

Eurex Circular 023/18

Extension of trading hours for selected benchmark futures and MSCI futures to 21 hours

Summary

Eurex Deutschland plans to extend its trading hours for selected equity index, fixed income, volatility and MSCI futures into the Asian time zone in **December 2018**.

The extended trading hours will allow market participants to implement more precise hedging techniques, to run relative value/cross-market strategies and to act on market news or major events outside the European core trading hours.

All Trading Participants and Clearing Members can participate during the extended service hours via existing memberships and infrastructure.

For the purpose of liquidity provision during the extended trading hours, Eurex Deutschland plans to introduce an additional incentive programme for Liquidity Providers.

This circular informs Trading Participants about key design elements, the products in scope and planned operational support during the extended service hours.

This is the first circular on the planned extension of trading hours. Further information on the extension of clearing and risk service hours will be provided shortly.

Date: 11 April 2018

Recipients:

All Trading Participants of
Eurex Deutschland and Vendors

Authorized by:

Michael Peters

Target group:

Front Office/Trading
Middle + Back Office
IT/System Administration

Contact:

Your Key Account Manager Trading



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Key cornerstones of the operational trading model

1. Trading hours

With the introduction of extended trading hours from December 2018, the market opening for selected equity index (incl. MSCI), fixed income and volatility futures at Eurex Deutschland will be moved forward to 01:00am CET/02:00am CEST (08:00am Singapore time), starting with a Pre-Trading phase and an Opening Auction, before Continuous Trading begins at 01:15am CET/02:15am CEST (08:15am Singapore time).

Subject to market feedback, for some futures an additional intraday auction may be considered during the European morning hours. The end of the trading day will remain unchanged for all products.

2. Functionality

All existing functionality of T7, including all safeguards and plausibility checks, will be available during the extended trading hours. This also includes the T7 Trade Entry Services (TES).

Trading Participants are advised to consider that Good-till-Date orders and Good-till-Cancelled orders will be active and may be executed during the extended trading hours.

No report or interface changes are expected from the extension of the service hours. However, Participants who plan to actively participate in the extended service hours are recommended to ensure that their back-office can process the end-of-day reports, while new trades may already be executed during the extended trading hours.

3. Rules & Regulations

Eurex Deutschland proposes to modify the Exchange Rules, so that Trading Participants who do not have open orders in the order book after the end of the regular trading hours and do not participate in trading during the extended trading hours, are exempt from additional operational requirements during the extended trading hours. Trading Participants who have open orders in the order book, which could be executed during the extended trading hours, will have to ensure that a responsible person is at least contactable via telephone.

The proposed modifications of the Exchange Rules of Eurex Deutschland are subject to approvals by the Exchange Supervisory Authority and the Exchange Council.

4. Preliminary product scope

The following products are currently in scope for the extended trading hours. The product scope outlined below may be revised in the course of 2018:

Equity index futures:

- FESX – EURO STOXX 50[®] Futures
- FDAX – DAX[®] Futures
- FDXM – Mini-DAX[®] Futures
- All MSCI Futures listed at Eurex Deutschland

Volatility futures:

- FVS – VSTOXX[®] Futures

Fixed income futures:

- FGBL – Euro Bund Futures
- FGBM – Euro Bobl Futures
- FGBS – Euro Schatz Futures
- FGBX – Euro Buxl® Futures

5. Index calculation

As requested by the majority of issuers of securitized derivatives, the X-DAX® will **not** be calculated during the extended service hours.

6. Incentive scheme for Liquidity Providers

For the purpose of liquidity provision during the extended trading hours, Eurex Deutschland will introduce an additional incentive programme for Liquidity Providers for all products in scope. The current proposal of the programme for Liquidity Providers can be requested via your Key Account Manager Trading. The final details of the incentive programme will be published in August 2018.

Trading Participants who are interested in acting as Liquidity Providers during the extended trading hours may contact their respective Key Account Manager Trading.

7. Support during the extended service hours

The Customer Technical Support, client helpdesks for Clearing & Risk as well as Market Supervision will be staffed and contactable throughout the extended service hours.

8. Access requirements

All Trading Participants and admitted traders will automatically get access to the extended trading hours without the need to submit additional admission documents.

Existing Eurex Participants have the possibility to announce business premises in Asia and Australia as Trading Locations of their European or US memberships in order to gain access to Eurex from these regions. Please contact your Key Account Manager in case you would like to announce a Trading Location.

Key cornerstones of Clearing & Risk Management model

All Clearing and Risk functionalities will be offered during the extended service hours.

A separate circular by Eurex Clearing will be published shortly. On the Eurex website www.eurexexchange.com, Eurex will offer all relevant information for this project under the following path:

Resources > Initiatives > Trading Hours Extension

If you have any questions or require further information, please contact your Key Account Manager Trading.

11 April 2018