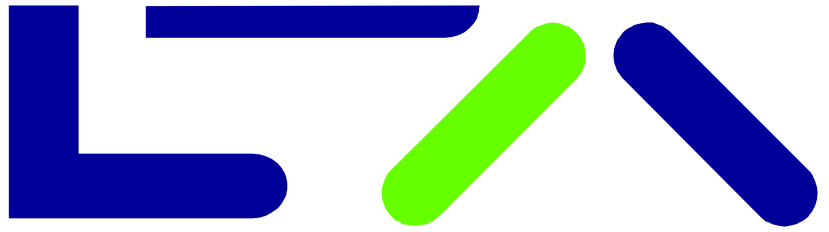


X-pand into the Future



## eurex circular 048/09

**Date:** Frankfurt, March 30, 2009  
**Recipients:** All Trading Members of Eurex Deutschland and Eurex Zürich, all Clearing Members of Eurex Clearing AG and Vendors  
**Authorized by:** Thomas Lenz

 Action required

 High priority

### Eurex Release 12.0: Introduction

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**Content may be most important for:**

 All departments

**Attachment:**

Eurex Release 12.0 Information Schedule 2009

#### Summary:

Eurex Release 12.0 containing the below-mentioned features is planned to be released on **November 16, 2009**.

Release simulation is scheduled for the period from September 21 until November 6, 2009.

#### **Scope of Eurex Release 12.0**

##### **1. International Links to other Exchanges**

Eurex / ISE Link - Cooperation with the International Securities Exchange (ISE), Eurex/KRX Link - Cooperation with Korea Exchange (KRX)

##### **2. Clearing Enhancements**

Enhanced Risk Solution, Exercise/Assignment Enhancements, Consistent Setup of Major / Minor Currency Units, Pre-Trade Risk Protection Enhancements, Changes to Margin Parameter Maintenance with impact on Members

##### **3. Trading Enhancements**

OTC Volatility Strategy with Cash Equity Leg, Multilateral Trade Registration Enhancements, Personal Identification Number (PIN) Procedure for Trading-on-behalf, Enhancement of Trade Volume Reporting

##### **4. New Features for the Enhanced Transaction Solution Interface**

Lifecycle for Quotes, Text Fields for Quotes: *Single Sided Quotes (SSQs)*, *Mass Order Delete*, *Trade Reversal Reporting*

##### **5. New Fields in the Enhanced Broadcast Solution Interface Reference Data Stream**

##### **6. Technical Enhancements**

Matcher Performance Improvements, Support for SUN Solaris on x86

##### **7. Documentation**

Additional Resource Access Level (RAL) Documentation



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## **Eurex Release 12.0: Introduction**

### **Important Milestones and General Aspects**

Eurex Release 12.0 containing the below-mentioned features is planned to be released on **November 16, 2009**. Release simulation is scheduled for the period from September 21 until November 6, 2009.

The introduction of specific components may be independent of the regular production launch. The exact dates will be published in separate circulars with sufficient lead time.

Eurex recommends that all Members adapt their in-house systems to coincide with the introduction of the new Eurex Release 12.0 functionality especially for the new features which will not support backward compatibility (for details see the table at the end of this circular). To ensure the smooth introduction of Eurex Release 12.0, Members should contact their third-party providers as soon as possible in order to evaluate the impact on their systems.

Detailed information regarding the changes planned for Eurex Release 12.0 will be provided in the Preliminary Functional and Technical Release Notes and other documents. Publication dates for the Release Notes and further documentation are outlined in the attached document "Eurex Release 12.0 Information Schedule 2009".

### **Scope of Eurex Release 12.0**

#### **1. International Links to other Exchanges**

##### **Eurex / ISE Link**

Eurex, the International Securities Exchange (ISE) and the Options Clearing Corporation (OCC) will provide a transatlantic trading and clearing link that enables Eurex Members to trade ISE options through their existing Eurex membership. No direct membership is required with ISE and OCC. Therefore, only a tripartite agreement needs to be signed and no regulatory status is needed in the U.S.

Eurex Members will benefit from direct and seamless access to ISE, the world's largest equity options market.

In detail, Eurex Members will be provided with:

- sponsored access to a worldwide growing range of products through their existing exchange and local clearing infrastructure
- local and direct trading access to ISE options and "home market" liquidity
- an integrated clearing solution with Eurex Clearing AG/OCC
- the possibility to reuse the existing collateral pool to cover the risk exposure in U.S. equity options making use of collaterals more efficient
- the integration of ISE products into Eurex Clearing AG Risk Management procedures already known to Eurex Members
- the opportunity for business diversification
- a simplification of legal/compliance matters - no regulatory duplication (one rulebook and local jurisdiction)
- an improvement in operational efficiency
- a leveraged local membership and a proven clearing system and -infrastructure

The Eurex / ISE Link will be technically implemented with Eurex Release 12.0. Activation of the Eurex/ISE Link is expected to take place shortly after the introduction of Eurex Release 12.0 depending on the approval of the supervisory authorities.

## **Eurex/KRX Link – Cooperation with Korea Exchange (KRX)**

Eurex and the Korea Exchange (KRX) announced a wide-ranging product cooperation in trading and clearing derivatives on December 15, 2008. The cooperation agreement allows Eurex to offer trading and clearing of daily futures on KOSPI 200 Options after Korean trading hours. Adaptations in the Eurex® system within Release 12.0 will facilitate the transfer of settlement information to KRX for the entry of the respective KOSPI 200 Options into the KRX System and will consolidate all open interest in the KOSPI 200 Options at KRX. Settlement information to open the respective KOSPI 200 Options positions in the KRX System will be transferred to KRX after each trading day. Eurex intends to launch its daily futures in the KOSPI 200 Options on the Eurex platform in January 2010.

Both partners are convinced that the cooperation will increase the liquidity and efficiency of the Korean market. Eurex' offer to extend the market for KOSPI 200 Options will provide existing market participants with trading and hedging opportunities for KRX positions after Korean trading hours and a possibility to open and/or close positions as the markets fluctuate.

## **2. Clearing Enhancements**

### **Enhanced Risk Solution**

As a further development of the Event-Driven Risk Management features introduced with Eurex Release 11.0 in 2008, a near-time risk data distribution service will be established with Eurex Release 12.0. In addition to the existing VALUES API-based interface, a new FIXML-based connection over an AMQP ("Advanced Message Queuing Protocol") transport will be provided for this service.

The Futures Industry Association (FIA)/Futures and Options Association (FOA) initiative for standardized post-trade processing (see below) has chosen FIXML as a standard syntax for such business processes. AMQP is a specification for platform-neutral, open standards-based business messaging. The primary goal of AMQP is to enable the communications necessary for business processes. For more details concerning AMQP please refer to:

<http://www.amqp.org>.

Eurex Clearing and Trading Members will be able to inquire and receive updates on risk data from the Event-Driven Risk Management features. Member inquiries as well as responses/broadcasts sent from the back-end will be in FIXML syntax. FIXML is a well-established standard in the area of clearing in the U.S. and the FIA/FOA initiative seeks to extend this globally by standardizing the related business processes.

The new interface is planned to be introduced in the first quarter of 2010.

#### **Please note:**

For this new interface a new, dedicated technical connection will be needed. Eurex will provide the respective information in due course.

The VALUES API-based interface for the Event-Driven Risk Management features will be supported in parallel until the introduction of Eurex Release 14.0 to the new interface in 2011.

#### **Background on the FIA / FOA Initiative:**

A number of the major derivatives exchanges and clearing organizations in the U.S. and Europe have been working together in the FIA/FOA Post-Trade Working Group (PTWG) for the past two years to define a global, standard communication protocol for post-trade processing (pre-settlement). The adoption of such a standard could lead to significant improvements in clearing efficiency and a real cost reduction for connecting to exchanges and clearing organizations worldwide. The project is being coordinated by the Futures Industry

Association (FIA) and the Futures and Options Association (FOA), with Eurex being a member of the working group mentioned above.

For further information, please refer to:

[www.futuresindustry.org/downloads/FIMag/2007/Outlook/Outlook-Standards.pdf](http://www.futuresindustry.org/downloads/FIMag/2007/Outlook/Outlook-Standards.pdf)

### **Exercise/Assignment Enhancements**

Modifications to the Eurex<sup>®</sup> system will be made in order to prevent:

- unintended exercise of “out-of-the-money” (OTM) option contracts
- and
- “in-the-money” (ITM) option positions from being excluded from automatic exercise

An additional safeguard will be implemented to prevent such unintended actions by introducing a “four-eye principle”. The four-eye principle will be realized as an optional safeguard which can be activated by the Members. This optional four-eye principle will also be incorporated into the exclusion process.

A new daily NCM report “RPTTT150 - Optional Four Eye Principle” will be introduced.

### **Consistent Setup of Major/Minor Currency Units**

With Eurex Release 12.0 Minor Currency Units will be supported. The first currency for which this feature will be used is British Pound (GBP) and related products will be set up in GBp (pence). Therefore, the new currency GBX will be set up for GBp.

As a result, the following changes will also be made:

- The structure of the haircut file (FPHCPA) will change
- Haircut exchange rates for the minor currency (GBp) will be available in FPHCPA
- Cash amounts will be displayed in the reports (i. e. variation margin) and in the Clearing GUI in the minor currency unit whereas cash flow-related reports will show the major currency unit.

### **Pre-Trade Risk Protection Enhancements**

The feature “Pre-Trade Risk Limits” will be enhanced in several areas.

#### **Processing of Working Order Limits**

In case an order/quote entered by a Member or a trader subgroup exceeds the set limit, the entire order will be rejected but other order/quote entries that do not exceed the limit will be possible. Currently, an order is rejected only when the limit was already exceeded by previous orders that are still in the order book.

#### **Enhancement of the field “TI in seconds”**

The format of the field “TI in seconds” will be changed from “ssss” (four character seconds field) to “hh:mm:ss”, e.g. “23:59:59” covers the full business day.

### **Changes to Margin Parameter Maintenance with Impact on Members**

The Eurex<sup>®</sup> system does not deliver an inquiry function (GUI) for the current margin parameters (as is possible today in the Margin Parameter Overview). Additionally, the Back Office Information stream (BOI) will no longer contain the Margin Parameter Change information. Instead, Members have to use the file FPPARM to receive the newest margin parameters. This file will be available on the Eurex Clearing AG website ([www.eurexclearing.com](http://www.eurexclearing.com)) as well as via the MISS, as is already the case. The file is not updated intra-day; however current margin parameters can be inquired from the Margin Parameter Utilization stream. The Margin Parameter Utilization stream will be included to the Enhanced Risk Solution scheduled for the first quarter of 2010.

### **Miscellaneous**

The Current Traded Series file provided via the internet will be enhanced in order to provide additional information about the delivery part of the contract size.

## **3. Trading Enhancements**

### **OTC Volatility Strategy with Cash Equity Leg**

For equity option products the definition of volatility strategies used in OTC trades will be modified. The Low Exercise Price Options ("LEPO") currently involved in equity options volatility strategy trades as the underlying leg will be replaced by the underlying cash equity. After an OTC volatility strategy trade for equity options has been approved, only the derivative leg(s) of the volatility strategy will be available in the Eurex<sup>®</sup> system. A delivery instruction will be automatically generated for the cash equity leg and transferred in real-time to the CCP system of Eurex Clearing AG. On-exchange trading of equity options volatility strategies will no longer be possible.

Please note that there will be no backward compatibility for equity options volatility strategies. Whenever a Release 11.0 application receives a Strategy Matching Event broadcast for OTC volatility strategy trades of equity options an error message will be generated.

### **Multilateral Trade Registration Enhancements**

The Multilateral Trade Registration feature will be extended as follows:

- For OTC block trades, the Multilateral Trade Registration functionality will be enhanced to include options strategies and options volatility strategies
- The Multilateral Trade Registration will be enhanced to include the OTC trade types EFP-Fin-, EFP Index- and EFS trades
- All Multilateral Trade Registration transactions will be enterable as m:n trades lifting the currently valid restriction of 1:n trades.

The broker needs to supply the subgroup ID for the participants during entry of the Multilateral Trade Registration trade. A broadcast about the pending approvals will then be sent to the participants and can be received on a subgroup level. Only traders belonging to this subgroup are allowed to approve the trade.

### **Personal Identification Number (PIN) Procedure for Trading-on-behalf**

Security measures for the existing trading-on-behalf process will be enhanced by the introduction of a new PIN procedure.

The Member's security administrator will be able to maintain the PIN on member, subgroup and trader level in a new Eurex GUI window similar to the product assignment procedure and for specific actions like "trading on behalf", "mistrade regulation" and "OTC trade". In case a trader requests a specific action on behalf, Eurex Market Supervision will check the existence of the corresponding PIN before the on-behalf transaction is entered.

Members are requested to switch from the existing to the new PIN procedure within the first week after the launch of Eurex Release 12.0. Afterwards, the old PIN procedure will no longer be valid.

### **Enhancement of Trade Volume Reporting**

The trade volume information will be enhanced and aligned between the Enhanced Broadcast Solution and VALUES API. The enhancement of the trade volume record includes:

- the number of buy and sell orders involved in trades (new field)
- an aggressor flag (new field)
- a trade ID via the Enhanced Broadcast Solution (already available via VALUES API)
- sequencing of trade volume records via VALUES API (already available via the Enhanced Broadcast Solution)
- trade reversals
- separate trade volume reporting regarding single leg, double leg and strategy trades allowing the reconstruction of synthetic matching events will be implemented.

For the Enhanced Broadcast Solution interface, currently different trades occurring consecutively at the same trade price are accumulated per trade price level. In Eurex Release 12.0, the trade volume reporting will be provided on trade level and the aforementioned accumulation will no longer be supported. For this reason, the enhanced trade volume reporting will not be backward compatible for Members using the Enhanced Broadcast Solution interface.

The new trade volume inquiry requests via VALUES API can be used as a backup solution in case gaps are detected in the non-recoverable trade volume information stream sent out via the Enhanced Broadcast Solution interface.

The Online Time and Sales Sheet (OTSS) window in the @X-ceed Trading GUI will be adapted to include the new fields of the trade volume record mentioned above.

## **4. New Features for the Enhanced Transaction Solution Interface**

The Enhanced Transaction Solution interface will be enhanced by the following features:

### **Lifecycle for Quotes**

A lifecycle for quotes similar to the lifecycle for orders will be introduced together with the concept of total quantities for quotes. The following relationship must hold true for each quote side during the lifecycle:

- Total Quantity = Cumulated Executed Quantity + Remaining Quantity.

**Text Fields for Quotes**

The Enhanced Transaction Solution Enter Quote, Enter Mass Quote, Modify Quote and Modify Mass Quote requests will be extended by three customer-related, free-format text fields.

**Single Sided Quotes (SSQs)**

In Eurex Release 12.0, SSQs for options (SLeg) and option strategies in the Enhanced Transaction Solution Single and Mass Quote requests can be specified, overwriting an existing quote side in the order book and resetting its cumulated values. An existing quote on the unspecified side in the order book will remain untouched.

Please note: This also affects existing VALUES API functionality.

**Mass Order Delete**

The current Enhanced Transaction Solution Mass Delete feature is restricted to options quotes. In Eurex Release 12.0, the Enhanced Transaction Solution Delete order request function will allow multiple deletion of futures (SLeg / Dleg) and options (SLeg) orders as well.

**Trade Reversal Reporting**

A Trade Reversal of an option or futures trade whose order/quote was entered via Enhanced Transaction Solution will be reported in Eurex Release 12.0 by an Enhanced Transaction Solution Event Notification. The Event Notification will be marked by a new reason code and will contain the Session ID and the Client Order ID responsible for the trade.

**5. New Fields in the Enhanced Broadcast Solution Interface Reference Data Stream**

In order to close the gap between information supplied by the Inquire Products/Contracts request via the different interfaces, the following three fields will be added to the Enhanced Broadcast Solution reference data:

- Product Display Decimals (prodDispDcml)
- Exercise Price Decimal (exerPrcDcml)
- Low Exercise Price Options (LEPO) Indicator (lepolnd)

**6. Technical Enhancements****Matcher Performance Improvements**

Processing time of non-persistent orders and quotes will be significantly reduced. In this context, unreliable order information (i.e. synchronous responses and All Order/Quote Confirmation broadcasts via VALUES API, synchronous notifications and information notifications via the Enhanced Transaction Solution interface) will be sent out to Members immediately after the order/quote is processed by the Eurex matching engine but before the technical transaction processing is completed on the host.

Consequently, such unreliable order information of non-persistent orders or quotes contains only preliminary information about the execution status of the non-persistent order or quote. This information needs to be confirmed by a reliable and recoverable event notification via the Enhanced Transaction Solution interface or by a reliable and recoverable matching event broadcast via VALUES API. In rare cases, deviations might occur between the preliminary unreliable order information and the reliable and recoverable order information. In these cases, potentially affected Members will be electronically notified and they are requested to verify the execution status of their recently entered non-persistent orders and quotes. Processing of persistent orders will not be affected.

In addition, Eurex will no longer support the Order Execution Confirmation broadcast stream provided via VALUES API. Consequently, Eurex Release 12.0 will not be backwards compatible for all Member applications based on this broadcast stream.

### **Support for SUN Solaris on x86**

With the introduction of Eurex Release 12.0, the SUN Solaris operating system on the x86 platform will be supported in the same manner as SUN Solaris on Sparc is supported today.

The support of SUN Solaris on Sparc will be decommissioned in the fourth quarter of 2012.

## **7. Documentation**

### **Additional Resource Access Level (RAL) Documentation**

A new document "Eurex System - Resource Access Levels" will be introduced as an excel attachment to the Eurex Security Manual. This document includes:

- a table with all RALs and the mapping of functionality to necessary RALs
- a description of possible values
- the mapping of RALs to GUI windows
- the mapping of RALs to VALUES API requests and
- the dependencies between RALs

### **Backward Compatibility**

Please note that some of the features mentioned above do not provide backward compatibility. Member applications which cannot handle these changes have to be adapted and cannot use the backward compatibility mode.

**Overview of Changes in Connection with Eurex Release 12.0**

The following table provides an overview of all changes to be made with Eurex Release 12.0 with respect to their level of backward compatibility.

<b>New Features / Enhancements in Eurex Release 12.0</b>	<b>Backward compatible Y(Yes) / N (No) / N/A (Not Applicable)</b>
<b>1. International Links to Other Exchanges</b>	
· Eurex / ISE Link	N/A
· Eurex / KRX Link – Cooperation with Korea Exchange (KRX)	N/A
<b>2. Clearing Enhancements</b>	
· Enhanced Risk Solution	N/A
· Exercise/Assignment Enhancements	Y
· Consistent Setup of Major / Minor Currency Units	Y
· Pre-Trade Risk Protection Enhancements	Y
· Changes to Margin Parameter Maintenance with impact on members	Y
· Miscellaneous	Y
<b>3. Trading Enhancements</b>	
· OTC Volatility Strategy with Cash Equity Leg	N
· Multilateral Trade Registration Enhancements	Y
· Personal Identification Number (PIN) Procedure for Trading-on-behalf	N/A
· Enhancement of Trade Volume Reporting	N
<b>4. New Features for the Enhanced Transaction Solution Interface</b>	
· Lifecycle for Quotes	Y
· Text Fields for Quotes	Y
· Single Sided Quotes (SSQs)	Y
· Mass Order Delete	Y
· Trade Reversal Reporting	Y
<b>5. New fields in the Enhanced Broadcast Solution Interface Reference Data Stream</b>	N
<b>6. Technical Enhancements:</b>	
· Matcher Performance Improvements	N
· Support for SUN Solaris on x86	N/A
<b>7. Documentation</b>	
Additional Resource Access Level (RAL) Documentation	N/A

Frankfurt, March 30, 2009

Eurex Release 12.0 Information Schedule	II / 2009			III / 2009			IV / 2009			I / 2010		
	04/2009	05/2009	06/2009	07/2009	08/2009	09/2009	10/2009	11/2009	12/2009	01/2010	02/2010	03/2010
Release Announcement & Information Schedule	30.03.											
Technical & Functional Release Notes (Preliminary Versions)			02.06.									
VALUES API Member FE Development Guide (Planning Version)			02.06.									
Enhanced Risk Solution Interface Specification (Planning Version)			02.06.									
Enhanced Broadcast Solution and Enhanced Transaction Solution Interface Specifications (Programming Versions)				06.07.								
Member Interface Specification - File Interface Layouts				06.07.								
Technical & Functional Release Notes (Final Versions)					17.08.							
Member FE Development Guide (Programming Version)					17.08.							
Eurex Member Manuals (Simulation Versions)					17.08.							
Member Simulation Guide						24.08.						
Front-End Installation and Operations Guides						24.08.						
Front-End Access to Exchange Applications						24.08.						
Network Access to Exchange Applications						24.08.						
Simulation Kit & Notes							11.09.					
VALUES API Member FE Development Guide (Final Version)								12.10.				
Enhanced Broadcast Solution and Enhanced Transaction Solution Interface Specifications (Final Versions)								12.10.				
Eurex Member Manuals (Production Version)								12.10.				
Enhanced Risk Solution Interface Specification (Programming Version)								12.10.				
Production Kit & Notes									06.11			
Enhanced Risk Solution Interface Specification (Final Version)												in due time before Production Start