30 Mar 2020

Eurex Clearing Readiness Newsflash | EurexOTC

Clear service: Simulation preparation, test of switch from EONIA to €STR and batch days

Dear Eurex Clearing participant,

As announced with the introduction of EurexOTC Clear Release 10.1, the simulation environment will be opened for customers on 29 April 2020. As usual, please make sure that your systems are prepared for the updated XSDs, for reports and FpML messages before the simulation starts. Starting from 29 April 2020, functionalities and changes will be available for testing.

Eurex Clearing will switch from EONIA to €STR (without a spread) as the basis of PAI/PAA and discounting for all EurexOTC Clear euro-denominated derivatives with OTC Release 10.1 on 22 June 2020. An important milestone and test are performing the switch in the simulation environment.

Please find the necessary information for simulation described below:

1. Test portfolios should be cleared in Simulation latest on 22 April 2020. Simulation will be closed from Thursday, 23 April 2020 until Tuesday, 28 April 2020. In particular, the OTC GUI/MC GUI will not be available, MC API and FpML-API requests will not be processed, and no new trades can be submitted to the OTC Clearing system.

2. 27 April 2020 (batch day) will be the last day with EONIA discounting.

3. The OTC Clearing system will switch to €STR discounting intraday on 28 April 2020 (batch day). Especially the EOD reports on 28 April 2020 will be generated the first time under €STR discounting.

4. On 28 April 2020 (batch day), customers will receive intraday the one-off Cash Forecast Report CD200 with the timestamp of Saturday, 25 April 2020 (85RPTCD200MEMBERID20200425.XML.ZIP) containing only the cash compensation fees at trade level as part of the switch process to €STR.

Please note, the cash compensation fees will be calculated as:

\[ FEE = \text{MtMexCF}_{\text{EONIA}}(T-1) - \text{MtMexCF}_{\text{€STR}}(T-1) \]
The time $T-1$ refers to values as of EOD 27 April 2020 and the superscripts refer to discounting under EONIA and €STR.

The fee may be reconstructed at trade level from EOD 27 April reports by, for a given trade:

- Identifying $MtM_{exCF}^{EONIA}(T-1)$ with the value of the field $MtM0_{exCF}$ in the CC203 report
- Identifying $MtM_{exCF}^{€STR}(T-1)$ with the value of the field $MtM0_{exCF}$ in the CC303 report

5. Starting from 29 April 2020 (batch day), the simulation environment will be “open” for the customers, i.e. new trades can be submitted via the ATS. Please note, from this time on the shadow reports CC303 and CC333 will be based on SOFR discounting.

On 28 April 2020, for Clearing Members, the one-off report CD200 with timestamp 25 April 2020 will contain only the compensation fees of house trades as well as those of their client trades. For Registered Customers, the one-off report CD200 with timestamp 25 April 2020 will contain the compensation fees of own trades only.

The table below contains an example of the fields in the one-off report CD200 with timestamp 25 April 2020 that are relevant for reconciliation:

<table>
<thead>
<tr>
<th>cashFlowDate</th>
<th>CCPTrade</th>
<th>currTypCod</th>
<th>trnTyp</th>
<th>setlAmnt</th>
<th>Settlement</th>
</tr>
</thead>
<tbody>
<tr>
<td>29/04/2020</td>
<td>123456</td>
<td>EUR</td>
<td>OTC FEE PAYMENT PAID</td>
<td>-1789.44</td>
<td>NotSettled</td>
</tr>
<tr>
<td>29/04/2020</td>
<td>123457</td>
<td>EUR</td>
<td>OTC FEE PAYMENT PAID</td>
<td>-252.78</td>
<td>NotSettled</td>
</tr>
<tr>
<td>29/04/2020</td>
<td>123458</td>
<td>EUR</td>
<td>OTC FEE PAYMENT RECEIVED</td>
<td>3331.36</td>
<td>NotSettled</td>
</tr>
<tr>
<td>29/04/2020</td>
<td>123460</td>
<td>EUR</td>
<td>OTC FEE PAYMENT RECEIVED</td>
<td>263.32</td>
<td>NotSettled</td>
</tr>
</tbody>
</table>

- Mandatory cash settlements will appear with transaction types (trnTyp) “OTC FEE PAYMENT PAID” or “OTC FEE PAYMENT RECEIVED”
- The settlement will be of type “NotSettled”
- The compensation fee amount is found in the field setlAmnt (plus for fee received, minus for fee paid)

Additionally, for Clearing Members, the aggregated compensation fees will appear in the Daily Cash Account report CD710 as generated Tuesday EOD, 28 April 2020. Fees will be aggregated for each EUR cash account and Pool ID of the Member and any EUR clearing clients.

Fully segregated Direct Clients with Member ID do not receive the CD710 report. Instead, these clients will find their aggregated compensation fees in the report CD712.

A detailed explanation of the €STR discounting switch including a description of the aforementioned reports and reconciliation thereof can be found in “EurexOTC Clear – process and methodology of the EONIA to €STR discounting switch Version 1.1”. The document is updated and available in the Member Section of Eurex Clearing, under the following path:

**Risk & Collateral Management > Benchmark Transition Information > EUR: EONIA-CSTR Transition**

Please note below updates in the mentioned document:
The availability of the one-off CD200 in the transition weekend is moved from SOD Monday, 22 June 2020 to SOD Sunday, 21 June 2020

Further clarification of the aggregation logic of CD710

As this is the one-time switch in simulation, we strongly suggest Clearing Members to participate and adjust their system accordingly.

**Reduction of simulation batches**

Due to challenges imposed by the highly volatile environment in the recent weeks, Deutsche Börse Group has decided to reduce the number of C7 batches performed in the simulation environment.

For the calendar weeks 15, 16 and 17 of 2020 (6 – 26 April 2020), the simulation batches have been reduced and will hence take place once a week, namely on Wednesdays (8, 15 and 22 April). Only the EurexOTC Reports (as listed in the Member Simulation Guide) will continue to be provided on a daily basis. All other reports will be provided on Wednesdays.

The current Simulation Calendar has been amended accordingly and is now reflecting changes for the weeks 15 and 16. The forthcoming Simulation Calendars starting with calendar week 17 (starting 20 April – 30 August 2020) will be published within the first weeks in April.

These changes have no impact on the planned batch days on 27, 28 and 29 April 2020. They will be performed accordingly, and the €STR discounting switch will be implemented in simulation.

A detailed information table for simulation is attached to this newsflash.

**Preparation in the Member Section**

Please check whether you have registered and/or updated your Release Contacts for EurexOTC Clear Release 10.1 via the Member Section on the Eurex Clearing website, under Release Contacts.

In parallel, please subscribe to Eurex Clearing circulars and newsflashes on our new subscription website under the following link in order to remain updated, as any communication regarding EurexOTC Clear Release 10.1 will only be distributed via circulars and newsflashes:

[Resources > Circular & Newsletter Subscription](#)

**Attachment:**

- [Information Table for Simulation](#)

Kind regards

Your Client Services Team
Recipients: All Clearing Members, FCM Clearing Members, Basic Clearing Members, Disclosed Direct Clients of Eurex Clearing AG, vendors and other affected contractual parties

Target groups: Front Office/Trading, Middle + Backoffice, IT/System Administration, Treasury

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