

XONTRO[®]

XONTRO Newsletter

Financial Institutes

No. 20 (English Version)

As of October 24th, 2005, the following modification will (amongst others) be introduced in XONTRO:

- Option to receive contract notes (schlussnotes) *realtime* via System Connection for Financial Institutes (SAKI)

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Note: The XONTRO release scheduled for 10/24/2005 comprizes yet further modifications, whose contents will be announced by BrainTrade in a separate newsletter to be published later this year. This XONTRO newsletter No. 20 serves as a preliminary information concerning the issue „contract notes reception *realtime* via SAKI“.

Contract notes reception *realtime* via SAKI

1. Definition of terms

In order to obtain a clear distinction of the functionalities addressed in this newsletter, the participating (trading) member for whom the contract note was issued – because they were involved in the trade as a (buy or sell) counterparty – will be called “(contract note) recipient” in this newsletter, whereas the participating member to whom the contract note is delivered *realtime* via SAKI, will be called “(contract note) subscriber”. Contract note recipient and contract note subscriber are identical only in case the SAKI-owner wants to receive “his own” contract notes via SAKI, too.

2. Summary

As of October 24th, 2005, it will be possible to receive contract notes *realtime* via SAKI for banks. Primary target group for this new feature are today’s contract note subscribers that receive their contract notes via file transfer (“SNO-DTA”) currently, and that operate their own SAKI, too. The contract notes reception *realtime* via SAKI, however, is also possible, and an interesting option, for those contract note recipients that do not yet receive their contract notes via file transfer (SNO-DTA).

For banks, the advantage of the contract notes reception *realtime* via SAKI on one hand consists of the option to conduct their internal trade consolidation processes, as well as the balancing against the bank’s customer (e.g. the private investor) – including the correct balancing of accrued interest amounts and brokerage – yet faster and more in time than before; on the other hand, discrepancies and problems arising from the trade processing (e.g. along with accrued interest amount differences or deviating settlement prices) can be detected, analyzed, and eventually be reconciled even faster and more in time than before. Besides from that, this feature enables the banks to receive all trading-relevant bits of information from XONTRO using one standardized technical interface – the system connection for banks (SAKI) –; thus, a separate reception of the contract notes using the “old” SNO-DTA transfer method may eventually become superfluous.

The contract notes *realtime* transmission via SAKI may be set up either without any, or including the „DWZ systems“ or the bank (member) internal order reference. Additional customer-specific settings will not be supported. In case of direct (OTC) trades, the so called “bank internal OTC reference will always be delivered (if present). Only contract notes for XONTRO and INVESTRO trades will be transmitted in the first instance.

Aside from the “contract note subscriber“ themselves, further “contract note recipients“ (as defined via their CBF account number) may be set up for the transmission onto the „subscriber“.

The contract notes message transfer is done within XONTRO using the S.W.I.F.T. MT512 / MT599 format, under recognition of the valid rules to be applied for the general message transfer within SAKI.

The feature of the contract notes reception *realtime* via SAKI is scheduled to commence within the production environment on October 24th, 2005.

3. Details und restrictions

Banks are entitled to be set up for the subscription of contract notes *realtime* via SAKI. The contract note reception is also possible further on, using the "SNO-DTA" data carrier, as before. The contract not subscription must be applied for by the "subscriber" at BrainTrade.

Upon set up of the message for transfer via SAKI, a new parameter "INCLUDING ORDER REFERENCE" – similar to the "SNO-DTA" file transfer – will be recognized. If "bank (member) internal order reference" was chosen, and if this order reference does not exist, then the so called "DWZ system order reference" will be delivered, if existent. Any further user-specific parameters will not be supported.

In addition, for each "contract note subscriber", a deliberate number of further "banks" (CBF account numbers) may be listed as "contract note recipients", whose contract notes will then be delivered to the "contract note subscriber", too. A "contract note recipient" is a trading member in XONTRO, whose account was called as a counterparty in the underlying trade. There need not be any (organizational, technical, functional, ...) connection between the "recipient" and the "subscriber".

If there have been any functional ties (e.g. "Reg-Ueber") set up, according to which the contract notes, using the "old" "SNO-DTA" file transfer method, are sent to an address different from the "recipient's" delivery address, then these settings remain completely disregarded as for the initial contract notes reception *realtime* via SAKI set up. This is also true for the "main branch" – "filial branch" relation originally having been used for the (centralized) SAKI set up. This means that, if the "subscriber" wants to receive not only "their own", but also all the other contract notes from the SAKI "filial branches" that have originally been set up for this SAKI, then they must all be included in the list of additional "recipients" that should be included into the contract notes *realtime* reception application list for a SAKI owner ("subscriber"). This procedure is also valid in cases where "recipient" = "subscriber". In other words, it is also possible for the "subscriber" only to receive contract notes for other "recipients" and not "their own" contract notes.

The outbound messages will be saved together with a unique "output sequence number" (OSN); these OSNs are taken from the number series 600,001 ... 999,999. The following trade types will be delivered *realtime*:

- Aufgaben (only during end of day batch, save for "Broker-PUEV-Aufgaben")
- Normal XONTRO trades
- Cancellations and reversals
- INVESTRO trades

As a general rule, the follow-up MT599s that belong to a MT512 will also be delivered using an ascending OSN. If, however, the bank simultaneously enters direct (OTC) trades via SAKI – or due to other reasons feasible –, then it cannot be granted that the MT599

OSNs immediately follow the originating MT512 OSN, because (e.g.) the OSNs for the direct (OTC) trade entry confirmations (MT596) are also taken from the same number series.

The *realtime* contract notes via SAKI will be counted separately. Each *realtime* contract note will be charged with a fee of 0.06 €.

The *realtime* contract notes may only be retrieved during the „actual“ business day on which they were generated, using a normal retrieval request issued by the “subscriber” within SAKI.

There will not be a special “last *realtime* contract note generated” flag during one business day.

After transmission of the last *realtime* contract notes for a business day, the “BOEND” message will be broadcasted.

A specific procedure for the *realtime* transmission of the contract notes that go to the (CCP) clearer – similar to the set up option for the “old” “SNO-DTA” transmission – will not be offered.

4. Set up and procedure

The „(contract note) subscriber” must be set up for the reception of the contract notes *realtime* via SAKI. This set up has to be applied for by the „subscriber“ at BrainTrade in written form and including the indication of the starting date for production. In addition, the subscriber needs to indicate which order reference (none, bank internal, or “DWZ systems”) is desired. Bank internal OTC numbers for direct (OTC) trades will always be delivered, if existent.

After the set up has been entered into the system, it will become valid immediately. If the subscriber desires the set up to become valid at the beginning of a trading day, then there still is a small chance that, at the time the set up is actually entered into the system – e.g. between 7.00 a.m and 8.00 a.m. in the morning –, there are already trades that had been entered before this moment – e.g. direct (OTC) trades, or “direct” broker-mediated trades –, and that will therefore not be regarded for transfer via SAKI.

Frankfurt Main, 3 June 2005

BrainTrade Gesellschaft fuer Boersensysteme mbH