X-pand into the **Future**

eurex circular 059/08

Date: Frankfurt, March 20, 2008
Recipients: All Trading Members of Eurex Deutschland and Eurex Zürich and Vendors
Authorized by: Jürg Spillmann

High priority

Eurex Release 11.0: Introduction

Contact: Customer Support, tel. +49-69-211-1 17 00, e-mail: customer.support@eurexchange.com

Content may be most important for:	**Attachment:**
➲ All departments	Eurex 11.0 Information Schedule 2008

Summary:

Eurex is planning to introduce Eurex Release 11.0 with major enhancements especially for risk management and clearing services.

The release is planned to be introduced on **November 10, 2008**. Simulation is scheduled for the period from September 15, 2008 until October 31, 2008.

Scope of Release 11.0

1. Clearing Enhancements:

- Introduction of an Event Driven Risk Engine
- Introduction of a Collateral Management Engine
- Introduction of a Cash Routing Management Engine
- Cross Currency Set-up of Products and Underlying
- New calculation of contract size in the event of capital adjustments

2. Trading Enhancements:

- Last trade prices / market depth for spreads
- “One-Cancels-the-Other” (OCO) order
- 6-digit order size

3. Technical Enhancements:

- Stop button for trading members/NCMs
- GUI enhancements
- Sequencing of Enhanced Broadcast Solution trade information
- Reports can be distributed to two MISSes
- Theoretical Price Files
- General system stability and performance enhancements

Eurex Release 11.0: Introduction

Eurex Release 11.0 milestones and general aspects

Eurex Release 11.0 is planned to be introduced in production on November 10, 2008. Release simulation is scheduled for the period from September 15, 2008 until October 31, 2008.

The introduction of specific components may be independent in relation to 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 11.0 functionality. To ensure smooth introduction of Eurex Release 11.0 Members should contact their third party providers as soon as possible in order to evaluate the impact on their systems.

Detailed information on the changes planned for Eurex Release 11.0 will be provided in the Preliminary Functional and Technical Release Notes and other documents. Publication dates for the Release Notes and further documentation can be found in the attachment ("Eurex 11.0 Information Schedule 2008").

Scope of Release 11.0

1. Clearing Enhancements

Introduction of an Event Driven Risk Engine

Fast update of the risk situation for both the Clearing House and the Clearing Members is necessary in a low latency and high volume trading environment. The Event Driven Risk Engine and the Intra Day Margining tool attached to it are designed to run nearly real time.

- **Broadcast and Inquiries**

The Event Driven Risk Engine leads to the distribution of a new private risk broadcast stream which delivers risk management relevant information via the VALUES interface. Two different types of information, i.e. margin requirement information and collateral information will be transmitted. A new inquiry option will provide a more detailed view on the leading components of the total margin requirement. In order to receive the new broadcast stream Members have to subscribe to this specific broadcast.

- **Reports**

Detailed intra-day risk information reports containing e.g. margin requirement information and information on the margin class level are sent to the Member report nodes (MISSes) approximately every 10 minutes.

Please note: In order to receive the new reports Members have to select these reports in the report selection window of the Clearing GUI.

- **Variation Premium Prediction**

The distributed risk figures contain a prediction in relation to the payments due out of Eurex trades (Premium and Variation Margin) based on current prices and positions.

Introduction of a Collateral Management Engine

This feature provides flexible and nearly real-time processing of collateral management transactions. It is intended to replace manual processes (e.g. fax input) with straight-through processing.

- **Deposits and withdrawals of securities**

  - **Deposits of securities**

As is currently the case, collaterals in securities are allocated to special pledge accounts at accepted CSDs (CBF and SIS). Contrary to the current process Eurex Clearing AG (ECAG) internal collateral accounts will be updated near real-time (instead of the current update during the EOD-batch). In this way Members will always have an up-to-date overview of their pledged securities including the collateral value. In case of possible deposit rejections, Members are immediately informed via the Eurex® system and have the possibility to reallocate new collaterals.

  - **Withdrawal of securities**

Withdrawals of securities are currently initiated manually by sending a fax to ECAG and are processed over night. This process will be replaced by an automated mechanism. Members will be able to initiate a withdrawal of securities in the Eurex Clearing GUI. In case of an over-collateralization (based on current margin requirements) the withdrawal request is confirmed by Eurex Market Supervision and leads to an immediate collateral transfer from the pledge account to the Member's main account at the CSD. In case a withdrawal request would lead to an under-collateralization the transfer of securities would be postponed to the next business day.

Additionally the near real-time processing of collateral deposits and withdrawals eases the intra-day substitution of cash against securities, securities against cash and securities against securities.

- **All acceptable collaterals available in the Eurex® system**

In the future all acceptable bonds will be stored in the Eurex® system. Members no longer have to call and ask if a special security will be accepted or not.

- **Decommissioning of special cash ISINs**

The special cash ISINs for administration of permanent cash securities will be decommissioned. Members will be able to initiate the posting of permanent cash at ECAG directly via the Eurex Clearing GUI. This will become effective on the next business day.

Introduction of Cash Routing Management Engine

The new Cash Routing Management Engine will centralize the cash flows of ECAG transactions in order to handle them more efficiently. This approach offers in a later stage amongst others the possibility to net cash obligations out of Eurex and CCP transactions. As a result, new reports will be generated and some existing reports will be modified reflecting the necessary changes. Correspondent banks can also receive the reports CD011 "Daily Cash Account Statement" and CD071 "Monthly Cash Account Statement". A Eurex MISS is a precondition to be able to receive the reports.

Please Note: It is recommended that members should verify to what extent their in-house processes could be affected by the introduction of the Cash Routing Management Engine.

Also, the development of a Cash Routing Management Engine is a prerequisite for the planned introduction of TARGET2 for Eurex by the end of 2008.

Cross currency set-up of products and underlying

In the event of cross currency mergers, handling of delivery instructions will be enhanced. As a result, the currency of the delivery payment amount may deviate from the product currency. Furthermore this enhancement replaces the manual process of converting delivery instructions to an automatic process.

New calculation of contract size in the event of capital adjustments

The calculation of the new stock options trading unit will be changed in the event of capital adjustments in the following way: Unlike the current implementation all options series within the range of one version number will have the same trading unit in the future.

Old approach:
new contract size = (old strike * old contract size) / (new strike, after rounding)

(Rounding of contract size after four decimal places)

New approach:
new contract size = (old contract size) / (r-factor)

(Rounding of contract size after four decimal places)

2. Trading Enhancements

Last trade prices / market depth for spreads

To improve information quality, changes in three functional areas are planned:

The inside market data broadcast for futures spreads will be enhanced to provide information about the last traded price, last traded quantity, overall traded quantity, daily high price and daily low price. It will be distributed via the Enhanced Broadcast Solution (EBS) and/or VALUES API.

In addition, the order book depth for futures calendar spreads will be provided via EBS.

The **Online Time and Sales Sheet** window will be enhanced to allow the entry of a full contract ID for futures calendar spreads. Upon entry of the full contract ID, all futures spread trades corresponding to the full ID will be displayed by one single line for each combination trade.

"One-Cancels-the-Other" (OCO) order

A "One-Cancels-the-Other" (OCO) order combines the behavior of a limit order with that of a stop order.
A new Order Restriction Type "OCO" allows the setting of two limit prices, where one is a regular limit, the other one is a stop trigger. OCO orders allow simultaneous entry of "Take Profit" and "Stop Loss" orders whilst ensuring that only one of both is executed. OCO orders will be available for futures products matched under the price-time priority market model.

6-digit order size

Due to the increased volumes traded within the Eurex® system, an increase in the maximum quantity for on-exchange orders is required. Starting with Eurex Release 11.0 on-exchange orders with quantities up to 6 digits (999999) are possible.

3. Technical Enhancements

Stop button for trading members/NCMs

The "Stop button" facility was originally introduced with Eurex Release 10.0 for GCMs. This feature will now be made available for trading members (NCMs) as well, in order to enable temporary disconnection of a specific trader subgroup from on-exchange and OTC markets.

GUI Enhancements

- Implementation of a filter in the Product Statistics Overview window
- Implementation of a filter by order numbers in the Own Trade Overview window.
- In addition to the existing function "export to text format *.txt" the new function "export to Excel format *.xls" will be introduced in the Eurex GUI.

Sequencing of Enhanced Broadcast Solution trade information

In the EBS interface the trade price data currently has no sequence number. For this reason members cannot detect a gap in the transmission of trade prices that is necessary to synchronize the trade data with the book data. Sequence numbers for book information in the delta stream will be provided for trade prices as well.

Reports can be distributed to two MISSes

Starting with Eurex Release 11.0 all trading and clearing reports selected by the respective Member will be distributed to both report nodes to ease Member-specific failover processing. This only applies if a Member has set up two different report nodes.

Theoretical Price Files

Currently two Theoretical Price Files for Eurex products FPTHEA (derivative theoretical prices used for margining) and FPTHED (Theoretical Price File for Eurex Products with optimized structure to enable faster processing) are provided twice a day to Members. In future, only Theoretical Price File FPTHED, which was introduced with Eurex Release 10.0, will be distributed. Members who are currently using the FPTHEA file have to adapt their processing of the Theoretical Price File for derivatives according to the FPTHED file layout.

General system stability and performance enhancements

Several measures will be introduced with Eurex Release 11.0 to further enhance system stability and performance capabilities of the Eurex® system.

Frankfurt, March 20, 2008

Eurex Release 11.0 Information Schedule	I / 2008	II / 2008			III / 2008			IV / 2008		
	03/2008	04/2008	05/2008	06/2008	07/2008	08/2008	09/2008	10/2008	11/2008	12/2008
Release Announcement & Information Schedule	20.03.									
Technical & Functional Release Notes (Preliminary Version)			30.05.							
VALUES API Modification Notes (Planning Version)			30.05.							
Member FE Development Guide (Planning Version)			30.05.							
EBS Interface Specification (Programming Version)					04.07.					
ETS Interface Specification (Programming Version)					04.07.					
Interface Specification File Layout					04.07.					
Technical & Functional Release Notes (Final Version)						15.08.				
Member FE Development Guide (Programming Version)						15.08.				
Eurex Member Manuals (Simulation Version)						15.08.				
Eurex XML Report Reference Manual (Simulation Version)						15.08.				
Front-End Sizing Guidelines						22.08.				
Member Simulation Guide						22.08.				
Front-End Installation and Operation Guides						22.08.				
Front End Access to Exchange Applications						22.08.				
Network Access to Exchange Applications						22.08.				
Simulation Kit & Notes							05.09.			
Member FE Development Guide (Final Version)								02.10.		
EBS Interface Specification (Final Version)								10.10		
ETS Interface Specification (Final Version)								10.10.		
Eurex Member Manuals (Production Version)								10.10.		
Eurex XML Report Reference Manual (Production Version)								10.10.		
Production Kit & Notes								31.10.		