



SERVICE DESCRIPTION

FINNISH MARKET – INFINITY RELEASE 2

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1 Introduction

Following the implementation of Infinity release 1 for the debt market, Euroclear Finland has scheduled the implementation of Infinity release 2 in the Finnish cash equity market for Monday 12 February 2018. This is the second phase of Euroclear Finland's project in advance of its migration to the Target2 Securities settlement platform (T2S). The launch date for the migration to T2S has yet to be confirmed.

EuroCCP will remain a Euroclear Finland participant and continue to operate its own securities and cash accounts within Infinity.

With the introduction of Infinity in the cash equity market, Euroclear Finland will replace HEXclear, its current settlement. As a consequence, new functionality will be introduced and certain functionality will no longer be available.

The purpose of this document is to outline the changes to EuroCCP's services for the Finnish market as a consequence of the introduction of Infinity release 2.

2 Main changes

The following elements of the settlement process and EuroCCP's services for the Finnish market will be impacted by the introduction of Infinity release 2:-

- Clearing Participants' and EuroCCP's Standard Settlement Instructions.
- EuroCCP's CIF file.
- EuroCCP's settlement instruction split functionality.
- Settlement agent Power of Attorney.
- Settlement day - business day timing.
- Introduction instruction types, DWP, RWP, PFOD.
- Infinity hold and release functionality.
- Processing of Corporate Actions, market claims and transformations.

2.1 Standard Settlement Instructions

With the implementation of Infinity release 2 in the Finnish cash equity market, settlement arrangements and SSIs for Clearing Participants and EuroCCP will change.

Mandatory matching fields

Mandatory matching fields are fields that must be present in the settlement instruction and values must be the same in both legs of the settlement instruction. The 'Delivery and Receiving party' and the 'CSD of the delivery and receiving party' are mandatory matching fields and must be completed with the BIC11 of the respective party.

Optional matching fields

Optional matching fields are fields for which matching is allowed, should one party enter a value and the other party leave the field blank. In the event both parties have entered a value, the value must be the same.

The 'Client of the CSD participant' and the 'Securities account of the delivery/ receiving party' are optional matching fields. EuroCCP does not mandate the use of the optional fields and treats these field as an optional matching field in accordance with Euroclear Finland and T2S specifications.

EuroCCP SSI's

EuroCCP new SSIs, as detailed below, will apply from settlement date Monday 12 February 2018:-

EuroCCP SSIs Euroclear Finland:

Delivery / Receiving party BIC (DEAG / REAG)	EMCFNL2AXXX
Securities Account	APKE00000000000008500000000000008558
CSD of Delivering / Receiving party (PSET)	APKEFIHHXXX

Clearing Participants actions

In order that settlement instructions successfully match as soon as possible during the first settlement day in Infinity, EuroCCP recommends that Clearing Participants and their settlement agents confirm their new production SSIs and to test the matching of settlement instructions with these new SSIs.

Clearing Participants that are active on the Finnish market must confirm their new SSIs for the production environment by completing EuroCCP's Infinity Information Form, which should have been returned to EuroCCP no later than 15 November 2017. If this has not been completed, this should be returned to EuroCCP without further delay.

2.2 EuroCCP's CIF files

From Trade Date 16 Jan 2018, EuroCCP's settlement instructions and the Client Information File (CIF) will contain the new PSET of the local CSD in the Finnish market, BIC11.

The 8-digit CSD BIC will change to CSD BIC11 as follows:-

- From APKEFIHH to APKEFIHHXXX

In addition, the updated Clearing Participants' SSIs will be reflected in the CIF for settlement instructions that will be re-instructed by EuroCCP in Infinity once the go-decision is confirmed by Euroclear Finland during the migration weekend in February 2018.

2.3 EuroCCP's settlement instruction split functionality

EuroCCP currently offers its Clearing Participants the ability to split settlement instructions to allow partial settlement in the Finnish market. Split requests can be initiated by Clearing Participants between 11:30 – 13:30 CET. Currently, EuroCCP runs an automatic split batch at 14:15 CET, which only initiates a split for Clearing Participants' receipts. With the migration to Infinity, new improved split timelines will be introduced by EuroCCP for the Finnish market.

Within Infinity, split requests initiated by Clearing Participants and EuroCCP will be processed as follows:-

Start split request initiated by Clearing Participants	Deadline split request initiated by Clearing Participants	Start split request initiated by EuroCCP	Deadline split request initiated by EuroCCP	Threshold
08:00 CET	14:00 CET	15:00 CET	15:30 CET	€ 50.000

It is mandatory for Clearing Participants to follow the instructions initiated by EuroCCP to cancel and re-instruct settlement instructions in respect of the partial settlement process.

Split request of entitled settlement instruction post record date

Split requests for settlement instructions for which a market claim is generated by Infinity on record date, will be rejected by EuroCCP to avoid duplication of the market claim. This rule only applies for split requests received after the record date and for events types for which Infinity automatically generates market claims. For corporate events that should be handled bilaterally between CSD participants that will not trigger the generation of a transformation or market claim post record date, EuroCCP will continue to support the split of settlement instructions entitled for these kind of events.

2.4 Settlement Agent Power of Attorney

EuroCCP will continue to support the Settlement Agent Power of Attorney (PoA) service, where settlement instructions are delivered to the Clearing Participant's settlement agent, following the implementation of Infinity release 2. In order to comply with the technical requirements of Infinity, EuroCCP has removed the ISIN description from the PoA settlement instruction as follows:-

ISIN description will be removed:-

Start of Block	:16R:	TRADEDET
Place of Trade	:94B:	:TRAD//EXCH/CEUC
Date/Time	:98A:	:SETT//20171103
Date/Time	:98A:	:TRAD//20171101
ID Financial Instrument	:35B:	ISIN FI0009003727 WARTSILA OYJ
End of Block	:16S:	TRADEDET

The Originator of Message (MEOR) which is introduced by Euroclear Finland, will not be included in EuroCCP's PoA settlement instruction.

In addition Clearing Participants should update their current settlement agent PoA agreements with their new SSI's in the annex section and confirm that this has been completed when signing their readiness statement to EuroCCP.

2.5 Settlement day, timing business day

In Infinity, the settlement day begins at 05:00 CET on settlement day and ends at 16:00 CET.

In the HEXclear system, the settlement day for CCP settlement instructions (NETT) currently starts at 09:00 CET and runs until 14:00 CET. After 14:00 CET, a day change takes place in HEXclear for "NETT" settlement instructions. Once this process is executed, EuroCCP is able to initiate partial settlement by splitting Clearing Participants' receipts between 14:00 and 14:30 CET. This special process will no longer be supported by Infinity.

2.6 Instruction types DWP, RWP and PFOD

In line with T2S, Infinity introduces Delivery With Payment (DWP), Receive With Payment (RWP) and Payment Free of Delivery (PFOD) instruction types, all of which will be supported by EuroCCP. Clearing Participants that wish to settle through these instructions types in the Finnish market must inform EuroCCP by email to clientservices@euroccp.com, detailing which Trading Participant this option should become applicable for.

As a result of the netting process applied by EuroCCP according to the netting preferences of the Clearing Participant, settlement instructions with zero quantity and zero cash balance could be created. Following the implementation of Infinity, EuroCCP will not send these settlement instructions to the settlement platform and consider these settlement instructions as settled on Intended Settlement Date (ISD).

2.7 Infinity hold and release functionality

Euroclear Finland will continue to support functionality to allow its participants to manage the settlement of its obligations. In Infinity, settlement instructions can be held from settlement and released when the necessary position or funds are available.

The status of a settlement instruction generated by EuroCCP is "released". EuroCCP Mandates that Clearing Participants maintain receipts from EuroCCP in released status.

2.8 Processing of corporate actions

2.8.1 Market Claims

Infinity will generate market claims for matched entitled settlement instructions at end of day on record date, until the end of the 20 day detection period for a specific event. A market claim settlement instruction is generated for settlement the following business day and will have the same conditions of the underlying settlement instruction. This process is not applied to all event types and, as a result, some events must be handled bilaterally between CSD participants.

EuroCCP will allow Infinity to adjust settlement instructions that are entitled to the proceeds of a corporate action and therefore will not use the “opt out” indicator in accordance with Finnish market practice.

2.8.2 Transformations

Infinity will generate a transformation for matched entitled settlement instructions at end of day on record date only. All settlement instructions that fail to settle on record date will be cancelled and re-instructed according to the details of the event, by Infinity. Unmatched settlement instructions that are cancelled by the transformation process should be re-instructed in accordance with the details of the event by the relevant CSD participants. The 20 day detection period does not apply for transformation in the Finnish market.

EuroCCP allows Infinity to transform settlement instructions entitled for a transformation and therefore will not use the opt out indicator following in accordance with Finnish market practice.