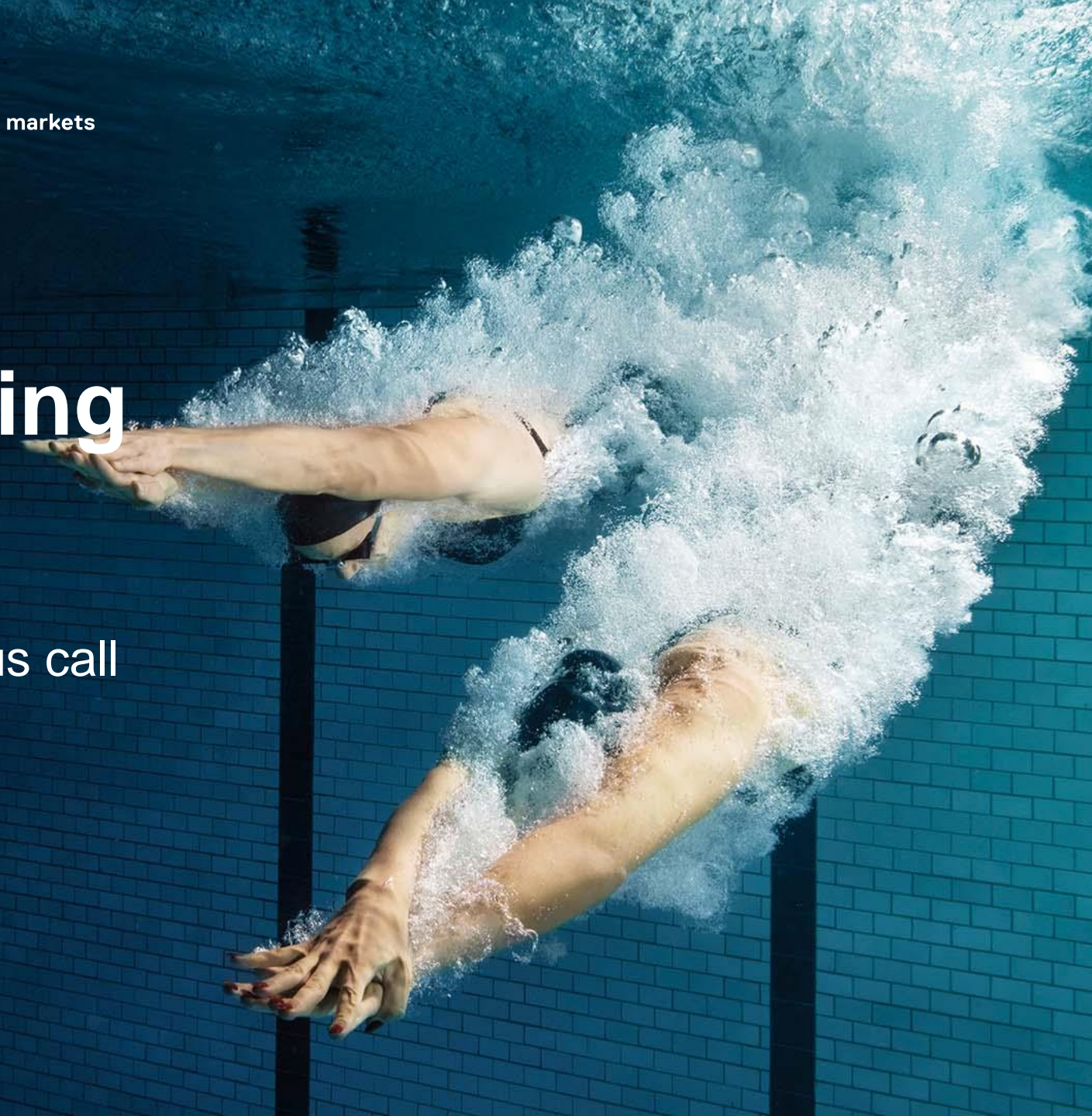


Eurex Clearing releases

Clearing Member Focus call

6 September 2022




Decommissioning of Xemac as margin collateral location and migration to CmaX

Focus calls: Eurex Clearing

6 September 2022

Introduction

- **CmaX will replace Xemac for provision of margin collateral, collateral in case of insufficient Own Funds and Default Fund contributions** in favour of Eurex Clearing.
 - Clearing Members (CM) that wish to continue with a triparty collateral management solution must **become CBL clients and use CmaX.**
 - **New dedicated collateral accounts must be opened.**
 - CmaX facilitates automatic allocation of security collateral based on pre-defined eligibility criteria between CM and Eurex Clearing. In addition, Re-use collateral out of GC Pooling trades can be pledged in favor of Eurex Clearing to satisfy margin requirements related to the proprietary business.
 - **Changes of exposure values must be entered using the Swift network or Clearstream XACT GUI.** Eurex Clearing in its role as Collateral Taker receives copies of settlement messages that trigger bookings in Eurex Clearing system. The claim values are reflected in C7 CMS GUI and relevant reports.
 - CMs are encouraged to familiarize with CmaX and its relevant interfaces and reports.
-  **CMs should ensure they executed relevant legal documentation with Clearstream and Eurex Clearing and have in place set of accounts that can be operated by CmaX.**

Set-up: Exposure ID and collateral locations in C7 CMS

- Xemac Claim ID will be replaced with **CmaX Exposure ID** (C7 CMS field “Collateral Account”) that will be linked to a collateral pool.
- **Multiple Exposure IDs can be linked to one CSD account** providing they relate to the same clearing model/ usage.
- C7 CMS system reflects in the GUI and in several reports the relevant **securities collateral locations**.
- Decommissioning of Xemac results in change of the collateral locations` codes, i.e., they will be replaced by CmaX collateral locations, as displayed below:

Collateral location in C7 CMS		Collateral location long name
New	Old	
CBFCXG*	XEM/CL	CBF using CmaX and CBF/GS (CASCADE) accounts
CBFCXW	XEM/CL	CBF using CmaX and CBF/WR (6-series) accounts
CMXREX	XEMREX	CmaX GC Pooling ECB EXTended Basket
CMXREQ	XEMREQ	CmaX GC Pooling Equity Basket
CMXREI	XEMREI	CmaX GC Pooling INT MXQ GCP Basket
CMXREC	XEMREC	CmaX GC Pooling ECB Basket

*The overview relates to CmaX with underlying CBF accounts

High-level CmaX workflow and reporting

Scope	Member Impact	Reporting
Enter exposure increase instructions in CmaX	Precondition is to have relevant accounts in place and access to CBL system.	The relevant movements will to be reflected in CmaX (MT54X, MT535; MT527, MT558, MT569; CmaX GUI;) and in Eurex Clearing reports (CD031, CD037, CI720, CI731; C7 CMS GUI)
Enter exposure decrease instructions in CmaX	Precondition is to have relevant accounts in place and access to CBL system.	The relevant movements will to be reflected in CmaX (MT54X, MT535; MT527, MT558, MT569; CmaX GUI;) and in Eurex Clearing reports (CD031, CD037, CI720, CI731; C7 CMS GUI)
Enter exposure GC Pooling Re-use increase instructions in CmaX	Precondition is to enter GC Pooling trades and have relevant accounts in place.	The relevant movements will to be reflected in CmaX (MT54X, MT535; MT527, MT558, MT569; CmaX GUI;) and in Eurex Clearing reports (CD031, CD037, CI720, CI731; C7 CMS GUI)
Enter exposure GC Pooling Re-use decrease instructions in CmaX	Precondition is to enter GC Pooling trades and have relevant accounts in place.	The relevant movements will to be reflected in CmaX (MT54X, MT535; MT527, MT558, MT569; CmaX GUI;) and in Eurex Clearing reports (CD031, CD037, CI720, CI731; C7 CMS GUI)



- Once exposure increase / decrease instructions are entered in CmaX, processing in C7 CMS is triggered and the movements are reflected in the CMS GUI and reports
- No changes in Triparty Reporting for clients

Overview of the cut-over weekend

20 October

Last GC Pooling Settlement Day and margin collateral in CCP & Xemac

- Preponed trading deadline for same day (overnight) GC Pooling trades
- Pending delivery instructions will be cancelled at 15:45 CET
- From 3:45pm CET Xemac will not be available for any changes of exposure, i.e. delivery or withdrawal of collateral in favour of Eurex Clearing (margin collateral, Own Funds, Default Fund contributions). The securities inventories will be frozen and prepared for migration.
- Xemac early closing at 16:30 CET
- No ASDN performed and no delivery instructions sent for **GC Pooling trades**
- Provision of EoD reporting including:
 - Settled Delivery Report
 - Pending Delivery Report (with no delivery information for GC Pooling trades)
 - **CD037 with margin collateral booked in Xemac**

21 October

Last Special Repo Settlement Day in CCP & collateral mobilization to CmaX

- F7 GC Pooling settlement holiday
- **Collateral mobilization from Xemac to CmaX for both GC Pooling, margin and Default Fund contributions collateral**
- Regular Special Repo settlement day; i.e., no adjustments of settlement deadlines
- All late Special Repo trades adjusted for gross processing
- Finalization of EoD activities including standard fixing and re-rates
- No ASDN performed and no delivery instructions sent
- Provision of EoD reporting including:
 - Settled Delivery Report
 - Pending Delivery Report (with no delivery information for repo business)
 - **CD037 with margin collateral booked in CmaX**

22 October

Migration Weekend for transaction data

- GC Pooling and Special Repo (late) trades are migrated from CCP to C7 SCS
- Initialization of GC Pooling exposures
- Migrated trades will undergo a special netting run (SDN & SDEN) and creation of delivery instructions in C7 SCS
- Creation of special reporting instance of pending delivery report (CE860), reflect the netting result and the Delivery IDs

24 October

Go-Live

- Special Repo: Settlement processing, feedback from (I)CSDs
- GC Pooling: Exposure Adjustment feedback from CmaX
- F7 trading will open
- **Margin collateral adjustments performed automatically by CmaX**
- 1st regular business day for repo business in C7 SCS



Please consider the highlighted items for Margin and Default Fund contributions collateral

Migration: Pre-requisites and points for consideration

- Collateral mobilization from Xemac to CmaX will be processed on **21 October 2022**.
- **New dedicated collateral accounts must be opened with Clearstream.** One collateral account can be used for multiple claim/exposure IDs under the same legal regime pledge or transfer of title. **New accounts are precondition for migration**, so it is strongly recommended to finalize the technical and legal set-up.
- **Eurex Clearing amended its Clearing Conditions and related documents** to reflect the migration of the Clearstream`s collateral management system from Xemac to CmaX, <https://www.eurex.com/ec-en/find/circulars/clearing-circular-3160090>
- CMs who open new CmaX margin accounts and/or setup GC Pooling collateral re-use towards Eurex Clearing must **sign the updated Pledge Agreement** (Appendix 7).
- Eurex Clearing is approaching all CMs with a **prefilled package** reflecting their individual set-up that must be signed prior to the migration as **duly executed legal documentation is a precondition for migration**.



Note: Eurex Clearing cannot transfer securities that are provided to cover Margin requirements from Xemac to CmaX unless there is a respective Pledge Agreement in place, i.e., as a consequence, a Margin Call might be issued on 24 October 2022.

Cut-over activities related to Margin Collateral

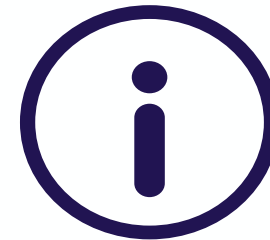
- Clearstream and Eurex Clearing will jointly facilitate a smooth migration
- The cut-over will take place from Friday, 21 October 2022 to Sunday, 23 October 2022. **On Thursday, 20 October, from 3:45pm CET Xemac will not be available for any changes of exposure**, i.e., delivery or withdrawal of collateral in favor of Eurex Clearing (margin collateral, Own Funds, Default Fund contributions). The securities inventories will be frozen and prepared for migration.
- On Friday, 21 October claim values in Xemac will be set to 0 and increased accordingly on a respective new account/ Exposure ID in CmaX.
- The transfers will be processed by Clearstream and Eurex Clearing; the movements will be visible in Eurex Clearing GUI and reports; **new “collateral locations”** in Eurex Clearing system will be used for CmaX.
- There will be **no changes to the existing Eurex Clearing reports**.
- Clearstream will apply updated risk parameters on Monday, 24 October 2022. In case value of securities decreases, the claim values will be adjusted accordingly, and **Eurex Clearing might have to issue an intraday margin call** to ensure the risk exposure is covered.
- **Clean prices** will be used for valuation of bonds.

Decommissioning of Xemac as margin collateral location and migration to CmaX

Information Sources

Eurex Clearing > Support > Initiatives & Releases > C7 SCS Releases > C7 SCS Release 2.0

<https://www.eurex.com/ec-en/support/initiatives/c7-scs-releases/C7-SCS-Releases-2396668?frag=2631074>



Q&A

Thank you!

Luise Gutowska
Collateral & Repo Clearing design

Eurex Frankfurt AG
Mergenthalerallee 61
65760 Eschborn
Tel: +49 69 211 12283

Luise.gutowska@eurex.com

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