

## Eurex Clearing - C7 SCS 4.0

### Member Simulation Guide

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**Abstract**

The document illustrates the approach of the C7 SCS 4.0 Member Simulation. It describes all simulation guidelines, timelines, plan, processes, requirements, and responsibilities necessary to participate successfully in the C7 SCS 4.0 Member Simulation.

## Table of Contents

<b>1</b>	<b>Introduction</b>	<b>8</b>
<b>2</b>	<b>Simulation Approach</b>	<b>9</b>
2.1	Simulation Objectives	9
2.2	Target Group	9
2.3	Simulation Timelines	10
<b>3</b>	<b>Simulation Execution</b>	<b>11</b>
3.1	Settlement of Special Repo and GC Repo transactions for T2S eligible EU, XS, Belgian and Dutch bonds via CBF accounts	11
3.2	Introduction of the new report GC Pooling Collateral Allocation Report (CE880)	12
3.3	Optional field in Repo Reports	12
3.4	Simulation without ETE Connection to (I)CSDs but with settlement simulator	13
3.5	Simulation with ETE Connection to (I)CSD	13
3.6	Preparation for Test Cases with Non-German Bonds	13
3.7	Specifics for C7 SCS 4.0 simulation with CBF ETE connection during Member Simulation	14
3.8	C7 SCS Simulation Calendar	14
<b>4</b>	<b>Member Preparations</b>	<b>15</b>
4.1	Technical Preparation	15
4.1.1	Technical Connection	15
4.2	Functional Preparation	15
4.2.1	Functional Preparations C7 SCS	15
4.2.2	Settlement Account & Cash Account for Settlement	16
4.3	Member Data Set-up	16
4.4	Member Readiness Statement	16
<b>5</b>	<b>Simulation Availability</b>	<b>17</b>
5.1	Participating Systems	17
5.2	Daily schedule for C7 SCS in connection with F7 trading system	18
<b>6</b>	<b>Related Documentation</b>	<b>20</b>
<b>7</b>	<b>Support</b>	<b>21</b>
<b>8</b>	<b>Abbreviations</b>	<b>22</b>

**List of Figures:**

Figure 1: Extension of Special Repo settlement at CBF

Figure 2: Batch Day Process in Central European Time (CET)

**List of Tables:**

Table 1: Overview of C7 SCS 4.0 key events

Table 2: Repo Reports with added optional field

Table 3: Non-German ETE Bonds available with CBF

Table 4: Applications involved in the daily lifecycle of the C7 SCS 4.0

Table 5: Abbreviations

## 1 Introduction

With C7 SCS Release 4.0, Eurex Clearing will introduce the possibility for Eurex Repo members to provide a CBF (Clearstream Banking Frankfurt AG) account for the settlement of Special Repo and GC Repo transactions executed in T2S eligible bonds with prefixes BE (Belgian), EU (Eurobonds), NL (Dutch) and XS (Eurobonds) which currently can be settled in (i)CSDs (CBL, CBF-i, Euroclear Bank) only, can be settled in future also in T2S/CBF.

The timeline for C7 SCS Release 4.0, is as follows:

- Start of Simulation: 30 September 2024
- Start of Production: 18 November 2024

This document is structured as follows:

**Chapter 2** focuses on the approach of the C7 SCS 4.0 simulation with its simulation objectives, timelines, and the target group of this document.

**Chapter 3** describes the Simulation Execution including test cases preparation and execution of the T2S eligible bonds with prefixes BE, EU, NL and XS which can be settled in future in T2S/CBF.

**Chapter 4** illustrates required technical, functional preparation for the member data set-up requirements, and member readiness statement.

**Chapter 5** gives a description of the C7 SCS 4.0 simulation availability with related documentation, support contacts, and list of available instruments.



## 2 Simulation Approach

With C7 SCS Release 4.0, Eurex Clearing will introduce the possibility for Eurex Repo members to provide a CBF account for the settlement of Special Repo and GC Repo transactions executed in T2S eligible bonds with prefixes BE, EU, NL and XS which currently can be settled in (i)CSDs (CBL, CBF-i, Euroclear Bank) only, can be settled in future also in T2S/CBF.

In order to participate in C7 SCS 4.0 Simulation, members need to request the amendment of their settlement account setup for Eurex Repo accordingly and provide Eurex Clearing with the respective CBF account (Chapter 4.3). Simulation participants can define and perform their own internal simulation scenarios as appropriate for new functionalities of the system. For this, members will find an overview of scenarios which are strongly recommended to be focused on in order to test specific C7 SCS functionalities (Chapter 3.6). Functional and technical support will be staged during the helpdesk opening hours each simulation working day. Please refer to Chapter 7 "Support" for further details.

### 2.1 Simulation Objectives

The purpose of the simulation is to provide an opportunity for members to become familiar with the new C7 SCS services, functionalities and to test business procedures in preparation for the launch of C7 SCS 4.0.

Active participation in the simulation is strongly recommended. Early and frequent participation of all, Clearing Members (CM), Settlement Institutions (SI) and Trading Members (TM) facilitates the identification and solution of potential issues with respect to software, infrastructure, business or system operations before production launch.

### 2.2 Target Group

This document serves as a guide for all CMs, SIs and TMs (through their CMs) participating in the simulation as well as all users of the system. Participation of all CMs and SIs active in Repo clearing simulation is strongly recommended. In case CM or SI are using Service Providers (SP) for their internal support, it is strongly recommended as well to include also those SPs into the simulation activities.

The following internal departments of participating member organizations should be involved:

- Trading for the generation of trades in the Trading Location in F7 (XERE)
- Clearing, Settlement and other relevant middle-/back-office functions
- IT Infrastructure and Environment Operations
- Network Operations (WAN and LAN and SWIFT network)
- Internal Organization and Process Management
- Risk Management

- Legal department

### 2.3 Simulation Timelines

The C7 SCS 4.0-Member Simulation to test all functionalities of the C7 SCS system is scheduled to start on 30 September 2024. The table below provides an overview of C7 SCS 4.0 key events:

Date/Timeline	Event
26.09. – 01.10.2024	Frozen zone in Simulation
30.09.2024	Start of Member Simulation (1 <sup>st</sup> online day)
30.09.2024	1 <sup>st</sup> Batch Day with new functionality in C7 SCS
22.10. – 31.10.2024	BE (Belgian), EU (Eurobonds), NL (Dutch) and XS (Eurobonds) member focus weeks
18.11.2024	Production Launch of C7 SCS 4.0

Table 1: Overview of C7 SCS 4.0 key events

It is recommended that all members adhere to the published simulation timetables in this document for the simulation execution. This will contribute to a smooth and effective simulation period and a successful production launch for all market participants. Please ensure that this document is communicated as soon as possible to your project teams and to line organizations, where applicable. Before the start of simulation, all parties involved should be aware of their tasks and the existing dependencies with other participants.

**Please Note:** C7 SCS 4.0 Member Simulation start is on 30 September 2024 with CSD Simulators (refer to chapters 3.4 and 3.5).

### 3 Simulation Execution

This Chapter describes extension of Special Repo settlement at CBF approach, and test cases preparation and execution. Additionally, it covers ETE connection to (i)CSD and simulated feedback procedure.

#### 3.1 Settlement of Special Repo and GC Repo transactions for T2S eligible EU, XS, Belgian and Dutch bonds via CBF accounts

With C7 SCS Release 4.0, Eurex Clearing will introduce in a second phase, the possibility for Eurex Repo members to provide a CBF account for the settlement of Special Repo and GC Repo Transactions in bonds with prefixes BE, EU, NL and XS that are T2S eligible.

The current and envisaged solutions for the settlement location of Non-German ISINs is described in Figure 1:

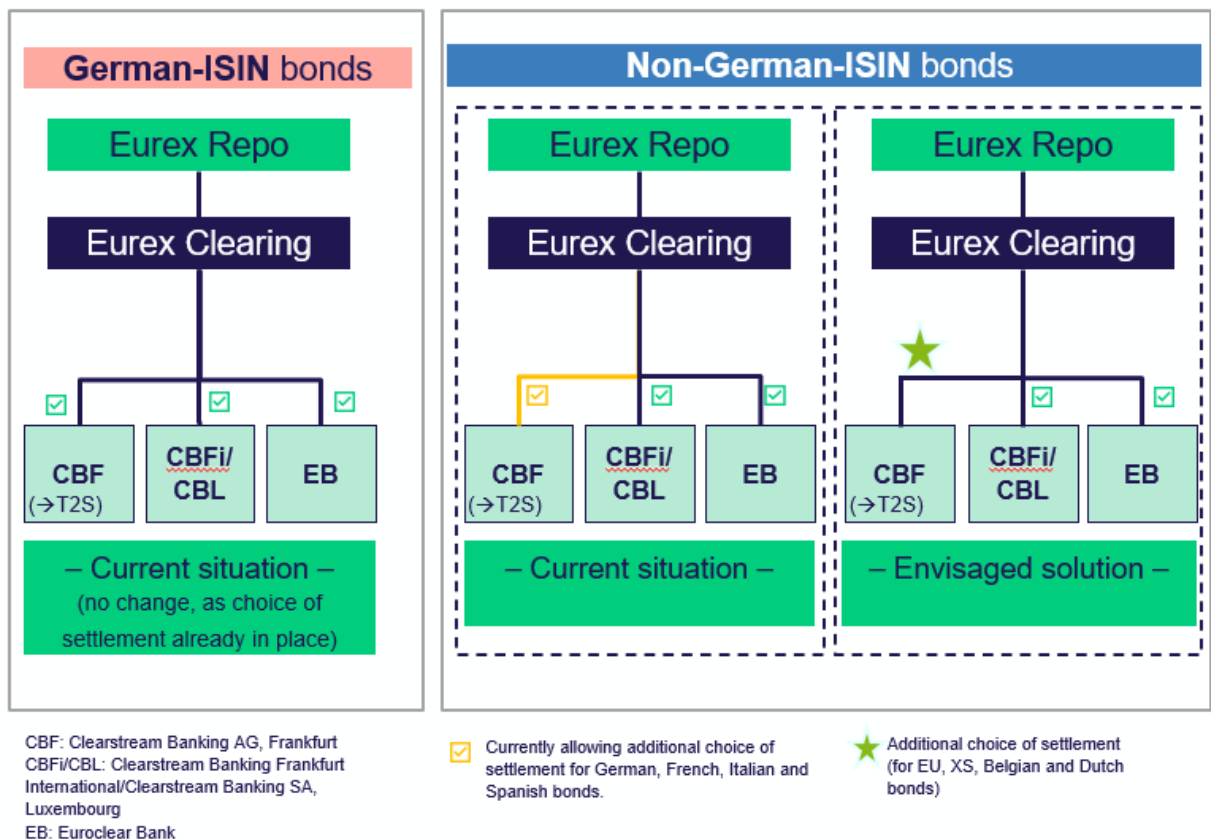


Figure 1: Extension of Special Repo settlement at CBF

Eurex Clearing encourages Eurex Repo participants, willing to use the enhanced settlement process described above for the settlement of Non-German T2S Eligible ISINs, to actively participate in simulation for C7 SCS Release 4.0 in order to check how the change of place of settlement will be processed in customers' internal systems.

This enhancement is applicable for Special Repo and GC Repo transactions only and does not affect GC Pooling Repo transactions.

### 3.2 Introduction of the new report GC Pooling Collateral Allocation Report (CE880)

With the November Release (C7 SCS Release 4.0) a new GC Pooling Collateral Allocation report will be available to the members since Member Simulation start which will display collateral allocation content. However, since CmaX (Clearstream's Collateral Management System) is not connected to C7 SCS in Simulation, the allocated collateral is provided based on dummy ISIN's via a test tool.

This report contains:

1. Open exposure at CM, Currency, GC Pooling Basket ISIN, Account level.
2. Allocated single collaterals to each reported open exposure.
3. GC Pooling trades that contribute (i.e., where the front leg has settled, and term leg is pending) to the open exposure.

In case, the ISA Direct License Holder is a Repo Asset Manager then the GC Pooling trades are reported at individual fund level and the contribution of each fund to the open exposure is reported as a percentage. Please note that the fund related information in this report is only relevant for Repo Asset Manager model and more details for the same will be published with business go-live of the Repo Asset Manager model.

Only XML version is provided. The CM and SI version will be made per default available to all GC Pooling members. TM version is optional and requires active subscription request via Clearing Data. This report can be ordered via form "SCS report selection for CM/SI consolidated", available on the Eurex Clearing website under the link: Find > Forms.

All eligible CMs and SIs will receive the report in simulation in XML format with sample collateral ISIN information assigned automatically. TMs will have to order the report.

### 3.3 Optional field in Repo Reports (technical release only)

For Eurex Repo business a new optional field with information about fund will be added, resulting in change of report structure.

An optional field 'fundShortCode' is added to the following Repo reports:

Report	Name
TC800 / TC801 / TC802	Repo Confirmation Report
TC850 / TC851/ TC852	Repo Contracts Report
CI870 / CI871 / CI872	Intraday Settled Delivery Report

Table 2: Repo Reports with added optional field

This will be relevant for Repo Asset Manager model and can be tested from 7<sup>th</sup> October 2024 in F7. This field is only for future use. This will be relevant for Repo Asset Manager model and more details for the same will be published with business go-live of the Repo Asset Manager model.

### 3.4 Simulation without ETE Connection to (I)CSDs but with settlement simulator

In the times (I)CSDs are not offered with an ETE availability in simulation, C7 SCS will use the settlement confirmations provided by using a simulator but not from the corresponding (I)CSDs. Based on this simulated (I)CSD settlement response, C7 SCS prepares the member relevant reports and distributes them via the CRE. Those reports are the result of the underlying trades members have concluded at the different Trading Locations. This results in a mandatory connection to the simulation systems of the connected Trading Location XERE on the one side, but on the settlement side no member connection between the (I)CSDs and the participating members is required.

Nevertheless, a connection to the CRE to receive member reports should be in place. During the tests with no ETE availability of (I)CSDs in C7 SCS Simulation, participating members will not receive any (I)CSD reporting, and C7 SCS member reports are the only source of information for members.

**Please Note:** Feedback will be simulated from 30 September 2024 until 03 October 2024.

### 3.5 Simulation with ETE Connection to (I)CSD

During the ETE connection with (I)CSD in simulation which will be possible with CBF, the settlement feedback that participating members will receive is provided by the connected (I)CSD due to a direct involvement between C7 SCS and the related (I)CSD. For that reason, participating members can expect their individual reporting from the participating and connected (I)CSD as well. The ETE connection with (I)CSD might be temporarily required to switch back to the use of the simulator. This might be needed, due to potential downtimes of the participating and connected (I)CSD.

**Please Note:** ETE connection will be enabled from 04 October 2024 ongoing.

### 3.6 Preparation for Test Cases with Non-German Bonds

Early preparation activities are mandatory for the participation on the testing of extension of Special Repo with ETE Settlement in CBF. Following Bond instruments are offered during focus weeks for supported CBF ETE Test from 22 October 2024 until 31 October 2024.

No	U/L ISIN	Name	Currency
1	NL0010721999	NEDERLD 14-47	EUR
2	EU000A1G0DJ1	EFSF 16/47 MTN	EUR
3	EU000A1G1Q17	EU EUROP. UNION 12/32 MTN	EUR
4	XS1379184473	HSBC HLDGS 16/27 MTN	EUR

No	U/L ISIN	Name	Currency
5	BE0008062110	BELGIQUE 28.03.27 STRIP	EUR

Table 3: Non-German ETE Bonds available with CBF

**Important Information for the test execution:**

- The Simulation environment is not usable for high volume or performance tests during the C7 SCS 4.0 simulation. In order to participate in Bond ETE Testing with CBF for Non-German Bonds, members need to assure settlement account setup for Eurex Repo accordingly and provide Eurex Clearing with the respective CBF account. Please inform Eurex Repo Account Management at [repo.accountmgmt@eurex.com](mailto:repo.accountmgmt@eurex.com) about the CBF account number which will be used for testing, so that the holdings can be requested at CBF. Please note that there will be sufficient holdings in CCP account in the respective bonds and in case there is no holding on member account then a Buy trade can be successfully tested.

**3.7 Specifics for C7 SCS 4.0 simulation with CBF ETE connection during Member Simulation**

Due to dependencies on the T2S simulation environment (UTEST) the number of pending instructions in simulation should be minimized by each participating member. This might of course not be valid in case certain pending instructions are required for the execution of specific test cases. All members are encouraged to reduce their pending instructions for example by providing sufficient cash or holdings, so that trades can be settled or by switching the status of a settlement instruction from “Hold” to “Released” for the full amount of the trade. The change, “Hold” and “Released” is possible only for ETE instruments via CBF CSD.

**3.8 C7 SCS Simulation Calendar**

The C7 SCS Release 4.0 simulation follows the simulation Calendar for Securities Clearing Services. All Simulation Calendars of the connected environments are aligned to guarantee the services and functionalities on all batch days. The Simulation Calendar is released and published following the link:

[www.eurex.com/ec-en/](http://www.eurex.com/ec-en/) > [Eurex Clearing](#) > [Support](#) > [Initiatives & Releases](#) > [Simulation Calendar](#)

## **4 Member Preparations**

Members are advised to make use of the entire preparation period, in order to ensure successful participation in the C7 SCS simulation.

This Chapter describes the simulation preparation tasks to be done by CMs, SIs and TMs. The simulation preparation tasks are divided into four sections. Chapter 4.1 describes technical preparations while Chapter 4.2 displays functional preparations. Chapter 4.3 “Member Data Set-up” mentions the necessary data for member set-up in C7 SCS 4.0 simulation. Finally details about the “Member Readiness Statement” are provided in Chapter 4.4.

### **4.1 Technical Preparation**

With the start of C7 SCS 4.0 CMs do not need any direct connection between their own systems and the C7 SCS application. Reports that are provided to all CMs, SIs and their TMs are provided on the Common Report Engine (CRE) of DBAG. Members can reach their individual reports in the standard Securities CCP directory as they are already used to for the Eurex Clearing Securities CCP system. No additional certificates or connecting activities are required for C7 SCS.

#### **4.1.1 Technical Connection**

CMs, SIs and TMs are requested to verify their new or existing connections to the simulation environments of the relevant systems – CRE, CBF, and F7 interface as a trade entry. Members are encouraged to verify the availability of all applications used in the simulation and to verify, that all required users are set up and access is granted to them.

### **4.2 Functional Preparation**

#### **4.2.1 Functional Preparations C7 SCS**

CMs' functional preparation should include the setup of the back office, staff training as well as the conclusion of arrangements with affiliated members, if applicable. CMs planning to participate in the simulation should verify their individual setup/clearing relationship and inform Eurex Clearing of any changes that may be required prior to the start of the simulation. All participants planning to utilize the new functionalities in production should participate in the Member Simulation. The introduction of the new C7 SCS 4.0 may lead to new and/or altered back-office processes. CMs are encouraged to complete the adaptations (e.g., staff training and IT applications updates) prior to the start of the simulation period. This will ensure the seamless integration of the new and enhanced clearing and settlement functionality into the existing back-office environment. Participants are also encouraged to set up an internal issue management process. The new functionalities of C7 SCS 4.0 are in detail in the current “C7 SCS 4.0 - Release Notes”, which can be found in the Member Section of Eurex Clearings website via the following path:

[www.eurex.com/ec-en/](http://www.eurex.com/ec-en/) > Support > C7 SCS Releases > C7 SCS 4.0 > please select under [“Overview and Functionality”](#)

#### 4.2.2 Settlement Account & Cash Account for Settlement

Settlement Accounts and cash accounts for CCP cash payments are required at the (I)CSDs like in production. When CBF is connected to C7 SCS 4.0 simulation, sufficient cash and securities holdings on these accounts are necessary. Customers willing to test their Non-German Bonds infrastructure have to ensure sufficient coverage in cash and securities as well.

Settlement Agents are encouraged to check their message subscription for settlement reporting and custody reporting at the (I)CSD for their Settlement Accounts.

Settlement Agents are encouraged to check their connectivity to T2S and (I)CSD with the access to T2S and (I)CSD application, incl. GUIs. It is recommended to align with the relevant (I)CSD in time in case connection tests are required before the start of simulation.

#### 4.3 Member Data Set-up

As the Clearing services for Non-German trades with settlement in CBF will be offered, clients willing to use the enhancement will need to request the amendment of their settlement account setup for Eurex Repo accordingly and provide Eurex Clearing with the respective CBF account. In addition, T2S Party BIC (BIC11) linked with the CBF account is required as part of master data by C7 SCS. Please contact Eurex Repo Account Management at [repo.accountmgmt@eurex.com](mailto:repo.accountmgmt@eurex.com) for adapting your set-up.

No action will be required for members who wish to continue with their existing setup of settlement location. This enhancement is applicable for Special Repo and GC Repo transactions only and does not affect GC Pooling Repo transactions.

#### 4.4 Member Readiness Statement

C7 SCS Release 4.0 is a mandatory release, Eurex Clearing AG will require a readiness statement from the CMs.

Participation in the C7 SCS Release 4.0 simulation and testing phase is optional, though highly recommended, especially for report and interface changes. Please consider, Eurex Clearing will offer test cases to give all participants the opportunity to get familiar with the new clearing service of settlement of Special Repo and GC Repo transactions for T2S eligible bonds with prefixes BE, EU, NL, and XS at CBF.



## 5 Simulation Availability

In general, three batch days a week will be performed. Please consult the C7 SCS Simulation Calendar for details on batch days per week. On all batch days nighttime processing will take place.

On batch days the simulation systems will close earlier than in production. This is in order to avoid any possible impact on the end-of-day processing operations of the production system. The C7 SCS simulation starts at 08:30 CET and the C7 SCS online end is scheduled for 16:30 CET. The batch day structure in simulation is described below in this Chapter.

Trades, where the calendar day is not equal business day in simulation will have following procedure:

- Same day settlement (SDS) trades received with contractual settlement date, which is on non-batch day, then these trades will be rejected by C7 SCS due to non-business day reason.
- Non-SDS trades received during non-batch day with contractual settlement as current C7 SCS business day, then these trades are treated as SDS and will be settled immediately.
- T+2 trades in order to be settled as expected, would require settlement date to be equal business date, else trades are rejected by C7 SCS system.

Trades, where the calendar day is equal business day in simulation and contractual settlement date is a business date in C7 SCS will be processed as expected.

### 5.1 Participating Systems

A simulation cycle (either an end-to-end process or with (I)CSD Simulator) begins with the entering of orders into the Trading Location and finishes with the settlement of the trades/Delivery Instructions and the provisioning of the related reports. From a technical point of view, these processes will incorporate the applications listed below:

System	Short Description
C7	Eurex Clearing's C7 concludes all transactions from physical deliveries resulting from Eurex Derivatives (MIC: XEUR) and which are include in the TDN by C7 SCS.
C7 PS	Eurex Clearing Payment system, includes all payments arising out of all Eurex Clearing transactions.
C7 SCS	Central Counterparty system (Delivery Management, cash management, Trade Day Netting (TDN), report and data dissemination and update of Corporate Action Processing by the (I)CSDs in the C7 SCS Reporting).

System	Short Description
CBF	Central Security Depository systems (settlement, delivery management, Corporate Action Processing, collateral management etc.). CBF operated systems will run on simulation environment IMS23.  <b>Downtime in simulation:</b> 30.09. – 03.10.2024. Feedback will be simulated during this period.
CRE	Common Report Engine
F7	The F7 Eurex Repo electronic trading platform for all Repo transactions concluded at C7 SCS relevant Trading Location XERE.
PRISMA	Position based margining calculation (risk position determination, necessary margin requirement calculation, etc.).
T2S	European Central Bank's central technical platform for securities settlement in central bank denominated in Euro.
T7	The T7 trading platform for all transactions concluded at the C7 SCS relevant Trading Locations XETR, XFRA and XEUR.

Table 4: Applications involved in the daily lifecycle of the C7 SCS 4.0

## 5.2 Daily schedule for C7 SCS in connection with F7 trading system

Simulation days will either be batch days (shown as batch days in the Simulation Calendar) or non-batch days. In C7 SCS 4.0 simulation batch days will follow the Simulation Calendar. On batch days the C7 SCS simulation starts 8:30 CET and the C7 SCS online end is scheduled for 16:30 CET. In case of a non-batch day (and the day before was a batch day) the system starts at 8:30 CET. Members can insert their trades in the Eurex Repo Trading System F7, trading location (XERE) till 16:00 CET. All trades entered on non-batch days will be processed on the next business day (please see F7 Simulation Calendar <https://www.eurex.com/ec-en/> -> Support -> [Simulation calendar](#)). After the end of trading at the Eurex Repo Trading System F7 settlement instructions are sent from C7 SCS to the (I)CSDs<sup>1</sup>. Member reports are started to be generated after the end of day processing and the distribution of settlement instructions to the (I)CSDs. Member Reports are distributed and accessible for members via the CRE.

**Please note:** Timelines for sending Delivery Instructions to the (I)CSDs and reports to the members may vary slightly, as they depend on daily changes on the workload of the C7 SCS system. Even if the Start of Day (SoD) is on the current batch day at 8:30 CET, members can already start inserting their orders at the Trading Location in F7 (XERE) after the EoD processing and the distribution of settlement instructions to the (I)CSDs on the previous batch day.

<sup>1</sup> In case settlement is simulated via the simulator delivery instructions will not be sent to (I)CSDs.

For the detailed overview of timelines on a business day in simulation please see Figure 2.

## Business Day Schedule on Batch Days

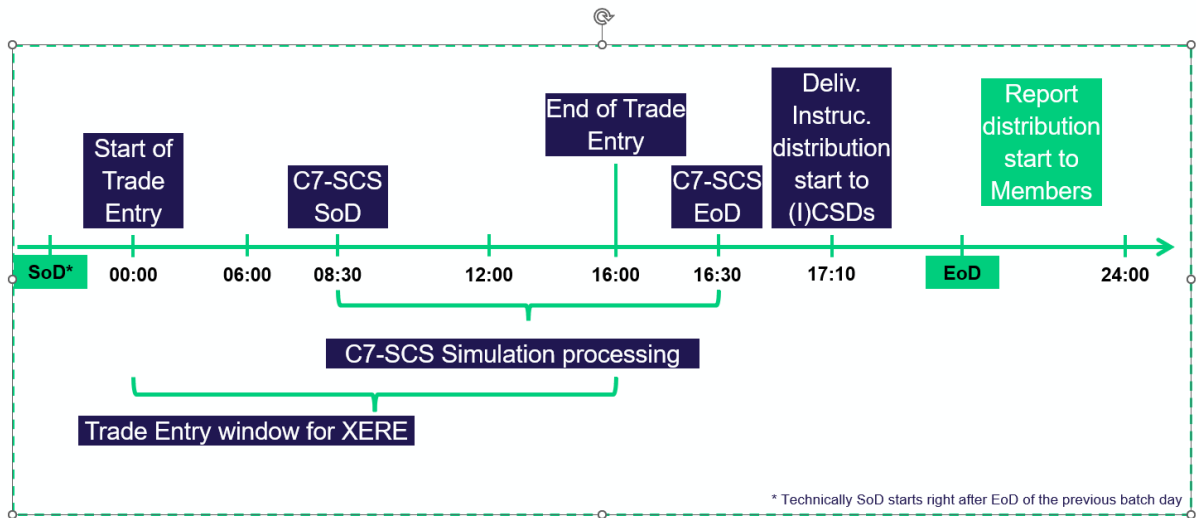


Figure 2: Batch Day Process in Central European Time (CET)

## 6 Related Documentation

All member documents providing information regarding new functionalities of C7 SCS 4.0 can be found on the Eurex website at: <https://www.eurex.com/ec-en/> > Support > Initiatives & Releases > C7 SCS Releases > [C7 SCS Release 4.0.](#)

## 7 Support

### Eurex Clearing Support

Eurex Clearing will provide support for member preparations during the simulation of C7 SCS 4.0. The following teams may be contacted concerning any questions related to the preparation and participation in the C7 SCS 4.0 simulation.

#### Customer Functional Support

Telephone: +49-69-211-10333  
Availability: 09:00 - 18:00 CET (on exchange trading days)  
E-Mail: [client.services@deutsche-boerse.com](mailto:client.services@deutsche-boerse.com)  
(or please contact your dedicated Clearing KAM)

#### Helpdesk Derivatives Clearing

Telephone: +49-69-211-11250  
Availability: 01:00 - 22:30 CET (on exchange days)  
E-Mail: [clearing@eurex.com](mailto:clearing@eurex.com)

#### Helpdesk Securities Clearing

Telephone: +49-69-211-11940  
Availability: 07:00 - 19:00 CET (on exchange trading days)  
E-Mail: [ccp@eurex.com](mailto:ccp@eurex.com)

#### Eurex Repo F7 Functional Helpdesk

Telephone: +41-43-430-7220  
Availability: 07:15 - 18:00 CET (on exchange days)  
E-Mail: [Repo.Trading@eurex.com](mailto:Repo.Trading@eurex.com)

#### Clearstream Connectivity Services

Telephone: +49-69-211-11590  
Fax: +49-69-211-611590  
Availability: 09:00 - 18:00 CET  
E-Mail: [connect@clearstream.com](mailto:connect@clearstream.com)

## 8 Abbreviations

Abbreviations	Description
(i)CSD	(International) Central Securities Depository
AG	Aktiengesellschaft (public limited company)
BIC	Business Identifier Code
C7 SCS	C7 Securities Clearing Service
CBF	Clearstream Banking Frankfurt
CBF-i	Clearstream Banking Frankfurt International
CBL	Clearstream Banking Luxembourg
CCP	Central Clearing Counterparty
CET	Central European Time
CM	Clearing Member
CRE	Common Report Engine
CSD	Central Securities Depositories
DBAG	Deutsche Boerse AG
EB	Euroclear Bank
EDP	Clearing Electronic Data Processing
EOC	Euroclear Bank
EoD	End of the Day
ETE	End-To-End
F7	Eurex Repo Markets with relevant Trading Location XERE
FWB	Frankfurter Wertpapierbörse
GC	General Collateral
GUI	Graphical User Interface
ISIN	International Securities Identification Number
LAN	Local Area Network

Abbreviations	Description
SDS	Same day settlement
SI	Settlement Institution
SoD	Start of the Day
SP	Service Provider
SWIFT	Society for Worldwide Interbank Financial Telecommunications
T2S	TARGET2-Securities
TM	Trading Member
WAN	Wide Area Network
XERE	Eurex Repo electronic trading platform
XML	Extensible Markup Language

Table 5: Abbreviations