



eurex clearing circular 018/15

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Recipients: All Clearing Members of Eurex Clearing AG and Vendors
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TARGET2-Securities: Initial information about impact of T2S wave 2 on Eurex Clearing's customers

Related Eurex Clearing circular: 177/14

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Content may be most important for:

☞ All departments

Attachments:

none

Summary:

In the second migration wave of T2S on **29 March 2016**, the ESES markets Euroclear Belgium, Euroclear France, Euroclear Netherlands as well as the CSDs Interbolsa and Belgium National Bank (NBB-SSS) will migrate their securities settlement business to T2S, the new European securities settlement system in central bank money.

The implementation of T2S wave 2 affects Eurex Clearing's Lending CCP service and Eurex Clearing's reporting of corporate action fractions. All other CCP services offered by Eurex Clearing are not affected.

The objective of this circular is to provide timely information to Clearing Members about the changes.

Kindly forward this announcement to all involved departments in your company.

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Eurex Clearing's customers**

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1. Impact on Eurex Clearing's Lending CCP service

With the migration of the ESES markets to T2S, the cut-off time for Securities Lending Free of Payment (FoP) instructions will be extended until 18:00 (CET) and the trade entry deadlines for T+0 loans will thus be affected.

Furthermore, FoP instructions that will settle in one of the ESES markets will be forwarded "already matched" to the respective Central Securities Depository (CSD), i.e. only one instruction with all necessary information will be forwarded to the respective settlement location. For that purpose, the content of field **20C::SEME** changes; i.e., the indicator "POA" will be replaced by the indicator "ASL" (Already matched SecLend) and the delivery/receive indicator "D" for delivery and "R" for receive will be replaced by "M" for matched. The new composition of the field will then be **20C::SEME//ASLnnnnMnnnnnnn**. As today, the instructions will be settled on an all-or-nothing basis; i.e., the new T2S Partial Settlement functionality will not be used for Securities Lending.

2. Impact on corporate action reporting

With T2S wave 2, fractions resulting from a change in nominal or additional rights¹ in the context of a corporate action will be shown in report CA180 - Capital Adjustments on Trades. For this purpose, the field "Action" will have the additional new value "F" (action type "Fraction").

The fractional part is compensated in cash. The respective cash transactions will be reported in CD250 - Settled Cash Transactions. The "Transaction Type" will thus have the additional new values 494 - FRACTION CASH SETTLE RCV and 495 - FRACTION CASH SETTLE PAID.

The T2S wave 2 changes will be implemented with CCP Release 10.0 on 29 March 2016. More detailed information about specific changes in CCP for T2S wave 2 will be released by way of our established Member communication release procedures, which will start in Q3 2015. Please be advised that, following Member requests, Eurex Clearing will publish preliminary member documentation on T2S wave 3 in due time. For further information, please visit the Eurex Clearing website under the following link:

www.eurexclearing.com/T2S

¹ For Swiss and Liechtenstein securities, as implemented with T2S wave 1

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Please address specific questions to your Eurex Clearing Key Account Manager or contact Trading & Clearing Services, tel. +49-69-211-1 17 00 or e-mail: memberservices@eurexclearing.com.

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