XONTRO Newsletter

Financial Institutes

No. 63

(English Version)

XONTRO / Financial Institutes

Newsletter No. 63
(English Version)

This newsletter covers the following topics:

- 2012 Year End Processing Schedule
- Maximum Order Validity of 360 Calendar Days
- Accrued Interest Module Modifications
- Automatic Custody Type Modifications
- Modifications Affecting the Contract Notes Distribution Via File Transfer
- Modifications of the Fees and Charges Files Allocation Rhythm

1. Year End 2012

1.1 Overview

Monday, 24 December, and Monday, 31 December 2012, will not be exchange trading days, but settlement days only. The essential features relelvant for the settlement days will be depicted below under 1.2.

Thursday, 27 December, and Friday, 28 December 2012, will be exchange trading days. On Thursday no special features will have to be regarded; on Friday – day of the year end exchange – prices will only be fixed until 02.00 p.m., the end-of-day-batch will start earlier than usual at 06.30 p.m.

Orders valid for the following day, as well as the year end order deletion to take place for the very last time, will be described under 1.3.

For the remainder, the table presented in the appendix of this newsletter is recommended for inspection.

1.2 Settlement Days

1.2.1 System Usage

During the settlement days no on-exchange trading will take place on any of the XONTRO exchanges – the price fixing procedures to be used by the pricing intermediaries will be technically suspended. Other than that, from a technical viewpoint XONTRO will be available with no apparent further restrictions, the end-of-day-batch will, however, start earlier than normal.

Banks will be able to utilize all dialog masks, well as the order routing via the system connection for banks. Orders may thus be inserted, modified and deleted, executions will, however, not be possible by any means. Orders valid for the day only may be inserted during the settlement days, they will, however, expire on the same day.

During the settlement days, trades and/or *Aufgaben* (pending trades) may arise – resulting from cancellations, from trade entries done by intermediaries, from the closing of *Aufgaben*, and from direct (OTC) trade entries by banks.

Banks using the system connection for banks will receive the „Exchange Assembly Suspension“ message (Event Key BOINT within the MT551 for SAKI-SWIFT resp. the “News” for SAKI-FIX) before 08.30 a.m.; the resumption will take place on the following exchange trading day without any further notice.

1.2.2 Entry Time Restrictions

On both settlement days, the entry deadline for direct (OTC) trades for banks will be brought forward towards 06.30 p.m., immediately afterwards, the end-of-day-batch will start. From this time on, order entries will not be allowed any longer.

1.2.3 Settlement and Time Period Calculations

Settlement days count as „valid exchange trading days“ within all time period calculations, including the calculation of the *Aufgabe* (pending trade) age.

Trades having been created on an exchange trading day before a settlement day will have to be cancelled on the settlement day latest.

1.2.4 Empty Files

On settlement days, contract notes data carrier files will be distributed in any case, even in case they are empty except for the header and trailer dataset.

After the end-of-day-batch cessation, those data carrier files due for the normal distribution times, i.e. every full hour or every 15 minutes, will still be distributed; these will then of course be empty.

The “L” flag, i.e. “Last Transmission of the Day”, contained in Label 77E of the header dataset, will be distributed within that data carrier file that had been created from within the end-of-day-batch. After this, only empty files will then be distributed.

1.2.5 Miscellaneous

The submission of direct OTC trades (MT511 resp. TradeCaptureReport) will be possible during the settlement days, the submission of MiFID Trade Report messages (MT513 resp. TradeCaptureReport), as well as the cancellation of MiFID Trade Reports, will, however, not be allowen on these days.

On 31 December, the generation of the “Contract Notes Print Files”, normally scheduled for the following morning, will take place on the evening of the same day already; this will, however, not be true for trades from 24 December.

1.3 Orders Valid for the Day / Order Valid for the Following Day / Year End Order Deletion

During settlement days, orders may be inserted; orders valid for the same day only will, however, expire on the same day.

With regard to the validity of orders valid from the following day, the table attached to this document is recommended for inspection.

The year end order deletion, which will be done for the very last time this year, will take place on Monday, 31 December 2012.

Subscription rights orders will not be deleted; thus they will remain valid beyond this date.

In case a subscription period begins in 2012 and ends in 2013, the validity of all orders inserted in 2012 will automatically be prolonged until 31 December 2013; they will likewise not be deleted at the end of the year 2012.

Within the order history dialog mask (BxHI/OH), orders deleted will be flagged using the “Löschung wegen Befristung von Aufträgen“ (deletion caused by order limitation) (Short version: “L/Befristung” (L/Limitation)) message. Orders deleted may be inserted anew on the following exchange trading day, augmented by the appropriate validity date and, if desired, using the same bank internal order reference number, but using a newly generated system DWZ order reference number.

Orders valid for the following day, that are to become valid from Wednesday, 2 January 2013, may only be inserted on Monday, 31 December 2012. These orders will likewise not be deleted at year end.

2. Maximum Order Validity of 360 Calendar Days

Beginning 10 December 2012, a validity date included in an oder entry will be checked for a maximum validity of 360 calendar days. [1] The entry date will hereby be counted as the the first day. If the validity turns out to be longer than 360 days, the entry will be rejected. This will be valid for order entries via 3270 dialog, SAKI, FIX, and the so called system connection for intermediaries (SAM). Along with an order modification, the validity may be modified to a maximum of 360 calendar days beginning with the modification entry date.

---

[1] For the sake of clarification: Orders inserted between 10 and 31 December 2012 and having a validity longer than the year end of 2012 will nevertheless be deleted at the end of 2012. Thus, the revised validity rule will eventually become valid in combination with the end of the year 2013.

Along with subscription orders and within the Hannover funds segment, the validity rules valid as of now will be retained, i.e. the validity will be set to the end of the year of the end of the subscription peroid, or – if occurring earlier – to the final redemption date. By this means, as an exception, an order validity of more than 360 days may result.

All remaining rules will remain unchanged; specifically, along with the order entry done by the bank using the 3270 dialog, the last day of the actual month will be determined as the validity date by default.

3. Accrued Interest Module Modifications

Until hitherto, within XONTRO the method #16 (Bond Basis) has been replaced by the German Method as the best approximation. As of 16 November 2012, XONTRO is now capable to correctly display the method #16, too.

4. Automatic Custody Type Modifications

Along with all trades in ISINs having the “AKV” custody type, as a routine XONTRO checks if both counterparties have an AKV membership, too. If this turns out not to be the case, then the custody type for the trade is swapped from “AKV” to “WPR” within the contract note and the trade inventory. Presumably beginning in April of 2013, this plausibility check will not be able to be perfomed by XONTRO any longer; the conversion will then be done within the Clearstream systems. As a result, in supposedly very few rare cases, the “AKV” notation given in the contract note may then really mean a “WPR” (*Wertpapier-Rechnung*) custody type settlement.

5. Modifications Affecting the Contract Notes Distribution Via File Transfer

In those cases where there is a so called „Reg-Über“ (Main Branch / Subsidiary Branch) relationship between several CBF account numbers, according to the setting laid out by Clearstream, then in many cases the contract notes for this compound will be combined into one single contract notes transfer file by XONTRO. If the “Reg-Über” relationsship changes, then the contract notes files is changed accordingly with no further manual modification being necessary. Presumably beginning as of 1 February 2013, this automatic process will not be able to be retained any longer.

Therefore, the „Reg-Über“ Main Branches are hereby kindly asked to report any “Reg-Über” modifications for their affected Subsidiary Branches to XONTRO, beginning as of 2 January 2013. A similar procedure has already been introduced in XONTRO along with the distribution of the so called Realtime Contract Notes via SAKI.

6. Modifications of the Fees and Charges Files Allocation Rhythm

As desired by a considerable amount of XONTRO participants, it was decided to allocate the two fees files (for Berlin/Duesseldorf/Hamburg/Hannover/Munich, as well as for Stuttgart) not on a daily basis, but rather on the last day of the month only. This “last day of the month” file will then contain all fee datasets for all single days of the previous month in a combined format. Thus, it will not be necessary to download resp. receive the data for each single day and then concatenate them at the end of the month. The format of the file will remain unchanged. This modification will affect the allocation via file transfer, as well as via the BT Fileservice using the internet.

This modification will become effective as of February 2013; this means that up until 31 January 2013 the data will still be transferred on a daily basis.

Date	20 Dec	21 Dec	22 Dec	23 Dec	24 Dec	25 Dec	26 Dec	27 Dec	28 Dec	29 Dec	30 Dec	31 Dec	01 Jan	02 Jan	03 Jan
Week Day	**Thu**	**Fri**	**Sat**	**Sun**	**Mon**	**Tue**	**Wed**	**Thu**	**Fri**	**Sat**	**Sun**	**Mon**	**Tue**	**Wed**	**Thu**
Exchange Trading Day/ Settlement Day	Ex-Day	Ex-Day			Sett-Day			Ex-Day	Ex-Day			Sett-Day		Ex-Day	Ex-Day
Price Fixings?	yes	yes			no			yes	yes**)			no		yes	yes
end-of-day-start *)	08:40 p.m.	08.40 p.m.			06.30 p.m.			08.40 p.m.	06.30 p.m.			06.30 p.m.		08.40 p.m.	08.40 p.m.
Settlement Periods															
1)	TD	Can			Set										
2)		TD			Can			Set							
3)					TD			Can	Set						
4)								TD	Can			Set			
5)									TD			Can		Set	
6)												TD		Can	Set
7)														TD	Can
Next Day Validity Order															
1)															
2)															
3)															
4)															
5)															
6)															
7)															

TD = Trade Day
Can = Cancellation
Set = "Value Date", Settlement

*) likewise entry deadline for trade entries
**) until 02.00 p.m.

next day validity order

entry date valid from

e.g. 24 Dec 27 Dec