

Preparational tasks for testing Partial Settlement in Eurex Clearing CCP simulation

Partial Settlement is a new functionality introduced within the scope of CCP release 12.0/T2S wave 4 on 06 February 2017. It will be replacing the current procedure, where a settlement instruction can either be completely settled or rejected. With the start of the T2S wave 4 it will be possible to have a settlement for part of the delivery instruction due to lack of securities on the T2S settlement account or lack of cash on the dedicated cash account related to the settlement account.

During the CCP release 12.0/T2S wave 4 simulation Eurex Clearing (ECAG) and CBF jointly offer the possibility to set up and perform partial settlement test cases in full STP mode. The settlement instruction will be (partially) settled by the T2S system and settlement responses will be distributed to all participants.

For more details on the process please refer to the [CCP Release 12.0 / T2S wave 4 Member Simulation Guide](#).

Test approach

1. Account preparation

- In order to process the partial settlement, the CBF holdings in the instruments considered for the test must be lower than the quantity used in settlement instruction. As the holdings are set automatically by start of simulation, it is up to the customer to reduce them by
 - using the CASCADE CBF system and transfer the surplus quantity manually to a sub-account connected to main settlement account or to a company's second CBF account. Only securities on the main account level will be considered for settlement. After the test it is possible to transfer securities back to the main account.
 - or moving holdings via Free of Payment instruction on CASCADE CBF to CBF main account 4424 in case no sub-account is available. For more information please refer to the CBF Customer Simulation for T2S Wave 4 [Simulation Guide for T2S Wave 4 - Detailed Version](#).
 - or reduce holdings due to activities on the connected trading platforms. The trades out of i.e. Xetra system or exercises from Eurex Exchange resulting in delivery of stocks, will change (decrease) the stock amount on the settlement account.

2. Instruments

Please find the T2S eligible instruments as defined by CBF under: [Free Simulation - List of Security ISINs](#). Any of these instruments can be used for partial settlement testing if available in the corresponding market simulation at FWB, Eurex Derivatives or Eurex Bonds.

The following list of instruments is primarily recommended by Eurex Clearing for partial settlement tests of FWB Members. For these instruments Eurex Clearing will provide sufficient liquidity in simulation on a best effort basis.

AT0000730007	ANDRITZ AG
DE0005200000	BEIERSDORF AG O.N.
IT0000062072	GENERALI
NL0000009165	HEINEKEN
US17275R1023	CISCO SYSTEMS

3. Trade entry

The test trades can be entered in the instruments defined by CBF for T2S simulation using the standard trade entry platforms e.g. Xetra, Eurex Derivates, Eurex Bonds. In case of American style equity option trades on Eurex exchange, these have to be exercised first which results in the delivery position on the CCP side.

As the CCP system usually aggregates trades to one position per aggregation run, several trade quantities and trade prices will be aggregated to one quantity and price. With partially settled instructions participants have to recognize which trades are settled and which are still pending. Therefore, the report CE250 has to be considered for reconciliation. ECAG advises to test at least two trades at different prices. For more information please see [CCP Release 12.0/T2S wave 4 - Member Simulation Guide](#) (chapter 2.4.5.3)

If you have any questions or require additional information, please do not hesitate to contact Group Client Services & Administration at T +49 (0)69 2 11-12030 or send an e-mail to T2S_EurexClearing_MemberReadiness@eurexclearing.com.