

XONTRO[®]

XONTRO Newsletter

Financial Institutes

No. 64

(English Version)

This newsletter contains information with regards to the following topics:

- „Bilateral Aggregation“ production launch
- „OTC“ fees reductions
- Password modification within the DBAG Host File Service
- Fee file allocation rhythm modification

1. „Bilateral Aggregation“ Production Launch

General Remarks

As of 01 March 2013, financial institutes will, as an option, be enabled to aggregate trades executed between a specified set of CBF account numbers, and then to settle only the aggregated trades via Clearstream.

Those CBF account numbers whose trades are to be aggregated amongst one another will – as has already been the case for the “Internal Settlement” – have to be pre-defined in a so called “network”. Together with the definition of the network, participants may in addition specify which trades are to be aggregated:

- Only trades entered by an intermediary (broker)
- Only direct (OTC) trades entered by banks
- Or both types of trades

Processing Rules

The intraday processing rules remain to a large extent unchanged in XONTRO. The only difference is that those (“trading”) contract notes that are to be included into the end-of-day aggregation run will be flagged as such (cf. the “documentation” chapter below) and not be forwarded onto Clearstream.

Within the end-of-day batch, those trades flagged for aggregation will be combined so that, for each valid combination of ISIN and buy-sell-counterparty-pair, two contract notes having an aggregated volume and a volume-weighted average price will emerge at the most – separated for the buy and sell side.

XONTRO will then create the so called “settlement contract notes”. These will then be distributed among the participants and – in contrast to the “trading” contract notes – be forwarded onto Clearstream.

Any price and “bonification” differences having been generated, as well as the brokerage fees, will remain unaffected by this regulation, i.e. they will as before be balanced by Clearstream via their cash clearing procedures, together with all remaining (non-aggregated) trades.

Due to the fact that, at present, in many cases trades having been contracted on a late-shift trading platform are not entered into XONTRO before the following morning, there will be two aggregates to be built within the XONTRO aggregation batch run:

- Trades having been contracted today and having the default settlement period (VD t+2)
- Trades having been contracted yesterday and having a value date of tomorrow (TD t-1 and VD t+1)

The (trading) contract notes will remain available for same-day cancellations as before. On the following day, a cancellation is neither possible for the trading contract note, nor for the settlement

contract note. In these cases the reversal of the transaction has to be done by means of the entry of a countering trade.

A differentiation with regards to “agent/proprietary” or “on-exchange/off-exchange” trades will not be considered. Such a differentiation may be obtained by the usage of different CBF account numbers, if desired by the trading participant.

A cross reference between the settlement contract notes and the trading contract notes will not be given. This may, however, be construed by the participants themselves by means of the ISIN, trading counterparty and appropriate flagging of the trading contract notes. In addition, a daily report will be delivered from the end-of-day batch for the banks; from this report it may be taken which trading contract notes are contained in a given settlement contract note.

The set up of a “network” may be done at any time, starting with production launch time. A specification determining the set up or the modification of a given network that has been forwarded to BrainTrade on a given Tuesday latest will become effective on the following Monday. Test and simulation setups and scenarios are available from now on.

Simultaneous Bilateral Aggregation Launch Together With Trading Hours Extension at Börse Stuttgart

As the bilateral aggregation will be launched at the same date together with the trading hours extension in Stuttgart, the end-of-day aggregation batch run cannot be started before the trading time ends in Stuttgart. Therefore, the settlement contract notes will only be contained in the last contract notes data carrier file, but will, along with the real time contract notes reception, still be transmitted before the BOEND, and will, together with the Stuttgart trades, be transferred onto Clearstream, within the late delivery.

Calculations

Any price and bonification differences will be balanced separately and will thus neither be contained in the market value nor in the settlement amount.

- For the aggregated trade, the *average price* will be calculated as the sum of (nominal amount multiplied by price) divided by the sum of all nominal amounts
- The *foreign currency exchange rate* for the aggregated trade will be calculated as (sum of all nominal amounts) multiplied by average price and divided by the sum of all market values

In contrast to a “normal” trade, the bonification, special fees, commission, brokerage and reinvestment amount of the settlement trade will not be displayed separately on the contract note. The reason for this is that, depending on the entering side, these amounts are either added to or subtracted from the settlement amount; the “re-calculation” by the participant will thus hardly be possible. For the same reason, neither the bonification rate nor the commission rate will be displayed in the settlement trade.

Documentation

a) 3270 Dialog Online Retrieval Full Version (BxAG AL)¹

(Trading) Contract Note:

On the contract note, the additional remark „AGGREGATION“ is shown:

```
TRAN: BRAG FC: AL SB: 010313#G#000001#####  
  
XONTRO / ANZEIGE NACHWEISE (LANGFORM) 6123/99 FILDERBANK  
ABRUF-NR.: G 1  
KAUF - SCHLUSSNOTE GNR : S 130301 1080001  
  
DE0005810055 DEUTSCHE BOERSE NA O.N. V-ART: GS  
  
NOM.: ST 22 KUNDENGESCHAEFT  
KURS : 50,0000 K-WERT: 1.100,00  
  
KONT.: 6789 BAD SODENER BANK  
EING.: 6321 MAKLER AGGREGATION  
  
ABR.-BETRAG: 1.100,00 EUR  
  
BOSS/  
EINGABE: 1.03.13 09.11.26  
ABSCHLUSS: 1.03.13 07.11.00 AB  
-- ID-KZ: 612356789 -- PW: ----- B999805A -- 07/03/13 -- 08:20:14 --  
  
BC0020I WEITERE DATEN VORHANDEN: PF8
```

Settlement Contract Note:

On the contract note, the additional remark „ABWICKLUNGS-SNO“ is shown:

```
TRAN: BRAG FC: AL SB: 010313#G#000001#####  
  
XONTRO / ANZEIGE NACHWEISE (LANGFORM) 6123/99 FILDERBANK  
ABRUF-NR.: G 1  
KAUF - SCHLUSSNOTE GNR : S 130301 1080004  
  
DE0005810055 DEUTSCHE BOERSE NA O.N. V-ART: GS  
  
NOM.: ST 66 KUNDENGESCHAEFT  
KURS : 49,8000 K-WERT: 3.286,80  
  
KONT.: 6789 BAD SODENER BANK  
EING.: 6321 MAKLER ABWICKLUNGS-SNO  
  
ABR.-BETRAG: 3.286,80 EUR  
  
BOSS/  
EINGABE: 1.03.13 09.20.41  
ABSCHLUSS: 1.03.13 07.20.41 AB  
-- ID-KZ: 612356789 -- PW: ----- B999805A -- 07/03/13 -- 08:20:14 --  
  
BC0020I WEITERE DATEN VORHANDEN: PF8
```

¹ Note: In the online retrieval short version BxAG AK, no additional remark will be given.

b) Contract Notes Data Carrier Files and Realtime Note Using S.W.I.F.T. Format

In the MT512, label 57B will be used for identification:

- Label 57B Information along with a CCP trade**
- CCP trade identification
 - o 'J' – CCP trade given
 - o 'I' – Internal settlement given; the trade will not be forwarded onto Clearstream
 - o 'A' – Trade flagged for bilateral aggregation; the trade will not be forwarded onto Clearstream
 - o 'B' – Settlement contract note resulting from bilateral aggregation
 - CBF account number
 - o of the clearing member, along with a CCP trade
 - o of the recipient of the trade confirmation, along with the internal settlement, bilateral aggregation, or the settlement contract note

Field: 'CCP Trade' Identification resp. 'Internal Settlement':

Trades marked for internal settlement are flagged using the character constant 'I'; trades flagged with an 'I' are not forwarded onto Clearstream for delivery; instead, they will have to be booked for settlement by the recipients themselves.

Trades marked for bilateral aggregation using an 'A' will not be forwarded onto Clearstream for settlement.

Settlement contract notes resulting from bilateral aggregation will be flagged with a 'B'; they will be forwarded onto Clearstream for delivery.

Field: CBF Account Number (Clearing Member resp. Recipient):

Along with internal settlement, along with trades marked for bilateral aggregation, as well as along with settlement contract notes, the CBF account number of the recipient of the trade confirmation (identical to label 72, 2nd line) is inserted here.

c) Real Time Note FIX Format

In the same fashion as with the „internal settlement“, along with the bilateral aggregation for the (trading) contract notes the contract notes recipient is documented within the party-group <clearing organization>:

<clearing organization>	o	o	CBF account number of trade confirmation recipient, along with internal settlement, bilateral aggregation, or the settlement contract note.
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In addition, the (trading) contract note is flagged as a contract note marked for the internal settlement or for the bilateral aggregation using the new UserDefined Tag 9938 ClearingHandlingType:

9938	ClearingHandlingType	O	O	<p>char</p> <p>Mark of the (trading) contract note for internal settlement or for bilateral aggregation. The trade will not be forwarded onto Clearstream.</p> <p>"I" = internal settlement</p> <p>"A" = bilateral aggregation</p> <p>Mark of the settlement contract note along with bilateral aggregation. The trade will be delivered onto Clearstream.</p> <p>„B“ = bilateral aggregation</p>
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d) End-Of-Day Report

From within the end-of-day batch, an additional report using a semicolon-separated file format is generated, from which the cross-references between trading and settlement contract notes may be taken. The report has the following structure:

Field	Description	Format
CBF-NR	Clearstream account number of contract note recipient	PIC 9(4)
ISIN	Security identification number	PIC X(12)
GNR	Trade ID of settlement contract note	PIC X(16)
GESCHAEFTS-ART	K (Buy) oder V (Sell)	PIC X(1)
LFD-NR-1	Sequential set number corresponding to Trade ID of the settlement contract note	PIC 9(5)
The two referencing fields to follow are contained 5 times within the set:		
GNR	Trade ID of the corresponding (trading) contract notes	PIC X(16)
NOMINALE	Nominal amount of the corresponding (trading) contract notes	PIC 9(12)V9(3)
LFD-NR-2	<p>Next sequential set number corresponding to settlement trade ID; LFD-NR-1 and LFD-NR-2 are both used for the identification of follow-up sets. If both numbers are equal, then there is no follow-up set. If there is a follow-up set, then LFD-NR-2 identifies the number of the next set.</p> <p>Examples:</p> <p>1 ... 1 → No follow-up set.</p> <p>1 ... 2, 2 ... 3, 3 ... 3 → 3 sets altogether.</p>	PIC 9(5)

2. “OTC” Fees Reductions

As of 01 Januar 2013, BrainTrade will reduce the following fees:

- The fees for the insertion of direct „OTC“ trades into XONTRO via the so called system connection for banks (SAKI SWIFT as well as SAKI FIX) will be reduced from EUR 0.05 to EUR 0.03. A fee cap of EUR 30,000.-- p.a. and per participant will be valid.
- The fees for real time contract notes for direct „OTC“ trades will be reduced from EUR 0.05 to EUR 0.03. The fees for real time contract notes resulting from broker-mediated trades will remain unchanged.

3. Password Modification Within the DBAG Host File Service

Deutsche Börse Group kindly requests all host file service users to have their passwords reset resp. modified until 31 March 2013 latest.

In order to have this done, all users are kindly requested to send an e-mail to SYSCBF@deutsche-boerse.com including their USERID (**fskvxxxx**) and the request for password modification. The new password will then be allocated by Deutsche Börse Group and be sent back to the user via another e-mail.

Users whose passwords will not have been modified by the end of March 2013 will be blocked by 01 April 2013.

4. Fee File Allocation Rhythm Modification

Within the previous XONTRO Newsletter No. 63 it had been pointed out that the two fees and pricing files (for Berlin/Duesseldorf/Hamburg/Hannover/Munich, as well as for Stuttgart) will no longer be provided on a daily basis, but rather on the last business day of a month only, beginning as of February 2013.

As it became evident that this change would cause some problems for the inhouse processing of some of our customers, it was decided to leave the daily delivery unchanged. In addition, however, the end-of-month files will be allocated – as a standard in the internet – as announced. Customers who wish to have the end-of-month files be allocated via file transfer are kindly requested to inform BrainTrade about this desire informally by sending an e-mail to trade@xonto.de. The end-of-month files will be allocated at the end of February 2013 for the first time.