

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

1 Key Dates & Documentation

C7 SCS Release 3.0 Key Dates & Documentation



*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

2 C7 SCS Release Scope Items

C7 SCS Release 3.0 Scope Items

Scope Items

Deliveries towards Euroclear UK & International

Functional Shaping

Dedicated Italian TIN on position account level

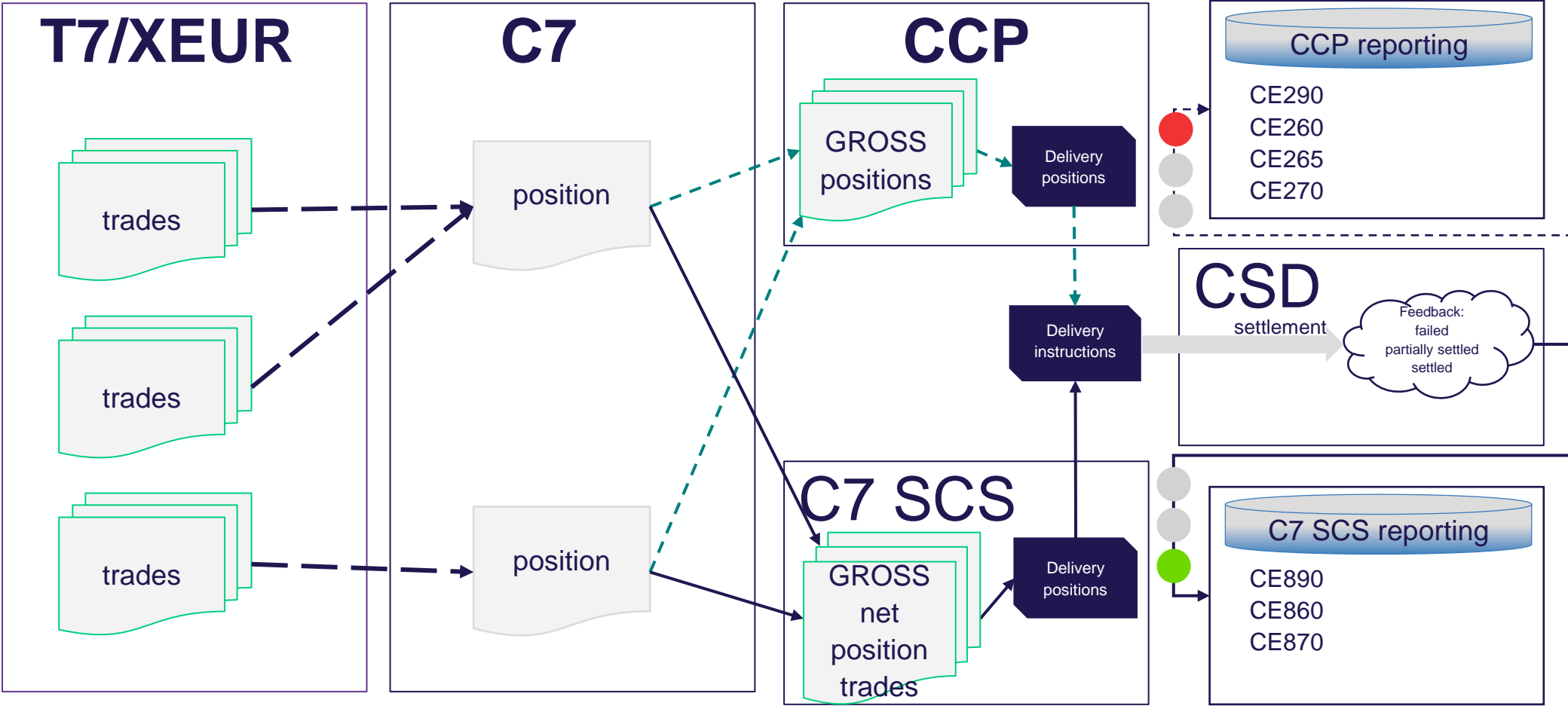
Preponement of disclosure of subscription rights

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/C7 no change

--- → CCP (old)
 — → C7 SCS (new)

Functional Shaping Overview

Status Quo

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



Objective

Reduction of potential delivery failure risk



Implementation Scope

All deliveries out of Eurex derivative business for all members

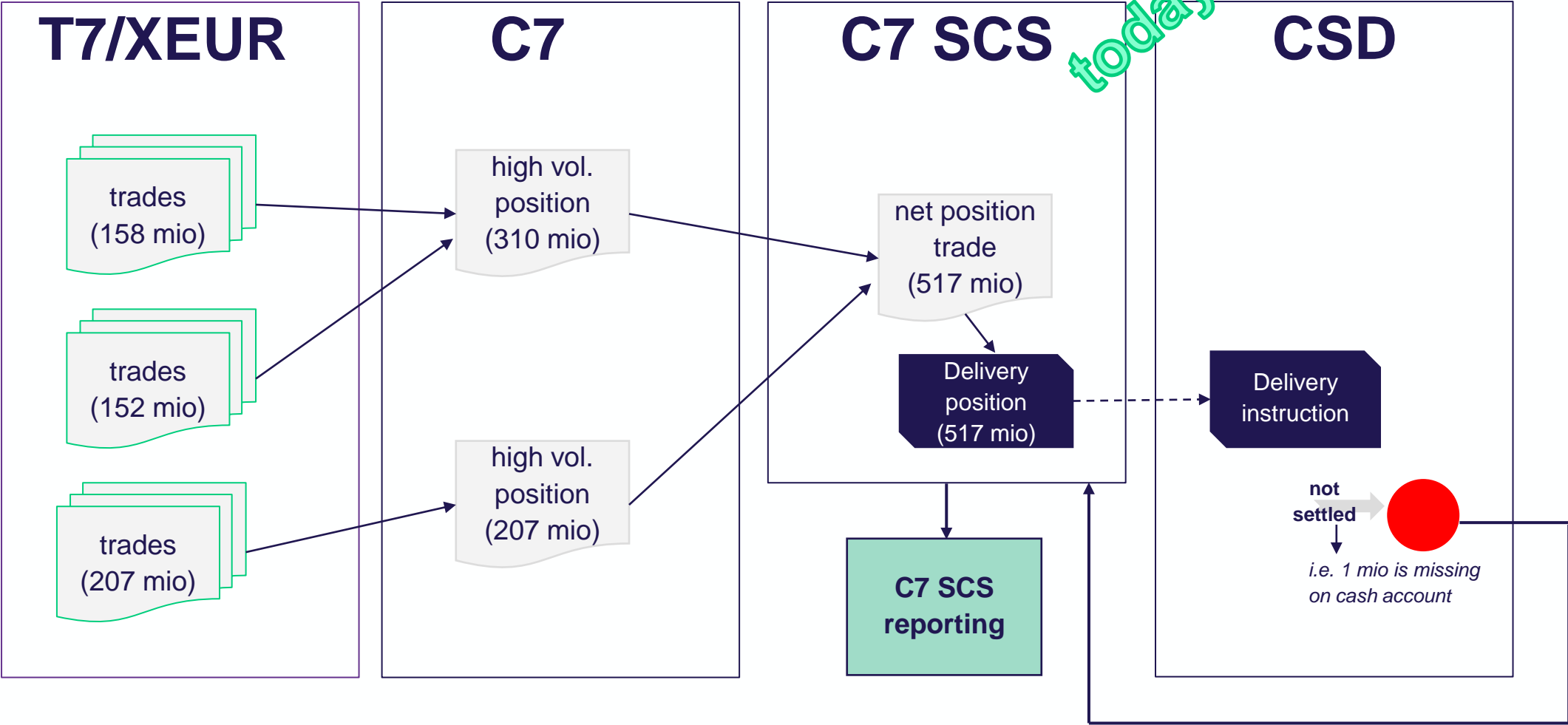


Enhancement

- 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*

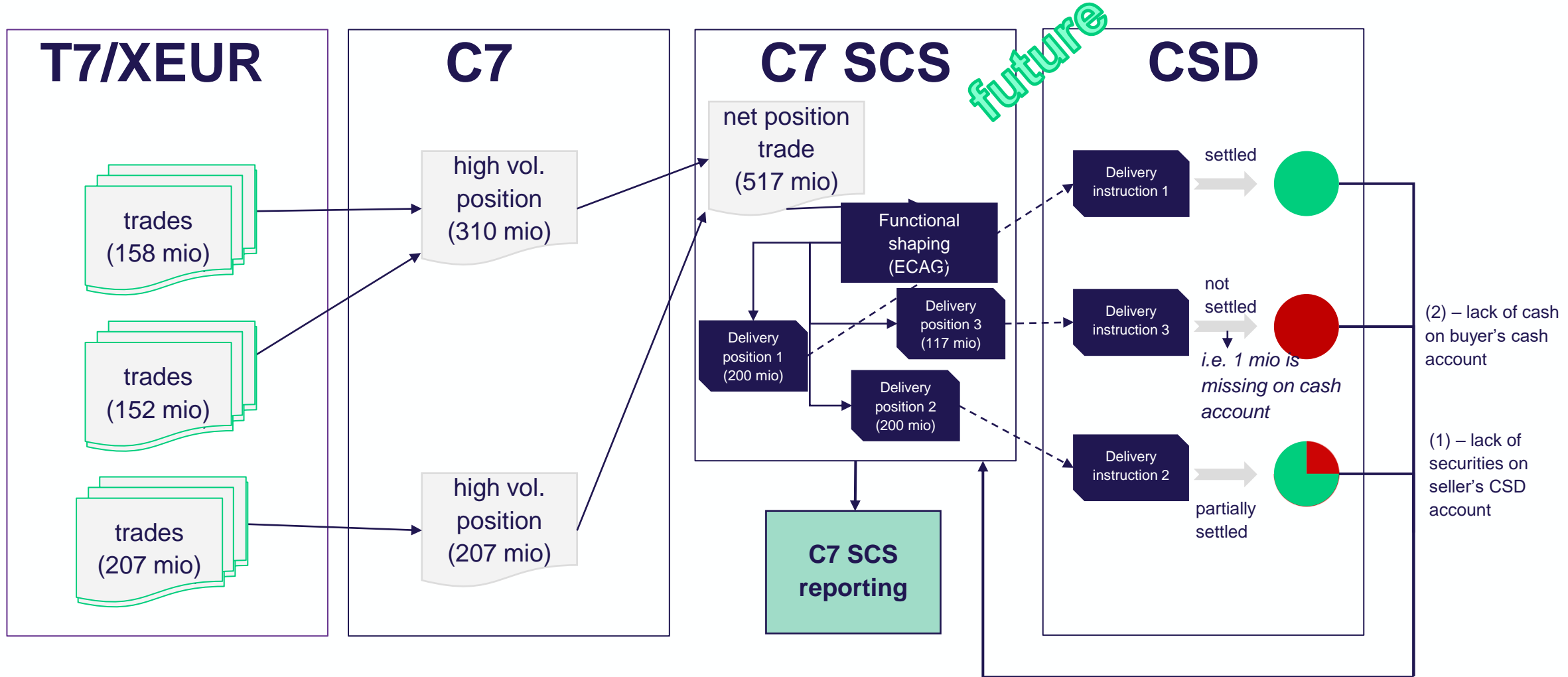
Eurex Derivative deliveries w/o functional shaping (1/2)

Lack of cash on buyer's account



Eurex Derivative deliveries with functional shaping (2/2)

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



Dedicated Italian TIN on position account level (Optional)



Enhancement

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



Scope

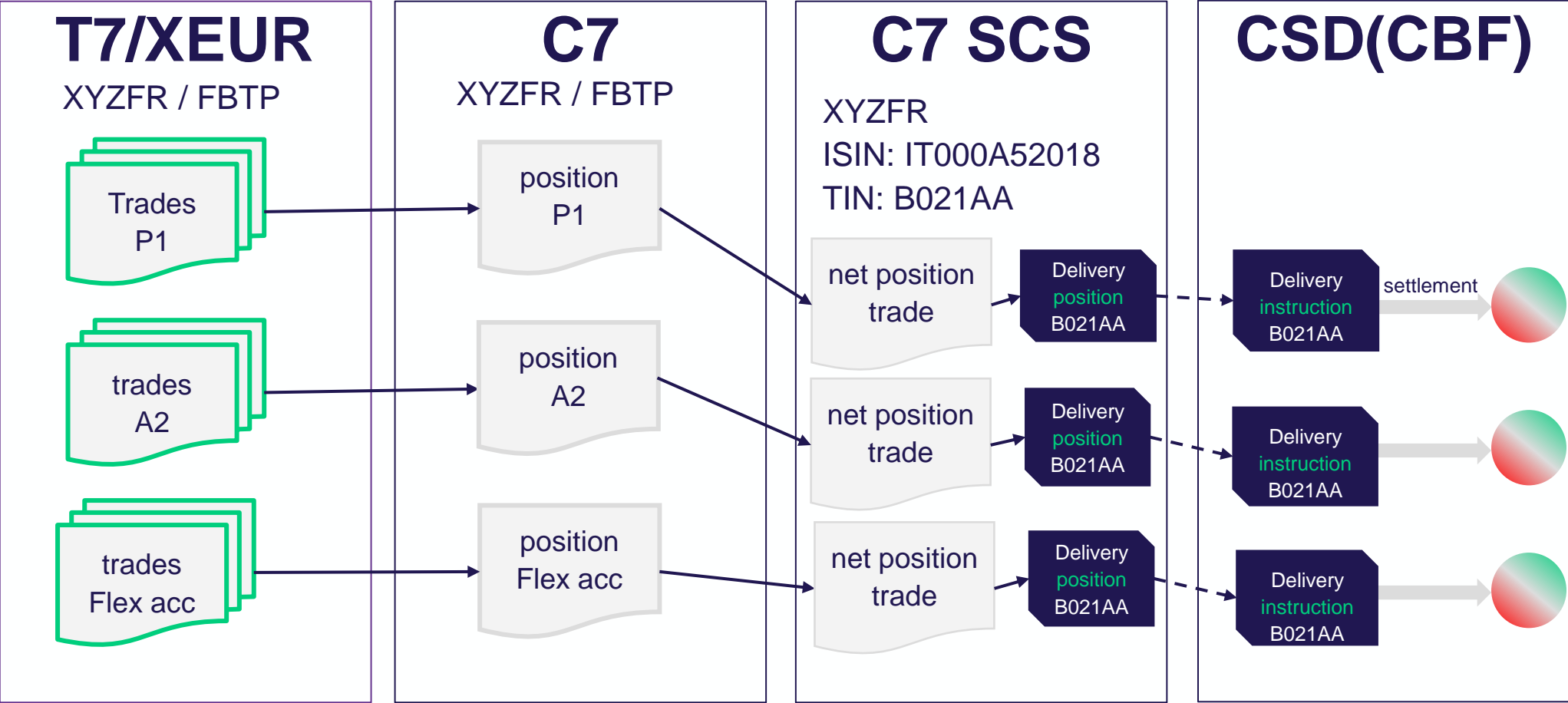
The enhancement will be enabled for all deliveries out of Eurex derivative business for Italian bonds



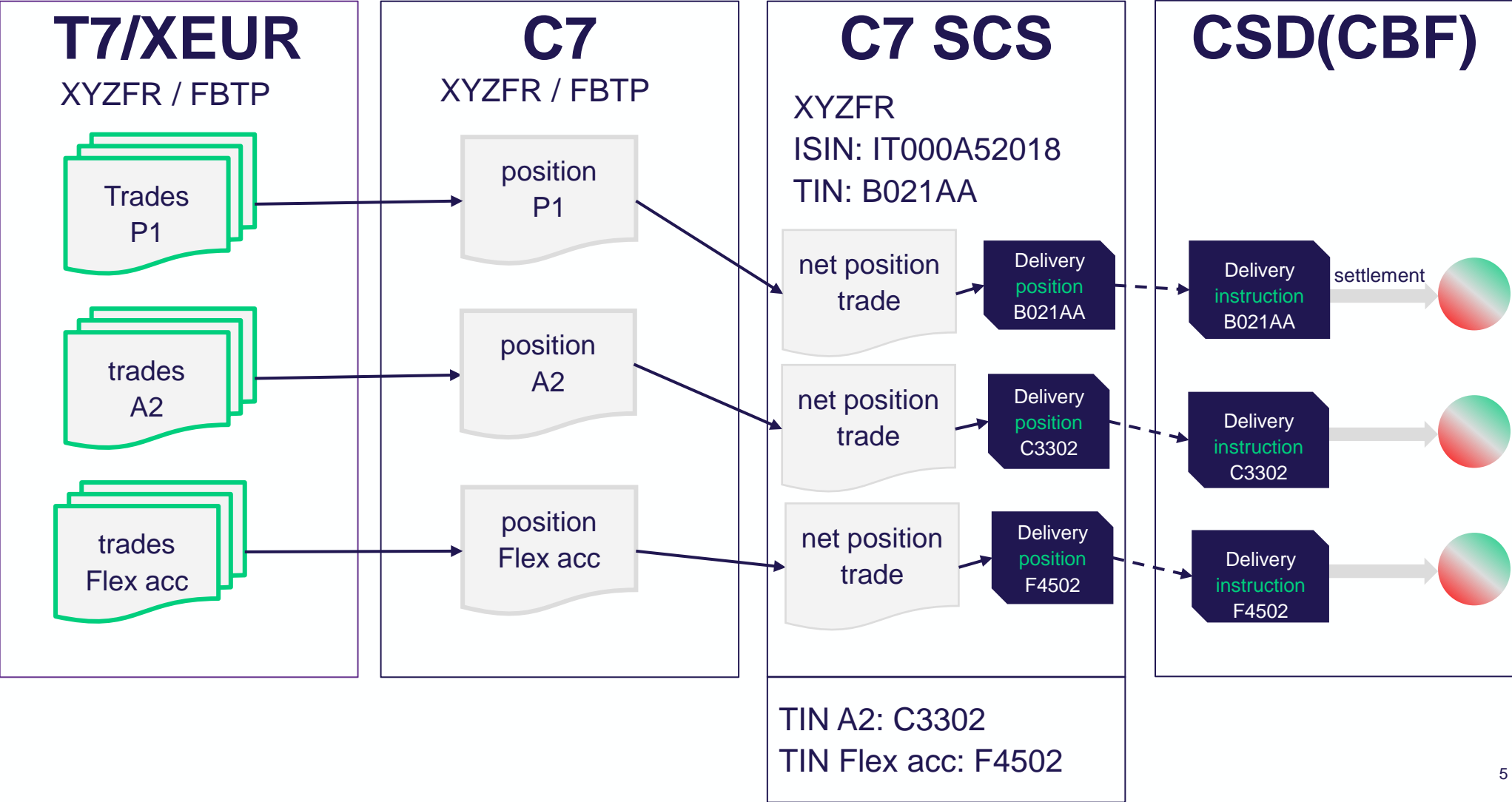
Option

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

Eurex Derivative deliveries - TIN on Italian bond deliveries on position account level (1/2) - Current



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



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

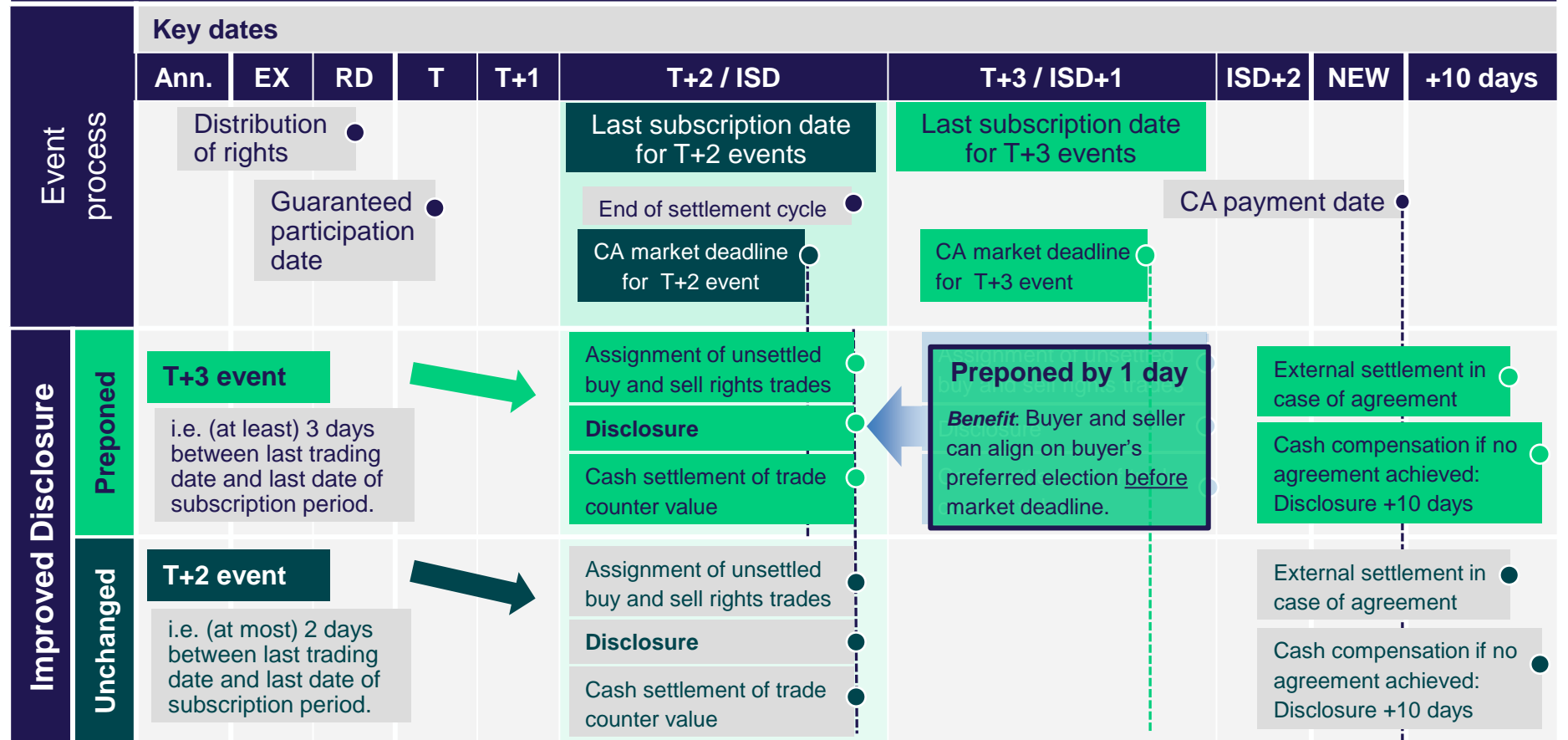
Preponed Disclosure of late Subscription Rights Trades

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



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

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

Product	Name	Currency	Type	Product ISIN
HSBC	OPT ON HSBC	GBX	OSTK	DE000A2QC909
IGLN	OPT ON ISHARES PHYSICAL GOLD	USD	OSTK	IE00B4ND3602
SCB	OPTION ON STANDARD CHARTERED	GBX	OSTK	GB0004082847
BIR	OPT ON BANK OF IRELAND	EUR	OSTK	IE00BYSZ9G33

Functional Shaping



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

Product	Name	Curr	ProdTyp	Product ISIN	U/L ISIN	Shaping parameter
DBK	OPT ON DEUTSCHE BANK AG	EUR	OSTK	DE0005140008	DE0005140008	10 m
RWE	OPT ON RWE AG -ST	EUR	OSTK	DE0007037129	DE0007037129	100,000
AFR	OPT ON AIR FRANCE-KLM	EUR	OSTK	FR0000031122	FR0000031122	10 m

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

Product	U/L ISIN	Name	Curr	Expiry date	Settlement day	Shaping parameter
FBTM OCT 2023	IT0004889033	Italian, Republic 4,75% 13/28	EUR	24.10.2023	26.10.2023	200 m
FBTS NOV 2023	IT0005170839	Italian, Republic 1,6% 16/26	EUR	02.11.2023	08.11.2023	200 m
FGBX OCT 2023	DE0001102481	Deutschland, Bundesrepublik 0000% 19/50	EUR	24.10.2023	26.10.2023	200 m

- **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

Product	U/L ISIN	Name	Expiry Date	Settlement day
FBTM	IT0004889033	Italian, Republic 4,75% 13/28	24.10.2023	26.10.2023
FBTS	IT0005170839	Italian, Republic 1,6% 16/26	02.11.2023	08.11.2023

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

CE890/1/2

CE895/6/7

CE290/1/2; CE260/1/2; CE270/1/2 → To be discontinued

CE890/1/1; CE860/1/2; CE870/1/2 → To be enhanced

TC800/1/2; TC850/1/2

5 Questions?

Thank you!

Contact: client.services@eurex.com



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