity to T2S and (I)CSD with the access to T2S and (I)CSD application, incl. GUIs. It is recommended to align with the relevant (I)CSD in time in case connection tests are required before the start of simulation.

4.3 Member Data Set-up

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.
- Provide settlement account details and HMS settlement account settings to Eurex Clearing via dedicated member forms until 21.06.2024. Request of setup received after 21.06.2024 will be performed only on best effort basis.

More details on Member Data Set-Up can be found in [C7 SCS 3.7 Release Notes](#).

4.4 Member Readiness Statement

C7 SCS Release 3.7 is 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.

5 Simulation 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.

All reports are described in more detail in the following documents of the C7 SCS project:

- "Eurex Clearing - C7 SCS XML Reports – Reference Manual"
- "Eurex Clearing – C7 SCS XML Reports – XML Schema Files"
- "C7 SCS - Release Notes (updated version)"

Above documents are available under the following path:

www.eurex.com/ec-en/ > Support > Initiatives & Releases > C7 SCS Releases > C7 SCS Release 3.7 > under "Reports"

6 Simulation Availability

In general, three batch days a week will be performed. Please consult the C7 SCS Simulation Calendar for details on batch days per week. On all batch days nighttime processing will take place.

On batch days the simulation systems will close earlier than in production. This is in order to avoid any possible impact on the end-of-day processing operations of the production system. The C7 SCS simulation starts at 08:30 CEST and the C7 SCS online end is scheduled for 16:30 CEST. The batch day structure in simulation is described below in this chapter.

6.1 Participating Systems

A simulation cycle (either an end-to-end process or with (I)CSD Simulator) begins with the entering of orders into the Trading Location and finishes with the settlement of the trades/Delivery Instructions and the provisioning of the related reports. From a technical point of view, these processes will incorporate the applications listed below:

Systems / Institutions	Short Description
C7	Eurex Clearing's C7 concludes all transactions from physical deliveries resulting from Eurex Derivatives (MIC: XEUR) and which are include in the TDN by C7 SCS
C7 PS	Eurex Clearing Payment system, includes all payments arising out of all Eurex Clearing transactions
C7 SCS	C7 Securities Clearing Services is Eurex Clearing's Central Counterparty system (Delivery Management, cash management, Trade Day Netting (TDN), report and data dissemination and update of Corporate Action Processing by the (I)CSDs in the C7 SCS Reporting)
CBF	Central Security Depository systems of Clearstream Banking Frankfurt (settlement, delivery management, Corporate Action Processing, collateral management etc.) CBF operated systems will run on simulation environment IMS23
CBL	Central Security Depository systems of Clearstream Banking Luxembourg (settlement, delivery management, Corporate Action Processing, collateral management etc.) CBL operated systems will run via Simulator with simulated settlement feedback
EB	Euroclear Bank (settlement, delivery management, Corporate Action Processing, collateral management etc.) EB will run via Simulator with a simulated settlement feedback
ESES	Central Security Depository systems for Euroclear France, Euroclear Nederland, and Euroclear Belgium (settlement, delivery management, Corporate Action Processing, collateral management etc.)

Systems / Institutions	Short Description
F7	The F7 Eurex repo electronic trading platform for all repo transactions concluded at C7 SCS relevant Trading Location XERE.
PRISMA	Eurex Clearing's position based margining calculation (risk position determination, necessary margin requirement calculation, etc.)
T7	The T7 trading platform for all transactions concluded at the C7 SCS relevant Trading Locations XETR, XFRA and XEUR.
T2S	European Central Bank's central technical platform for securities settlement in central bank denominated in Euro.

Table 4: Applications involved in the daily lifecycle of the C7 SCS system

6.2 Daily Schedule

Simulation days will either be batch days (shown as batch days in the Simulation Calendar) or non-batch days. In C7 SCS 3.7 simulation batch days will follow the Simulation Calendar. On batch days the C7 SCS simulation starts 8:30 CEST and the C7 SCS online end is scheduled for 16:30 CEST. In case of a non-batch day (and the day before was a batch day) the system starts at 8:30 CEST. Members can insert their trades in the T7 Eurex, trading location (XEUR) till 16:00 CEST. All trades entered on non-batch days will be processed on the next business day (please see Eurex Derivatives Trading & Derivatives Clearing Simulation Calendar <https://www.eurex.com/ec-en/> > Support > Initiatives & Releases > [Simulation calendar](#)). Member reports are started to be generated after the end of day processing and the distribution of settlement instructions to the (I)CSDs. Member Reports are distributed and accessible for members via the CRE.

Please note: Timelines for sending Delivery Instructions to the (I)CSDs and reports to the members may vary slightly, as they depend on daily changes on the workload of the C7 SCS system.

Even if the Start of Day (SoD) is on the current batch day at 8:30 CEST, members can already start inserting their orders at the Trading Location in T7 Eurex (XEUR) after the EoD processing and the distribution of settlement instructions to the (I)CSDs on the previous batch day.

For the detailed overview of timelines on a business day in simulation please see the following figure:

Business Day Schedule on Batch Days

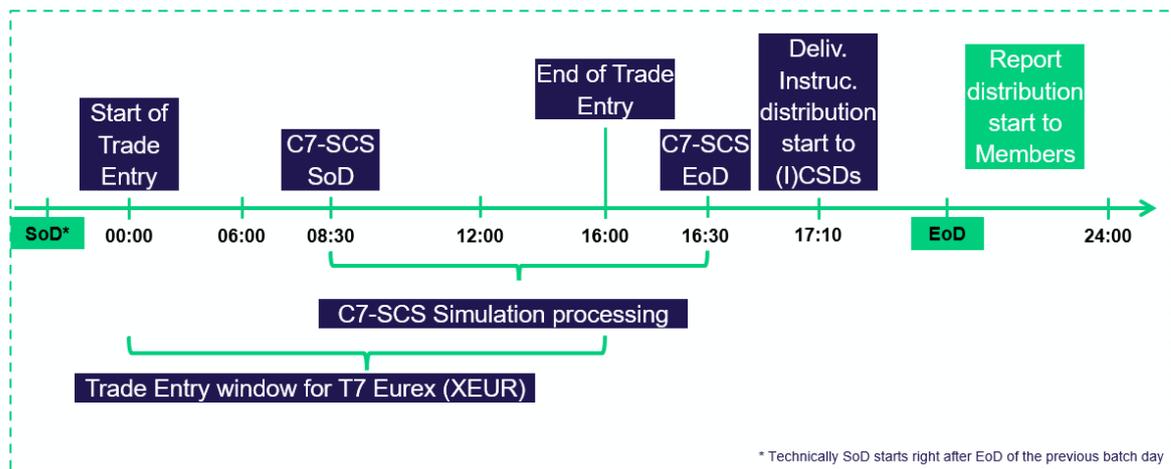


Figure 2: Batch Day Process in Central European (Summer) Time (CEST)

In Eurex C7 manual exercise can be performed during Clearing availability (08:00 - 16:30 CEST), automatic exercise as well as the assignment process take place during EoD at 16:30 CEST.

7 Related Documentation

All member documents providing information regarding new functionalities of C7 SCS 3.7 can be found on the Eurex website at: <https://www.eurex.com/ec-en/> > Support > Initiatives & Releases > C7 SCS Releases > [C7 SCS Releases 3.7](#).

8 Support

Eurex Clearing Support

Eurex Clearing will provide support for member preparations during the simulation of C7 SCS 3.7. The following teams may be contacted concerning any questions related to the preparation and participation in the C7 SCS 3.7 simulation.

Customer Functional Support

Telephone: +49 (69) 211 – 1 03 33

Availability: 09:00 - 18:00 CEST (on exchange trading days)

E-Mail: client.services@deutsche-boerse.com
(or please contact your dedicated Clearing KAM)

Helpdesk Derivatives Clearing

Telephone: +49-69-211-1 12 50

Availability: 01:00 - 22:30 CEST (on exchange days)

E-Mail: clearing@eurex.com

Helpdesk Securities Clearing

Telephone: +49 (69) 21 1 – 1 19 40

Availability: 07:00 - 19:00 CEST (on exchange trading days)

E-Mail: ccp@eurex.com

Functional Helpdesk Eurex

Telephone: +49 (69) 211 – 1 12 10

Availability: 01:00-24:00 CEST (on exchange days)

E-Mail: eurextrading@eurex.com

Clearstream Connectivity Services

Telephone: +49 (69) 211 – 1 15 90

Availability: 09:00 - 18:00 CEST

E-Mail: connect@clearstream.com

9 Abbreviations

Abbreviations	Description
(i)CSD	(International) Central Securities Depository
AG	Aktiengesellschaft (public limited company)
BAU	Business as usual
C7	Eurex Derivatives Clearing system
C7 PS	Eurex Clearing Payment system
C7 SCS	C7 Securities Clearing Service
CBF	Clearstream Banking Frankfurt
CBF-i	Clearstream Banking Frankfurt International
CBL	Clearstream Banking Luxembourg
CCP	Central Clearing Counterparty
CEST	Central European Summer Time
CIK	Euroclear Belgium
CM	Clearing Member
CRE	Common Report Engine
CSD	Central Securities Depositories
DBAG	Deutsche Boerse AG
EB	Euroclear Bank
EDP	Clearing Electronic Data Processing
EOC	Euroclear Bank
ESES	Euroclear Settlement for Euronext Zone Securities
ETE	End-To-End
EUI	Euroclear UK and International
F7	Eurex Repo's trading system F7
FWB	Frankfurter Wertpapierbörse
GC	General Collateral
GUI	Graphical User Interface
HMS	Home market settlement
ISIN	International Securities Identification Number

Abbreviations	Description
NEC	Euroclear Nederland
Prisma	Eurex Clearing's position based margining calculation system
SDS	Same day settlement
SI	Settlement Institution
SIC	Euroclear France
SoD	Start of Day
SP	Service Provider
T2S	TARGET2-Securities
TDN	Trade day netting
TES	Trade Entry Service
TM	Trading Member
XERE	Eurex repo electronic trading platform
XETR	T7 Xetra trading location
XEUR	T7 Eurex trading location
XFRA	Börse Frankfurt trading location

Table 5: Abbreviations