

Eurex Clearing – C7 SCS

C7 SCS – 2.1 Release Notes

Eurex Clearing AG

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Abstract

As a part of Eurex Clearing's strategic roadmap, Eurex Clearing announces the production launch of C7 SCS Release 2.1 and the activation of additional C7 SCS netting service: Optimised Trade Day Netting (OTDN) for Deutsche Börse Cash Markets business. Furthermore, two additional optional fields introduced in C7 SCS Release 1.2 for the Net Clearing Report - XEUR (CE890/1/2) and the Net Clearing Report - XETR and XFRA (CE895/6/7) are enabled for Optimised Trade Date Netting on the start day of the service.

C7 SCS Release 2.1 will similarly introduce minor enhancements related to Xetra T7 multi-currency ETFs and CAH-DE KADI migration to OneCAS, In addition, some change of layout for Partial Release messages.

The timeline for C7 SCS Release 2.1, is as follows:

OTDN activation	C7 SCS Release 2.1 Introduction
Simulation: October 4 th , 2022	Simulation: October 4 th , 2022
Production: November 7 th , 2022	Production: November 21 st , 2022

1 Introduction

This version of the document provides an overview of the functionality made available with C7 SCS Release 2.1.

Important

This release is an optional release for all Clearing Members, Basic Clearing Members, Disclosed Direct Clients of Eurex Clearing AG and vendors.

1.1 Related Documents

All documents which will be updated in connection with the introduction of C7 SCS Release 2.1 will be made available for download on Eurex Clearing website www.eurex.com/ec-en/ under the following path: **Eurex > Clear > Support > Initiatives & Releases > C7 SCS Releases > C7 SCS Release 2.1**

Details on the publication dates can be found in the “Eurex Clearing Member Communication Calendar” available on the Eurex Clearing website www.eurex.com/ec-en/ under the following path:

Eurex > Clear > Support > Initiatives & Releases > C7 SCS Releases > C7 SCS Release 2.1 > System Documentation > Overview & Functionality

2 Overview SCS Release 2.1

C7 SCS Release 2.1 covers the activation of additional C7 SCS netting service Optimised Trade Day Netting (OTDN) for Deutsche Börse Cash Markets business.

In addition, following minor changes to the C7 SCS system will be introduced to support the following:

- Further currencies for Xetra multi-currency ETFs
- DE ISINs move from KADI DE migration to OneCAS at Clearstream
- Partial Release message layout changes

Eurex Clearing provides a dedicated release simulation environment to give participants the opportunity to perform comprehensive testing of their applications, independent from the SCS production environment.

The timeline for C7 SCS Release 2.1, is as follows:

OTDN activation	C7 SCS Release 2.1 Introduction
Simulation: October 4 th , 2022	Simulation: October 4 th , 2022
Production: November 7 th , 2022	Production: November 21 st , 2022

2.1 Optimised Trade Date Netting (OTDN)

C7 SCS performs Trade Date Netting for all single trades that belong to the same Net Processing Unit (NPU). Netting of single trades is performed on Netting Unit which includes also the Clearing Member and the Trading Member IDs. This means that single trades belonging to the same Clearing Member, but different Trading Members are netted separately resulting in separate Net Position trades and settlement instructions for the Clearing Member.

The optional service called Optimised Trade Date Netting (OTDN) enables clients to perform Trade Day Netting for single trades concluded at Frankfurter Wertpapierbörse (FWB) across different Direct Client Market Participants (DC MP) through the same Clearing Member (CM). This functionality acts as an extension of service to the current and main supported Trade Date Netting (TDN) model.

Optimised TDN shall be selected by the CM on the level of the DC MP, i.e the TM, always including positions on both, the TM's agency and proprietary accounts. With OTDN selected, positions of the DC MPs are netted together with the position on the A1 account of the respective CM. However, proprietary positions of a CM will be kept segregated from other clients' positions in accordance with European Market Infrastructure Regulation (EMIR).

2.1.1 Overview of functional changes

The Optimised TDN service for Deutsche Börse Cash Markets (Xetra and Börse Frankfurt) enables General Clearing Members (GCMs) to net across several DC MP's and therefore to significantly reduce the overall amount of settlement instructions resulting from all trading activity under the respective GCM.

Within Optimised TDN, FWB trades transferred from T7 (Xetra or Börse Frankfurt) to C7 SCS are rededicated from the original DC MP's accounts to the A1 account of the Clearing Member when loaded into C7 SCS for clearing and delivery management. Such trades are then treated as Net Omnibus Segregated A Account (NOSA) transactions in respect to netting in C7 SCS and netted against each other accordingly.

Margin calculation is done on level of A1 Account of Clearing Member only. There is no reporting of Margin Requirements per DC MP anymore.

DC MP for which the Clearing Member opted for Optimised TDN needs to consider that they give up their segregation protection arising from the gross-omnibus-segregation providing each DC MP with an individual porting option and an individual close-out amount (so-called difference claim) in case of a default of its Clearing Member.

2.1.2 Member Reports

In C7 SCS Release 1.2 two additional optional fields were introduced in the Net Clearing Report – XEUR (CE890/1/2) and in Net Clearing Report – XETR and XFRA (CE895/6/7) for Optimised Trade Date Netting. These are the following fields:

- Original Member ID (field tag: membTrdnIdCodOrig): This field is filled if the Trading Member is eligible for Optimised TDN. It contains the Trading Member ID under which the original Trading Member is known in the Clearing House. This field is only filled for Single Trades.
- Original Account Type (field tag: acctTypOrig): This field contains the original account type as provided by trading location XETR or XFRA if Trading Member is eligible for Optimised TDN. This field is only filled for Single Trades.

Both above mentioned fields are filled only for Single Trades and only if a member is eligible for Optimised TDN. If a member is not eligible for Optimised TDN the field will be blank. Furthermore, both fields will always remain blank for Net Clearing Reports – XEUR (CE890 / CE891 / CE892), as Optimised TDN does not apply to Eurex market.

Note: Trading Members which are eligible for Optimised TDN will not receive a filled CE895 report anymore, as all their FWB trades are rededicated to CM's A1 account and are then reported in the report for the Clearing Member's Member ID.

The relevant documents describing the report changes is published under the following: Eurex > Clear > Support > Initiatives & Releases > C7 SCS Releases > C7 SCS Release 1.2.

2.1.3 Application Process

For Clearing members willing to use Optimised TDN please provide the dedicated form, which can be requested from the Clearing KAM by end of September 2022.

Eurex Clearing will inform a DC MP whenever a Clearing Member requests OTDN for it.

2.2 Other Enhancements to C7 SCS System

2.2.1 Further currencies for Xetra multi-currency ETFs

Trading in Xetra multi-currency ETFs was already introduced for EUR / USD with T7 release 10.0 in November 2021. With T7 Release 11.0, Xetra introduces further currencies for its multi-currency ETF offering (i.e. one ISIN can be traded/settled in different currencies).

Further supported currencies are AUD, CAD, CHF, GBP, JPY and SEK.

As trades in the same ISIN with different settlement currencies are netted separately, delivery instruction will be generated separately based on the respective currency. Trades in the same ISIN but with different currencies will be reported separately as per the existing reporting rules.

2.2.2 DE ISINs move from KADI to OneCAS

Clearstream migrates DE ISINs from KADI to OneCAS in the context of Clearstream's Corporate Actions Harmonisation (CAH) initiative. For further Information please refer to Clearstream announcement [C22009](#).

2.2.3 Partial Release message layout changes

Clearstream (CBF and CBL) introduces a change in the message layout of partial release related status reporting. The change refers to introduction of dedicated reason code and quantity qualifiers that replace the current combination of non-partial release dedicated reason codes and narrative texts.

For further information please refer to Clearstream announcement [D22054](#).

3 Abbreviations and Glossary of Terms

Abbreviations	Description
C7 SCS	C7 Securities Clearing Service
CAH	Corporate Actions Harmonisation, a Clearstream initiative
CBF	Clearstream Banking Frankfurt
CBL	Clearstream Banking Luxembourg
CM	Clearing Member
DCMP	Direct Client Market Participants
EMIR	European Market Infrastructure Regulation
ETF	Exchange Traded Fund
FWB	Frankfurter Wertpapierbörse
GCM	General Clearing Members
KADI	Kapitaldienste - Asset Servicing system of CBF
KAM	Key Account Manager
MIC	Market Identifier Code
NOSA	Net Omnibus Segregated Account
OneCAS	Clearstream's OneClearstream Asset Servicing system
OTDN	Optimised Trade Date Netting
T7	Trading Architecture for derivative and cash markets
TDN	Trade Date Netting
TM	Trading Member
XETR	MIC code for Xetra
XEUR	MIC code for Eurex
XFRA	MIC code for Börse Frankfurt