EUREX
Architects of trusted markets

EurexOTC Clear
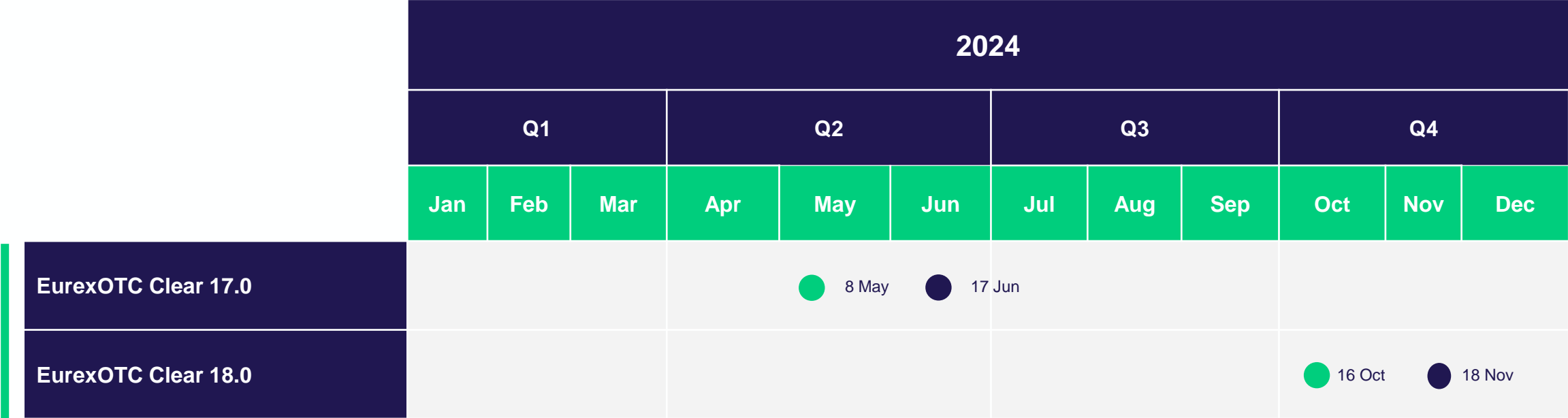## Release 18.0

Focus Call

9 October 2024

Agenda

1 Release Rollout Approach for 2024

2 EurexOTC Clear Release 18.0 – Key Dates & Documentation

3 EurexOTC Clear Release 18.0 – Scope Items

4 Questions & Answers

1 Release Rollout Approach for 2024

Release Rollout Approach for 2024

	2024											
	Q1			Q2			Q3			Q4		
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
EurexOTC Clear 17.0					● 8 May	● 17 Jun						
EurexOTC Clear 18.0										● 16 Oct	● 18 Nov	

● Simulation Start   ● Production Go-live

2 EurexOTC Release 18.0 –
Key Dates & Information

Key Dates & Information
EurexOTC Clear Release 18.0

28 June 2024 — Functional Release Notes

August – September 2024 — Release Documentation*

08 November 2024 — Readiness Statement

Communication Calendar

Introduction Circular

Simulation Start

Production Start

28 June 2024

12 July 2024

16 October 2024

18 November 2024
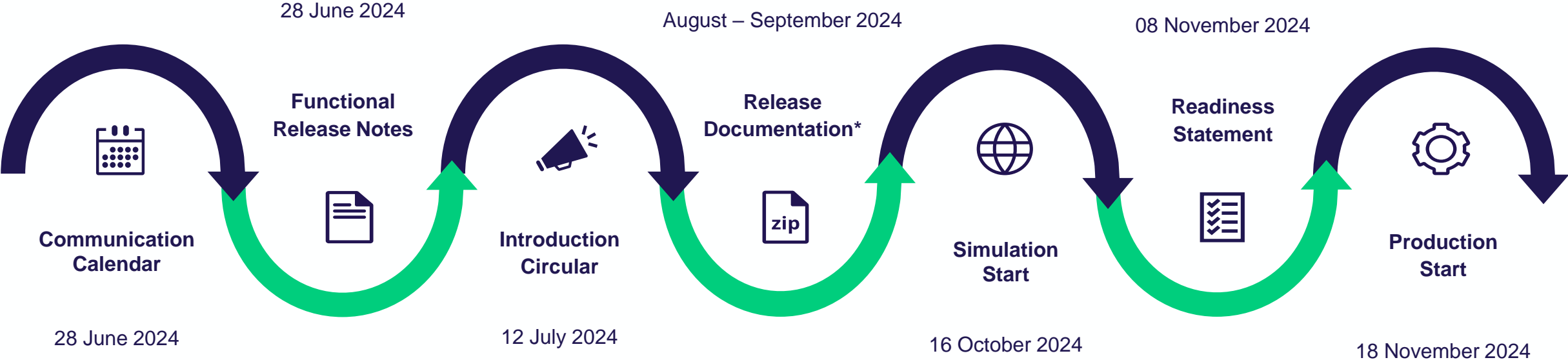
*Detailed information on the name of documents can be found in communication calendar

3 **EurexOTC Clear Release 18.0 – Scope Items**

Release 18.0 - Scope Items

	Scope Items
1.	Enhancement of Inflation Linked Asset Swaps
2.	Introduction of Clearing "Linked Trades" via MarkitWire
3.	Transfer with optional Mark-to-Market (MTM) Adjustment
4.	Enhancement of Variation Margin calculation for trades referencing GBP-SONIA-OIS Compound and EUR-EuroSTR-OIS Compound indices and having intraday coupon settlement
5.	Change in the timing to mature the trades
6.	GUI Changes
7.	API Changes
8.	Report Changes

Release 18.0 – Scope Items

Enhancement of Inflation Linked Asset Swaps

- Inflation linked asset swaps will be enhanced:
  - Supported inflation indices: HICPxt , FRCPIxT, UK RPI
  - Supported Trade Submission Interfaces: MarkitWire Interface and TE API
  - Supported Margin Simulation Interfaces: MC API & MC GUI
  - Partial PTEs allowed via OTC GUI & FpML API
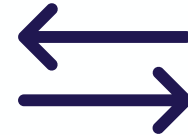
Introduction of Clearing "Linked Trades" via MarkitWire

- Two new fields, Linker ID and Linker Size, to be introduced by MW
- The trades linked with the same Linker ID can be submitted for clearing
- Functionality is optional for Clearing Members and their clients and will be disabled by default

Release 18.0 - Scope Items

Enhancement of Inflation Linked Asset Swaps

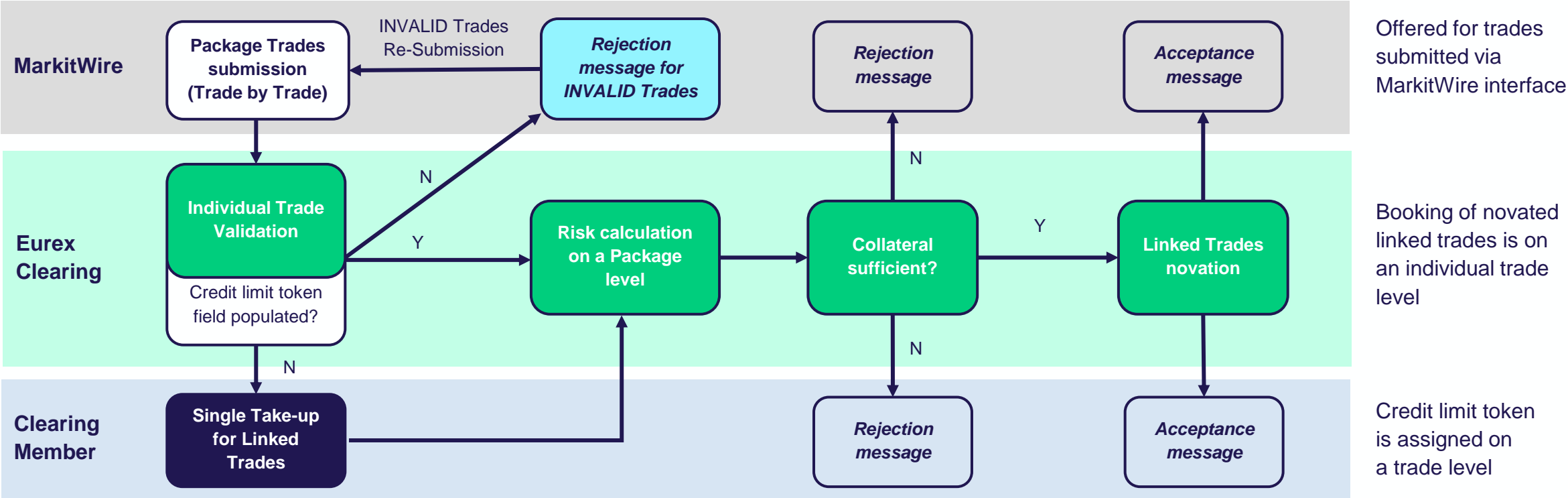|	Implementation Scope	Phase 1 → OTC Clear R17.0	Phase 2 → OTC Clear R18.0
Timeline & Interface	Go-Live	PROD → 17 June 2024 UAT → 18 May 2024	PROD → 18 November 2024 UAT → 09 October 2024
	Supported Trade Submission Interface	MarkitWire Interface	MarkitWire Interface
Eligibility Criteria	Supported Inflation Index	EUR-HICPxT	EUR-HICPxT EUR-FRCPIxT GBP-UKRPI
	Supported Stub Period	None	Max one stub per leg*
	Supported Calculation Method	Ratio (CPIt / CPI0)**	Ratio (CPIt / CPI0)**
	Supported Calculation Style	ZeroCoupon	ZeroCoupon
Additional Updates	Netting Eligibility	None	Level → 1, 2 & 3
	PTE Performed Via	OTC GUI & FpML-API	OTC GUI & FpML-API
	PTE MarkitWire Synchronization	Enabled	Enabled
	OTC Margin Calculator GUI / API	Supported / Not Supported	Supported / Supported
	Support Linker ID***	None	Supported

* In case each leg has one stub period, then both stubs must be of the same type (front or back)
** CPIt → Current Inflation Index, CPI0 → Initial Inflation Index
*** Linkage between Fixed & Floating swap & Standard Coupon Inflation Swap; Business Go-Live: 6th January 2025

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OTC Clear Service – Clearing "Linked Trades" via MarkitWire

Workflow

MarkitWire

Package Trades submission (Trade by Trade)

INVALID Trades Re-Submission

Rejection message for INVALID Trades

Rejection message

Acceptance message

Offered for trades submitted via MarkitWire interface

Eurex Clearing

Individual Trade Validation

Credit limit token field populated?

N

Y

Risk calculation on a Package level

Collateral sufficient?

N

Y

Linked Trades novation

N

Booking of novated linked trades is on an individual trade level

Clearing Member

N

Single Take-up for Linked Trades

Rejection message

Acceptance message

Credit limit token is assigned on a trade level

Single Take-up Request should be transmitted – Take-Up via FpML API

OTC Clear Service - Clearing "Linked Trades" via MarkitWire

Key Points

- MarkitWire has introduced two new fields to its trade submission schema: **PackageIdentifier** and **Size**
- Maximum **200** bilateral trades can be linked with a single Package ID and submitted on a **Trade-by-Trade** basis
- The **margin requirement** is calculated on a **Package level**, i.e., all trades linked via a Package ID
- All trades are novated within 10 seconds on **All-or-Nothing basis**
- All linked trades should be requested to be **cleared under** the **same account** at ECAG
- To prevent regulatory reporting discrepancies, ECAG will populate the MarkitWire-provided Package ID into a **new field** called **Linker ID** in the trade notification message

Optionality Component

- The functionality is entirely **optional**
- It can be switched on or off for clients and CB by contacting the **ECAG support team**
- Clients cannot utilize this functionality unless their CBs are enabled for this functionality
- **By default**, all clients and CBs at ECAG have the functionality **disabled** as of Go-Live

OTC Clear Service - Clearing "Linked Trades" via MarkitWire

Clearing Broker Impact

- Be able to ingest and process **updated trade notification messages**, including linked trade-related tags (Linker ID, Linker Size)

- Be able to consume **updated daily trade reports**, including linked trade-related information (CI200/CB200, CI201/CB201, CB202/CB207, CI205/CB205)

- Be able to process and respond to **Linked Trade Take-Up notifications** (for deals not allocated with credit limit token)

- Enhancement: EurexOTC Clear Release 19.0 (May 2025)
  ECAG will generate a **single take-up message** for all trades linked with a common Package ID.

Release 18.0 - Scope Items
Transfer with Optional Mark-to-Market (MTM) Adjustment

Enhancement of the trade, account, and portfolio transfer functionalities to move the NPV together with the trade

Current State

- Trade transfer is processed by termination of existing trade in the source account and creation of a new trade in the target account.

- The transfer of the NPV from the terminated to the new trade results in large variation margin spikes and might require pre-funding.

- Possible workaround is the manual entry of a transfer fee to compensate the trade value.

Future Solution

- Optional "MTM Adjustment" for account transfer, trade transfer and portfolio transfer

- If requested, OTCClear will automatically attach a "MTM Adjustment" to the trade which compensates the trade value and allows trade transfer without funding of NPV

- MTM Adjustment amount equals MTM (T-1) of the terminated trade
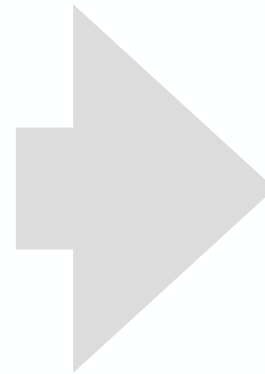
Release 18.0 - Scope Items
Transfer with Optional Mark-to-Market (MTM) Adjustment

Sample for current processing – without fees to compensate trade value

	T - 1	T	T	T + 1
CM	CM (old)	CM (old)	CM (new)	CM (new)
DC	DC1	DC1	DC1	DC1
CCPTradeID	12345	12345	56789	5678
PrePTEId			12345	12345
PostPTEId		56789		
CCP Trade Status	**VERIFIED**	**TERMINATED**	**VERIFIED**	**VERIFIED**
MTM_exCF (T)	2.145.308,88	0,00	2.146.346,78	2.146.678,67
MTM_exCF (T-1)	2.145.000,00	2.145.308,88	0,00	2.146.346,78
VM	308,88	**-2.145.308,88**	**2.146.346,78**	331,89

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Release 18.0 - Scope Items
Transfer with Optional Mark-to-Market (MTM) Adjustment

Sample for future processing – trade transfer with MTM Adjustment

	T - 1	T	T	T + 1
CM	CM (old)	CM (old)	CM (new)	CM (new)
DC	DC1	DC1	DC1	DC1
CCPTradeID	12345	12345	56789	5678
PrePTEId			12345	12345
PostPTEId		56789		
CCP Trade Status	**VERIFIED**	**TERMINATED**	**VERIFIED**	**VERIFIED**
MTM_exCF (T)	2.145.308,88	0,00	2.146.346,78	2.146.678,67
MTM_exCF (T-1)	2.145.000,00	2.145.308,88	0,00	2.146.346,78
VM	--	-2.145.308,88	2.146.346,78	331,89
MTM Adjustment		2.145.308,88	-2.145.308,88	
Adjusted VM		0,00	1.037,90	

Release 18.0 - Scope Items

Transfer with Optional Mark-to-Market (MTM) Adjustment

MTM Adjustment Amount	▪ For the source side, MTM Adjustment amount equals MTM_exCF (T-1) of the terminated trade ▪ For the target side, MTM Adjustment amount = - MTM_exCF (T-1) of the terminated trade
Process Transparency	▪ Both the initiating and the receiving Clearing Members will be required to confirm the transfer (4-EP) with "MTM Adjustment" ▪ The "MTM Adjustment" amount will be visible for the transferring parties throughout the transfer workflow and after successful processing of the transfer on the terminated and newly created trade (incl. member reporting, OTC Clear GUI, and notification broadcast messages)
Cash Transactions/ Payments	▪ During end-of-day, "MTM Adjustment" will be instructed alongside variation margin and results in a variation margin of 0 for the source member calculated on T ▪ For the target side, the "MTM Adjustment" results in an adjusted variation margin as if the trade was not transferred

Release 18.0 - Scope Items

Transfer with Optional Mark-to-Market (MTM) Adjustment

PAI	▪ PAI will be calculated for the source Clearing Member
Limitations	▪ MTM Adjustment will not be available for newly novated trades (same day novation); these must be transferred without MTM Adjustment ▪ Only supported for same-day transfer (i.e., not supported for transfers with future effective date)
Reporting	▪ Where applicable, MTM Adjustment amount will be included in FpML broadcast messages, i.e., trade notification and in the account and trade transfer request message, and will be displayed in various OTCClear GUI windows ▪ Two new fields, <MtMAdjustment> and <UnadjVMgn> will be added to OTC reports. For more details, see the sample slides in the appendix ▪ XML reports and FpML messages: the tag will not be available if not filled ▪ MTM Adjustment information will be provided on the transfer date only

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Release 18.0 – Scope Items

Enhancement of Variation Margin calculation for trades referencing GBP-SONIA-OIS Compound and EUR-EuroSTR-OIS Compound indices and having intraday coupon settlement

- The calculation of intraday Variation Margin will be enhanced on the day of the intraday Coupon settlement

- If there is any intraday Coupon payment on T, Coupon payment will be considered in the intraday Variation Margin calculation before the intraday settlement >> $MtMexCF(T) = MtMexCF(T) + Cashflow(T)^*$

- There will also be an intraday Variation Margin payment that mainly offsets the Coupon payment
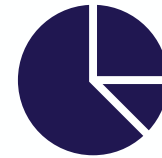
Change in the timing to mature the trades

- Broadcast messages for matured trades will be sent during start of business on the value date of the last coupon payment

- Broadcast message for GBP SONIA matured trades with payment lag '0' or any other trade with intra-day coupon settlement of the last coupon will be sent during intra-day

*Cashflow(T) is the cashflow with payment date as T which has not been settled and will need to be paid intra-day.

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Release 18.0 - Scope Items
API Changes

Enhancement of Inflation Linked Asset Swaps	✉	▪ Trade Loading via MC API & Trade Entry API will be supported ▪ Partial PTEs via FpML-API will be allowed: Partial Termination and Trade Amendment with Splits for SCIS trades with same notional amounts in both legs ▪ The trade notification messages will be updated to display the linker ID and the linker size

Introduction of "MtM Adjustment"	📅	▪ A new field MtMAdjustment will be included in the trade notification messages
		
		▪ MtM Adjustment via FpML-API will be supported only for the following PTEs :
		   ▪ Trade Transfer
		   ▪ Account Transfer
		
		▪ Additionally, two new fields, MtMAdjustmentFlag and MtMAdjustment, will be included in the messages related to the PTEs

Release 18.0 - Scope Items
Report Changes (1/3)

Enhancement of Inflation Linked Asset Swaps

- Netting of SCIS trades will be allowed for all Netting Levels (1,2,3). The netting outcome will be reflected in the existing Netting Reports

Introduction of a new field for MTM Adjustment

- A new field "MtMAdjustment" will be added to several reports to reflect the MTM Adjustment amount
- "MtMAdjustment" and "UnadjVMgn" fields will be introduced in CC203/CC222

Affected Reports

Report Name	Code
Netting Forecast Report	CI242, CI262
Netting Portfolio Forecast Report	CI243, CI263
Netting Portfolio Forecast Report	CI253, CI273
Netting Report	CC244, CC264
Trade Novation Report	CI200 / CB200
Trade Daily Summary Report	CI201 / CB201
Full Inventory Report	CB202/CB207
Variation Margin Report	CC203 / CC222

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Release 18.0 - Scope Items
Report Changes (2/3)

Introduction of Clearing "Linked Trades" via MarkitWire

As part of the Linkage Trade Functionality, IRS and SCIS trades that are linked by an identifier named "linkerId" will be visible in several member reports

Introduction of new fields for VIRS

Two new fields, 'PayLegCurrentNotional' and 'ReceiveLegCurrentNotional, will be added to the Full Inventory Report show the current notional amount of Variable Notional IRS

Trades that mature on day of clearer change

Trades that mature on the current business day will be reported on CB201 with status MATURED, and they will not be visible in EOD Variation Margin Reports anymore

Affected Reports

Report Name	Code
Trade Novation	CI200/CB200
Trade Daily Summary	CI201/CB201
Incremental Risk Report	CI205/CB205
Full Inventory Report	CB202/CB207
Variation Margin Report	CC203/CC222

Release 18.0 - Scope Items
Report Changes (3/3)

Introduction of three new fields in CD211 report

- 3 new fields, rateIndex, fixingRate, and principalAmount, will be added to the Settlement Adjustment Report

- Settlement Adjustment Report ITD (CI211): New intraday version of the Settlement Adjustment Report having the same fields as CD211 and aiming at informing members in advance about the upcoming EoD correction bookings

Reintroduction of CI203 Intraday Variation Margin Report

- For intraday Coupon payments, there will be introduction of intraday VM payment that mainly offsets the coupon payment. The intraday VM payment will be shown in CI203 Intraday Variation Margin Report

Affected Reports

Report Name	Code
Settlement Adjustment	CD211
Intraday Variation Margin Report	CI203

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Release 18.0 - Scope Items

GUI Changes

OTC GUI

- Further enhancements, incl. addition of new columns to the Cashflows Window, to support the Inflation linked asset swaps
- Introduction of two new fields for Account, Trade, and Portfolio Transfer: MtM Adjustment and MtM Adjustment Amount
- Character limitation of netting strings up to 255 characters
- Display the full name of legal entities
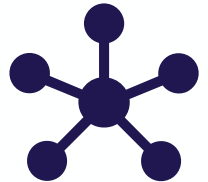
MC GUI

- Further enhancement of the MC GUI to support the Inflation linked asset swaps
  - A new subproduct "SCIS" added to the product list of the Clearing Eligibility Checker
  - Enhancement of the trade upload functionality in the MC-GUI to process the upload of SCIS trades with stubs and with the indices FRCPIx and UK RPI
  - The Trade Insert Tool will support the creation of SCIS trades

9 October 2024

Questions?

Thank you!

Clearing Competence Center

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Appendix

OTC Transfer with optional "MTM Adjustment"

Enhancement of Trade/Account Transfer functionality

Sample extract of CC203 of terminated trade

```
<CleanPrice>0</CleanPrice>
<DirtyPrice>0</DirtyPrice>
<CleanPrice_exFee>0</CleanPrice_exFee>
<CleanPrice_exFee_add1>0</CleanPrice_exFee_add1>
<MtM-1>2145308.88</MtM-1>
<MtM0>0.00</MtM0>
<VMgn>0.00</VMgn>
<MtMAdjustment>2145308.88</MtMAdjustment>
<UnadjVMgn>-2145308.88</UnadjVMgn>
<PAI>-256.25</PAI>
<OISrate>0.043</OISrate>
<noOfDays>1</noOfDays>
<MtM-2_exCF/>
<MtM-1_exCF>2145308.88</MtM-1_exCF>
<MtM0_exCF>0.00</MtM0_exCF>
```

Sample extract of CC203 of verified post PTE trade

```
<CleanPrice>21.44900000</CleanPrice>
<DirtyPrice>21.46346780</DirtyPrice>
<CleanPrice_exFee>21.44900000</CleanPrice_exFee>
<CleanPrice_exFee_add1>21.44900000</CleanPrice_exFee_add1>
<MtM-1>0.00</MtM-1>
<MtM0>2146346.78</MtM0>
<VMgn>1037.90</VMgn>
<MtMAdjustment>-2145308.88</MtMAdjustment>
<UnadjVMgn>2146346.78</UnadjVMgn>
<PAI>0.00</PAI>
<OISrate>0.043</OISrate>
<noOfDays>1</noOfDays>
<MtM-2_exCF/>
<MtM-1_exCF>0.00</MtM-1_exCF>
<MtM0_exCF>2146346.78</MtM0_exCF>
```

Sample extract of CB201 of terminated trade

```
<USIIssuer>1050000007</USIIssuer>
<ptrrId>529900LN3S50JPU47S06TRADETRANSFER12345</ptrrId>
<MtMAdjustment>2145308.88</MtMAdjustment>
</CCPTradeDetails>
</CCPTradeId>
```

Sample extract of CB201 of verified post PTE trade

```
<USIIssuer>1050000007</USIIssuer>
<ptrrId>529900LN3S50JPU47S06TRADETRANSFER12345</ptrrId>
<MtMAdjustment>-2145308.88</MtMAdjustment>
</CCPTradeDetails>
</CCPTradeId>
```

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Transfer with optional "MTM Adjustment"
Envisaged reporting of MTM Adjustment on OTC Reports

New field(s) for MtM Adjustment in Reports:	XML or CSV	Example	Field position
Variation Margin Report, CC203/CC222	XML	<MtMAdjustment>2145308.88</MtMAdjustment> <UnadjVMgn>-2145308.88</UnadjVMgn>	After field VMgn
Variation Margin Report, CC203	CSV	Field Names: MtMAdjustment and UnadjVMgn	At the end of the file
Trade Novation Report, CI200/CB200	XML	<MtMAdjustment>2145308.88</MtMAdjustment>	After field ptrrId
Trade Daily Summary Report, CI201/CB201	XML	<MtMAdjustment>2145308.88</MtMAdjustment>	After field ptrrId
Full Inventory Report, CB202/CB207	XML	<MtMAdjustment>2145308.88</MtMAdjustment>	After field ptrrId
Trade Daily Summary Report CB201 (not yet available)	*CSV*	*Field Name: MtMAdjustment*	*After field: PTRRID*
Full Inventory Report, CB202 (not yet available)	*CSV*	*Field Name: MtMAdjustment*	*After field: PTRRID*

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