

EurexOTC Clear Functional Release Notes

This document version is valid in

Simulation from: 17-05-2023

Production from: 03-07-2023

Release: 15.0

Version: 1.0

Functional Release Notes

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List of Abbreviations

ATS	Approved Trade Source
BIC	Bank Identification Code
CM	Clearing Member
DC	Disclosed Direct Client
EDP	Electronic Data Processing
ETD	Exchange Traded Derivatives
FpML	Financial products Markup Language
FRA	Floating Rate Agreement
FRO	Floating Rate Option
GUI	Graphical User Interface
IM	Initial Margin
IRS	Interest Rate Swap
LEI	Legal Entity ID
MC-API	Margin Calculator Application Programming Interface
MW BIC	MarkitWire BIC
NDF	Non-Deliverable Forward
OTC	Over The Counter
PTE	Post Trade Event
UTI	Unique Trade Identifier
USI	Unique Swap Identifier
ZCIS	Zero Coupon Inflation Swap

1 Introduction

This document is intended to give a high-level overview on the EurexOTC Clear enhancements / changes planned for production go-live on 03-07-2023 (Release 15.0).

If not stated otherwise all changes described in the following chapters are available in Simulation environment from 17-05-2023 and in Production environment from 03-07-2023 onwards.

The details on the below described changes are provided in the next months via updates of the according system documentation. It's available in the Member Section of the website "<https://membersection.deutsche-boerse.com/>" under the following path:

Resources > Eurex Clearing > Documentation & Files > EurexOTC Clear > System Documentation

Only use the description found in the system documentation for the update of your inhouse systems as additional changes not mentioned here might be introduced.

Publication dates for document updates are communicated in the "EurexOTC Clear Communication Calendar" which can be found here:

Resources > Eurex Clearing > Documentation & Files > EurexOTC Clear > System Documentation > Overview

Please check the communication calendar and system documentation regularly for updates to ensure that no information is missed. Additionally check the known limitation list for items that are fixed with this release as well. It can be found here:

Resources > Eurex Clearing > Documentation & Files > EurexOTC Clear > General question log & Known limitations

1.1 Readiness Statement

According to §10 (3) (ii) of the General Terms and Conditions to the Agreement on Technical Connection to the Clearing Electronic Data Processing (EDP) of Eurex Clearing AG, Clearing Members are obliged to provide Eurex Clearing prior to the first use of the updated service of EurexOTC Clear with a written statement confirming that (a) the updated service of EurexOTC Clear successfully passed internal test procedures, and (b) the participant system and the participant software interact with the updated service of EurexOTC Clear without any errors or interruptions (Readiness Statement).

The Readiness Statement will be provided at a later stage to the customers.

Participation in the EurexOTC Clear Release simulation and testing phase is optional, but highly recommended especially for report and interface changes.

2 New Features and Enhancements

2.1 Functional changes

- Introduction of Package Trade Clearing

With the EurexOTC Clear Release 15.0, Eurex Clearing will expand the EurexOTC Clear service by offering a new feature for loading and clearing grouped trades called *package trades*. The new feature will initially be offered for the in-house trade loading interface (Trade Entry API). It may also be offered in a future release for the MarkitWire interface.

The Package Trade Clearing feature allows clients and members to load a group of IRS or NDF trades from an Approved Trade Source system in a single execution (up to 200 bilateral trades sent as a single package trade submission request) and have them cleared in the Eurex system. Clearing of the grouped trades takes place at the package level, where the margin is calculated for the entire package and all trades are novated within 10 seconds.

With EurexOTC Release 15.0, ECAG will technically support the package clearing functionality. Members can employ this functionality only if the ATS through which the member is submitting the package for clearing is connected to ECAG via ECAG's Trade Entry API and supports this functionality from their end, through this channel. After the required ATSs are able to support this functionality and successfully submit package trades for clearing, ECAG will inform members of its availability in the simulation environment. Members are recommended to contact the ATS through which they would like to submit package trades for clearing to learn about the ATS's readiness for testing and productive package trade loading on their end.

The following ATS entities are connected to ECAG via the Trade Entry API:

- Bloomberg (IRS)
- Tradeweb (IRS)
- Traiana (NDF)
- 360 Treasury Systems (NDF)

Further details about the functionality will be provided in EurexOTC Clear Procedures Manual at a later stage.

This change applies to product:

OTC IRS	OTC NDF
X	X

Functional Release Notes

- Maximum Maturity Extension from 30 to 50 years for EUR-HICPxT

Maximum maturity of zero-coupon inflation swaps referencing EUR-HICPxT will be extended from current eligibility of 30 years +10 days to 50 years + 10 days.

This change applies to product:

OTC IRS	OTC NDF
X	

- FpML upgrade from version 5.6 to version 5.7

With the EurexOTC Clear Release 15.0, Eurex will upgrade the FpML version from 5.6 to 5.7. This upgrade of FpML will not affect the process of loading a single IRS or NDF transaction via existing interfaces such as via Trade Entry API, TraderServ or MarkitWire. However, it will affect the generation of new trade notification messages and member reports as well as the simulation of the margin for a given portfolio via the MC-API interface. From EurexOTC Clear Release 15.0 onwards, all EurexOTC Clear xsd schema will be in FpML 5.7 standard.

This change applies to product:

OTC IRS	OTC NDF
X	X

- Offsetting IR risk from IRS and Inflation Swaps in LA calculation

This change is relevant for the Liquidity Add-On (LA) calculation within the Initial Margin (IM). Currently, the Interest Rate risk (IR) of Interest Rate Swaps is not netted with the Interest Rate risk of Zero-Coupon Inflation Swaps (ZCISIR). From EurexOTC Clear Release 15.0 onwards, the offsetting/netting effects between those two sources of IR risk are recognized by aggregating them and by thus treating them as a whole. If there are such offsetting effects within a portfolio, the Initial Margin for that portfolio will decrease. If there are no such offsetting effects within a portfolio, the Initial Margin for that portfolio will be the same as with the current methodology.

This change applies to product:

OTC IRS	OTC NDF
X	

- Removal of sub-sampling from initial margin calculation

The IM calculation methodology for OTC trades will be changed by replacing the current 5 non-overlapping risk factor sub-samples by a single overlapping risk factor sample for each Liquidation Group in order to calculate the components of the IM (Market Risk Component, Liquidation Risk Adjustment, and Time to Expiry Adjustment – TEA is applicable only for NDF).

Changes in reports, in the MC GUI and in the MC API are expected as well. For details, please refer to the relevant sections.

This change applies to product:

OTC IRS	OTC NDF
X	X

- Improvement of ZCIS handling for sensitivity-based Margin Calculator requests

With EurexOTC Clear Release 15.0, a more sophisticated formula will be used for the handling of Zero-Coupon Inflation Swaps (ZCIS) within sensitivity-based Margin Calculator requests. As before, the Initial Margin contribution of ZCIS will be estimated based on the sensitivities with respect to the break-even inflation rate (as provided by the user). Within this estimation, the Margin Calculator internally uses a slightly adapted formula for the transformation of the break-even rate sensitivities to risk factor sensitivities. The new formula is more accurate, especially for the case of large inflation rates (as observed in the recent years).

The change of the formula happens automatically with deployment of Release 15.0. There is no action required by Clearing Members, and the sensitivities are to be provided in the same way as before.

There is no impact on productive margins, and there is also no impact on the “regular” (i. e. trade-based) Margin Calculator requests.

This change applies to product:

OTC IRS	OTC NDF
X	

2.2 GUI changes

- USD LIBOR index selections removed in the MC GUI

In the Margin Calculator Sensitivities Template and the OTC Portfolio Sensitivities Window, the USD LIBOR 1M, 3M, 6M index columns will be removed.

In the Clearing Eligibility Checker the USD-LIBOR and USD-LIBOR-BBA index selection will be removed.

This change applies to product:

OTC IRS	OTC NDF
X	

- Changes to the Detailed Result csv-file in the MC GUI

In the csv file which can be downloaded via the "Download Details" button on the Results tab, the two columns "liquidityAddOn EUR Inflation IRS" and "liquidityAddOn GBP Inflation IRS" will be removed.

This change applies to product:

OTC IRS	OTC NDF
X	

- Maximum Maturity Extension from 30 to 50 years for EUR-HICPxT in the MC GUI

In the Margin Calculator Sensitivities Template and the OTC Portfolio Sensitivities Window, the 40Y and 50Y tenors will be enabled for EUR-HICPxT.

This change applies to product:

OTC IRS	OTC NDF
X	

- Removal of sub-sampling calculation results in the MC GUI

In the Results window, the csv file, which can be obtained via the “Download Details” button, will no longer list the margin subcomponents.

Instead, the five columns MarketRisk_Aggr_T to T-4 will be replaced by a new column FHS_VaR. The five columns CorrelationBreak_Aggr_T to T4 will be replaced by a new column Correlation_Break.

This change applies to product:

OTC IRS	OTC NDF
X	X

- Effective Date in the MC GUI

In the MC Trade Template and the Insert Trade Tool an effective date entry field will be added to the pay and receive leg. The effective date in the general section will be removed. In addition the Clearing Eligibility Checker will support different effective dates on each leg.

In the OTC GUI the csv file created via "Download MC" will be adjusted: A new column *rcvLegEffectiveDate*, which contains the effective date for the receive leg, will be added and the existing *effectiveDate* column will be renamed to *payLegEffectiveDate*.

For FRA trades the *effectiveDate* information will be inserted into both columns.

This change applies to product:

OTC IRS	OTC NDF
X	

- New button “Tutorials” in the MC GUI

Within the MC GUI a link named “Tutorials” will be added left to the Online Help link. When this link is selected the user will be redirected to a page with tutorial videos.

This change applies to product:

OTC IRS	OTC NDF
X	X

- Take-Up of package client trades in the OTC GUI

In the Bilateral Trades window the new Package Trade Take-up and Authorization windows provide the possibility to take-up a maximum of 200 trades with one request. The package ID, which identifies all trades of a package, will be added to the Advanced Search, the Modify and Trade Search Results table in the Bilateral and Cleared Trades windows, and the Download CSV file.

This change applies to product:

OTC IRS	OTC NDF
X	X

- New “Member ID” search field in the OTC GUI

The new search field “Member ID” will be added to the Advanced Search Section in the Bilateral and Cleared Trades windows. It provides the possibility to search for all trades of the selected member ID.

The column “Member ID” will be added to the Modify table and the Trade Search Results table. A new column “Member” will be added to the Download CSV file.

This change applies to product:

OTC IRS	OTC NDF
X	X

- Changes to Account Transfer and Trade Transfer Take-Up Windows in the OTC GUI

A table edit section will be implemented for the Account Transfer and Trade Transfer Take-up windows to provide the possibility to apply changes to the Source System Client ID or Source System CM ID to all trades in one go.

The columns for the Source System IDs will be added to the Account transfer, Account Transfer Take-up, Trade Transfer Take-up and the corresponding authorization windows. In addition, the columns “Currency” and “Trade notional” will be added to the Trade Transfer Take-Up for Acceptance and the Trade Transfer Take-Up Authorization windows.

This change applies to product:

OTC IRS	OTC NDF
X	X

- Displaying the Source System CM ID field in the OTC GUI for trades with EB WFRole

The search request for transaction in the OTCClear GUI will be enhanced to always display the value of the “*Source System CM ID*” and “*Source System Client ID*” fields, regardless of the WFRole of the transaction.

This change applies to product:

OTC IRS	OTC NDF
X	X

2.3 Report changes

- Decommissioning of Variation Margin Report (CI203)

The intraday Variation Margin Report (CI203) was designed to show GBP FRA products which are not offered anymore. Therefore the report CI203 will be decommissioned.

Moreover, the XSD, which is currently used for CC203/CI203/CC222, has a change as the following line will be deleted:

```
<xs:enumeration value="CI203 Variation Margin Report" />
```

This change applies to product:

OTC IRS	OTC NDF
X	

- Introduction of Package Trade Clearing

A new field "packageld" will be introduced in the following reports:

Report Name	Code
Trade Novation Report	CI200, CB200
Trade Daily Summary Report	CI201, CB201
Full Inventory Report	CB202, CB207

This change applies to product:

OTC IRS	OTC NDF
X	X

- Maximum Maturity Extension from 30 to 50 years for EUR-HICPxT

There are no structural changes, however the EUR-HICPxT Trades with extended maturities will be included in existing reports. Moreover, in the Interest Rates Curve report (CI210/CC210), the EUR-HICPxT curve points will now be visible up to 50 years.

This change applies to product:

OTC IRS	OTC NDF
X	

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- Format change of field “Event Processing Id” used in TriOptima Compression Runs

The length of field Event Processing Id, which is used in TriOptima Compression Runs, will be extended to 64 characters. The format will be String (64).

This relates to the xml tag “EventProcessingID” in the following xml reports:

Report Name	Code
Trade Daily Summary Report	CI201, CB201
Full Inventory Report	CB202, CB207
Cash Forecast Report for OTC IRS	CD200, CD210
Settlement Adjustment Report	CD211
Intraday Settlement Report	CI280
OTC Incremental Risk Report	CI205, CC205
Variation Margin Report	CC203, CC222
Preliminary OTC Margin Call Report	CI206
OTC Margin Call Report	CI207, CC207

Moreover, this relates to the field “EVENT_ID” in the csv version of the Variation Margin Report CC203.

This change applies to product:

OTC IRS	OTC NDF
X	

Functional Release Notes

- FpML upgrade from version 5.6 to version 5.7

This change affects reports using FpML trade details. These are the following reports:

Report Name	Code
Trade Novation Report	CI200, CB200
Trade Daily Summary Report	CI201, CB201
Full Inventory Report	CB202, CB207
Netting Forecast Report	CI242, CI262
Netting Portfolio Forecast Report	CI243, CI263
Netting Report	CC244, CC264
OTC Incremental Risk Report	CI205, CC205
Preliminary OTC Margin Call Report	CI206
OTC Margin Call Report	CI207, CC207

This change applies to product:

OTC IRS	OTC NDF
X	X

- New labelling for settlement amounts in Intraday Settlement Report (CI280)

At the moment the settlement amounts in Intraday Settlement Report (CI280) are displayed without sign. In future, settlement amounts in this report will be shown in the same way as is already the case for the Cash Forecast Report (CD200), i.e. a cash flow to be paid from member perspective is always displayed with a negative sign, a cash flow to be received from member perspective is always displayed with a positive sign.

This change applies to product:

OTC IRS	OTC NDF
X	

Functional Release Notes

- Offsetting IR risk from IRS and Inflation Swaps in LA calculation

The following fields will be removed from Overall Margin Report (CC204) and Client Margin Report (CC208):

#	Fields to be removed	
	CSV version	XML version
1	LIQ_ADJ_COMP_ZCIS_IR	LiquAdj component="ZCIS-IR"
2	LIQ_ADJ_CUR_ZCIS_IR_EUR	LiquAdj currency="EUR" component="ZCIS-IR"
3	LIQ_ADJ_CUR_ZCIS_IR_GBP	LiquAdj currency="GBP" component="ZCIS-IR"

Other fields are unchanged except for the IRS-IR component, which will report aggregated figures of IRS-IR and ZCIS-IR in the future.

The following field will be updated in csv report CC212 (Hedge Portfolio Report):

The type "ZCISIR - Interest rate hedge of ZCIS" will be removed from the "Risk Type" in csv report CC212 (Hedge Portfolio Report).

This change applies to product:

OTC IRS	OTC NDF
X	

Functional Release Notes

- Removal of sub-sampling from initial margin

Changes to the following reports are necessary:

- Changes to Overall Margin Report (CC204) and Client Margin Report (CC208)

For both the CC204 report and the CC208 report, all fields that currently refer to results for specific sub-samples will be merged into one single field (reflecting a single remaining scenario set). More precisely, this means that for each of the two reports, the following changes are required.

The current fields

MARKET_RISK_AGGR_T, MARKET_RISK_AGGR_T1,
MARKET_RISK_AGGR_T2, MARKET_RISK_AGGR_T3,
MARKET_RISK_AGGR_T4,
CORRELATION_BREAK_AGGR_T, CORRELATION_BREAK_AGGR_T1,
CORRELATION_BREAK_AGGR_T2, CORRELATION_BREAK_AGGR_T3,
CORRELATION_BREAK_AGGR_T4

will be replaced by the following new fields.

Field name	Value type	Value example	Remark
FHS_VAR	Decimal (6)	100000.0000 00	Filtered Historical Simulation VaR (without additional components)
CORRELATION_BRE AK	Decimal (6)	20000.00000 0	Value of the Correlation Break Adjustment

Furthermore, the current fields

STRESSED_VAR_AGGR_A, STRESSED_VAR_AGGR_B,
STRESSED_VAR_AGGR_C, STRESSED_VAR_AGGR_D,
STRESSED_VAR_AGGR_E

will be deleted from the report. No new field is required here.

The existing field STRESSED_PERIOD will (as currently) show the Stress Period VaR.

- Changes to Parameter File (CC221)

The CC221 report currently contains two separate fields Decay Factor_N and Decay Factor_1. Those two fields will be replaced by the following new field.

Field name	Value type	Value example	Remark
Decay Factor	Decimal (3)	0.933	Decay Factor used for volatility filtering of risk factor returns

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- Changes to Risk Factor Report for OTC IRS (CI202/CC202)

The new values for the field SCSET_ID are as follows:

SCSET_ID after Subsampling Removal	Old SCSET_IDs	Description
311	16 – 20	Official IRS: 5-day FHS
312	516 – 520	Official IRS: 5-day Stress Period unfiltered

- Changes to Risk Factor Report for FX (CI232/CC232)

The new values for the field SCSET_ID are as follows:

SCSET_ID after Subsampling Removal	Old IDs	Description
3311	3016 – 3020	Official IRS: 5-day FHS
3312	3516 – 3520	Official IRS: 5-day Stress Period unfiltered

This change applies to product:

OTC IRS	OTC NDF
X	X

Functional Release Notes**2.4 API changes****▪ Introduction of Package Trade Clearing**

The existing EurexOTC Trade Entry API interface will be extended with the package trade loading and clearing function. The function allows clients and members to load a group of IRS or NDF trades from an Approved Trade Source system in a single execution and have them cleared in Eurex system. The package trade submission request will contain a minimum of two trades and a maximum of two hundred trades grouped into a package and executed as a single package trade submission request. The Eurex trade eligibility check will apply on the trades in a package. Participants involved in a package trade request may be Direct Clients (DC) or Clearing Members (CM). Direct Client's trades will be subject to take-up by the corresponding Clearing Broker. However, Direct Client's trades that have a token attached or that are submitted with the "*isTakeUpRequired*" attribute set to "N" will not be subject to take-up. Take-up requests of a Clearing Broker can be submitted via the OTCClear GUI or via FpML-API.

Clearing of the package trades takes place at the package level, where the margin is calculated for the entire portfolio on book level and all trades are novated within 10 seconds. Novation will be on all or nothing basis.

This change applies to product:

OTC IRS	OTC NDF
X	X

▪ FpML upgrade from version 5.6 to version 5.7

With the EurexOTC Clear Release 15.0, Eurex will upgrade the FpML version from 5.6 to 5.7. The upgrade to FpML will affect the generation of new trade notification messages and member reports which will be created after the introduction of OTC Release 15.0. It will also affect the XML request for Margin Calculation via MC-API interface. From EurexOTC Clear Release 15.0 onwards, all EurexOTC Clear XML Schema Definition (XSD) will be in FpML 5.7 standard.

This change applies to product:

OTC IRS	OTC NDF
X	X

Functional Release Notes

▪ Format change of field “Event Processing Id” used in TriOptima Compression Runs

The length of field Event Processing id, which is used in TriOptima Compression Runs, will be extended to 64 characters. The format will be String (64).

This relates to the field “eventProcessingID” in the Trade Notification messages.

This change applies to product:

OTC IRS	OTC NDF
X	

Removal of sub-sampling from initial margin calculation – Impact on MC API

As part of the implementation of the sub-sampling removal, the current Margin Calculation API functionality will be updated with following change on the Margin Calculation API response:

- The existing five market risk aggregations (MarketRisk_Aggr_T to T-4) will be merged and replaced by a new element named ‘fhsVaR’
- The existing five correlation break aggregations (CorrelationBreak_Aggr_T to T-4) will be merged and replaced by a new element named ‘correlationBreak’.
- This change results in an update of the MC-API xsd schema, adding the two new elements (fhsVaR and correlationBreak) and removing the existing 10 elements for market risk aggregation and correlation break aggregation.

This change applies to product:

OTC IRS	OTC NDF
X	X

2.5 Error code changes

- Improvement of error messages when a trade is already involved in a Portfolio Transfer or any other PTE

To give the user more clarity on the errors that can occur when a user performs a PTE action or Portfolio Transfer action with a trade that is already part of an ongoing PTE, the error message and error code have been updated as below:

- During a portfolio transfer action, the error code and error message below will be triggered if all trades in the portfolio to be transferred are not from the same account:
Error code "3040" and error message "*Invalid Trade ID: All trades in the Portfolio should be from the same source book.*"
- When target account is not valid during portfolio transfer, a new error message with error code "3041" will be triggered:
"*Incorrect Target Book specified for the Portfolio Transfer Type: Account Transfer.*"
- When a trade that is already involved in a PTE or Portfolio transfer is included in another portfolio transfer or in another PTE action like account transfer, trade transfer, termination or netting, a new error message with the error code "3042" will be triggered:
"*The trade is locked due to an ongoing PTE action and cannot be used for any other PTE unless the current action is rejected or terminated.*"

This change applies to product:

OTC IRS	OTC NDF
X	X

Functional Release Notes

- Improvement of error message in case of missing take-up

To give the user more clarity on the errors when the trade is rejected at EOD due to missing take-up for bilateral trades, the error code and error message have been updated as mentioned below.

Current Functionality	
Scenario	Error code and message
When trades at BS_WAIT_TAKEUP are rejected at EOD, Error message sent to both parties of the bilateral trade	Error Code: 115 Error Message: EOD Rejection

New Change	
Scenario	Error code and message
When trades at BS_WAIT_TAKEUP are rejected at EOD, Error message for the trade where take-up was not performed by the Clearing Member	Error Code: 203 Error Message: EOD Rejection: The trade is rejected due to missing take-up action
When trades at BS_WAIT_TAKEUP are rejected at EOD, Error message for the trade where take-up was not performed by the counterparty	Error Code: 204 Error Message: EOD Rejection: The trade is rejected due to missing take-up action from the Clearing Member of the counterparty

This change applies to product:

OTC IRS	OTC NDF
X	X

Functional Release Notes

- Error message for trade request with same LEI/BIC mapped to multiple accounts and provide account in the request is wrong

The error code and error message have been updated as below for any transaction rejected due to multiple accounts in the Eurex system for the same LEI/BIC and the provided account in the trade submission request is account.

New Change	
Scenario	Error code and message
Multiple books are found in the Eurex system for the same LEI/BIC and an invalid book is provided in the trade submission request.	Error Code: 1491 Error Message: Trade is rejected due to invalid account for Source System Trade Id: <PlatformTradeId>

This change applies to product:

OTC IRS	OTC NDF
X	X

- Improvement of error message for PTE trade transfer when PTE effective date equals trade maturity date

While applying any post trade event on the trade of its Maturity Date is greater than or equal to Effective Date it will be rejected with below rejection reason message:

New Change	
Scenario	Error code and message
PTE Effective Date => Trade Maturity Date	136 - Entered effective date is either equal or later than the maturity date of the trade – FpML API 3012 - Entered effective date is either equal or later than the maturity date of the trade – OTC GUI

This change applies to product:

OTC IRS	OTC NDF
X	X

Functional Release Notes

- Improvement of error message in case of margin failure

To give the user more clarity when the trade is rejected due to any of the counterparty not having enough collateral, the error message has been updated as mentioned below:

Current Functionality	
Scenario	Error Message
When trade is rejected due to one of the member not having enough collateral to novate the trade, Error message is sent to both parties of the bilateral trade.	
To the member not having enough collateral	Trade rejected, short of margin. Margin amount[XXX] is greater than Available collateral [XXX]
To the counterparty of the member not having enough collateral	Trade rejected due to margin failure of linked trade
To the submitting system	Not enough collateral to novate this trade

New Change	
Scenario	Error Message
To the member not having enough collateral	<Member Short Name>, Margin amount[XXX] <Clearing Currency> is greater than Available collateral [XXX] <Clearing Currency>
To the counterparty of the member not having enough collateral	<Member Short Name>, does not have enough collateral to novate the trade
To the submitting system	<Member Short Name>, does not have enough collateral to novate the trade

This change applies to product:

OTC IRS	OTC NDF
X	X

3 Change Log

No	Date	Log entry
1.0	10. February 2023	Publication.