

FAQ: EUREX ASIAN TRADING HOURS

November 2018

To support the increasing demand of Eurex' clients for trading on a global marketplace, Eurex will offer trading for select liquid futures (Eurostoxx 50 Futures, DAX Futures, mini-DAX Futures, MSCI, Bund -, Bobl-, Schatz- and Buxl Futures) on Eurex Exchange during Asian trading hours starting from 10 Dec 2018. With the introduction of Eurex Asian trading hours, market participants will be able to extend their business opportunities, actively trading on Eurex for 21 hours a day.

The trading system T7 will be available daily from Monday to Friday at 1.00 a.m. CET (2.00 a.m. CEST), 8.00 a.m. SGT/HKT. As is the case today, the markets will close at 10.00 p.m. CET, and the Eurex Clearing C7 system will be available through 10.30 p.m. CET.

Eurex Trade Entry Services (TES, i.e. Block Trades, EFP, EFS etc.) will be available daily from Monday to Friday at 1.15 a.m. CET (2.15 a.m. CEST), 8.15 a.m. SGT/HKT.

1. Why is Eurex extending its trading hours?

There is an increasing demand of Eurex' clients and investors located in the APAC region as well as clients with global business models to use our products for trading and hedging during a longer time window. Longer trading hours will allow for a better control of portfolios and management of corresponding risk as well as additional trading and hedging opportunities. Eurex offers incentive schemes for Liquidity Providers to ensure a robust and liquid order book (see question no 7).

2. Which products will be listed during the Asian hours?

As a first step, Eurex will launch selected benchmark futures including all 90 Eurex MSCI Futures, Eurostoxx 50 Futures, DAX Futures, mini-DAX Futures, Bund -, Bobl-, Schatz- and Buxl Futures.

Subsequently, Eurex may extend the hours for further derivatives products, driven by client demand, such as Volatility, Dividend, Sector Indices and additional Fixed Income derivatives as well as options on already listed Futures. Please inform Eurex of any interest you may have in this regard.

3. How do I benefit from Asian trading hours?

Active investors who are located in Asia will soon be able to trade during their core office hours. Clients with global business models will be able to leverage their existing services and resources around the globe. With longer trading hours, there will be more opportunities for investors to monitor, control and hedge the portfolio and ultimately manage investment risks. In addition, it will provide additional trading opportunities and allow for quicker reaction to market news or in case of important events during the Asian trading hours. Clients will no longer need to proxy hedge their positions and can directly trade on Eurex during volatile market conditions.

See interviews and articles about benefits of extended trading hours here:

- [Harold de Boer, Transtrend: “This will improve the price discovery process and general stability of markets”](#)
- [Shimon Sebban, OTCex: “Eurex is becoming an Asian exchange”](#)
- [Aditya Babel, Flow Traders: “This extension will help improve transparency and pricing of different financial assets”](#)
- [Increasing the Opportunities to Generate Alpha in European Fixed Income during the Asia Pacific Trading Day](#)
- [Asia, MSCI and Eurex’ extended trading hours – all good things come in threes](#)

4. Are there any impacts on my existing memberships and infrastructure as a trading/clearing member?

All existing Eurex memberships, technical infrastructure, login data and trader ID’s can be fully re-used.

Globally active clients trading on Eurex via their existing memberships can register additional Trading Locations in Asia, on the back of their global membership. This applies to firms who would like to trade in the order book or via the Eurex Trade Entry Service (Block Trades, EFP, EFS etc.) as well as to market makers with offices globally. Please refer to: [Announcement of Additional Trading Locations](#)

Trading Participants without open orders in the order book at the end of the trading day and do not participate in the Asian trading hours are exempt from additional operational requirements during the Asian trading hours (Eurex Deutschland will modify the respective the Exchange Rules before 10 December 2018).

Please note that open GTC/GTD orders could be executed during the Asian trading hours. Trading participants with open orders during the Asian trading hours will have to ensure that a responsible person can be contacted via telephone. More information can be found in [Eurex T7 Release 7.0 & Trading Hours Extension Readiness News](#).

5. Will there be any impacts and limitations with regards to the trading and clearing functionalities?

All trading functionalities will remain available during the Asian trading hours. Please note: Flex Trades can only be entered until 8.15 p.m. CET from 03 Dec 2018 onwards.

6. How do I ensure my readiness during the Asian trading hours?

Please confirm availability of Eurex Asian trading hours with your following stakeholders:

- In-house IT department
- Trading software providers
- FCM or brokerage firm
- Market data provider
- Front, middle and back office Independent Software Providers (ISV)

It is important to assure full availability of your trading software and technical access/connectivity ahead of the launch date. Key software providers and market data providers have been informed by Eurex about this initiative.

7. How does Eurex ensure liquidity during Asian trading hours?

There is a liquidity provision incentive scheme for products traded during the Asian trading hours combining a fee rebate with a revenue sharing scheme. For details and participation, please reach out to your Eurex key account manager. More information can be found in [Eurex Circular 066/18](#).

8. What are the measures to ensure orderly market conditions during the Asian trading hours?

The same measures as for the regular trading hours will apply during the Asian trading hours. The following bullet points shall provide more information:

- Risk Protection for Market Makers: System-based risk protection to constrain operational and market risks from simultaneous trade executions on quotes.
- Self-matching prevention.
- Volatility Interruption: Reduction of risk when markets decline in large price drops as a result of market orders and limit orders. The system automatically stops regular order book trading if the price determination lies outside the price bands.
- Market and Trading Surveillance teams: Usage of various parameters and triggers to monitor abnormalities in the order book activity and ensure there is a fair and orderly market.

9. Will Eurex extend the trading hours of the European Energy Exchange (EEX) as well?

No, Eurex will only extend its trading hours for Eurex Exchange and Eurex Clearing, and in a first phase, only for selected benchmark futures (Eurostoxx 50 Futures, DAX Futures, mini-DAX Futures, MSCI, Bund -, Bobl-, Schatz- and Buxl Futures).

10. Will there be any cut-off changes for Date of Expiry?

Cut-off times for expiration days will remain unchanged.

11. Will there be any changes in the closing time of Eurex?

There are no changes in the closing times, except that Flex Trades can only be entered until 8.15 p.m. CET from 03 Dec 2018.

12. What should I do, if I do not want to participate in the Asian trading hours?

You should ensure that no open orders remain in the order book, which could get executed during the Asian trading hours. Please note that GTD and GTC orders can get executed throughout the entire trading day.

13. Where can I learn more about the Asian trading hours?

You can find more information on the Eurex Asian trading hours here:

<http://www.eurexchange.com/exchange-en/resources/initiatives/trading-hour-extension>

Operational & Technical Questions:

1. Will there be any changes in the Reference Data / Reference Data File, due to the introduction of Asian trading hours?

There will be no changes in the content and format of the Eurex' start-of-day Reference Data / Reference Data File due to the extension of Asian trading hours, i.e. there will still be a single start-of-day Reference Data / Reference Data File for all products. The Reference Data is expected to be available via the Reference Data Interface (RDI) and the Reference Data File (RDF) via the Common Report Engine (CRE) between 00.15 a.m. CET and 00.45 a.m. CET.

2. When can I expect T7 to be ready for technical connectivity? Will all partitions start at the same time?

Eurex' T7 system shall be available for technical connectivity from 00.45 a.m. CET / 01.45 a.m. CEST (07.45 a.m. SGT/HKT). All partitions will start at the same time, including the partitions which do not host products active in the Asian hours. Members will be able to connect to all partitions.

3. What will be the product phase for products with unchanged trading hours? Will there be any impacts by the introduction of Asian trading hours in the post trading?

The product phase shall be "Start" from 00.50 a.m. CET for all products, including the products which are not in scope for the Asian trading hours.

The scheduled pre-trading phase for these products will remain unchanged. Scheduled post-trading hours will remain unchanged for all products, including the products which are in scope for the Asian trading hours.

4. Will the post-trading hours be extended for the instruments that are not in scope of the Asian trading hours?

Post trading will remain unchanged for all products.

5. Are there any changes with respect to Eurex reports?

Reports for Regulated Market Makers (RMM):

There will be no changes to the content and format of the existing reports.

Reports for Liquidity Providers (LP):

- Products where Eurex does not have a commercial LP scheme during regular hours (e.g. EuroStoxx 50, DAX, Bund Futures, etc.):
 - The LP requirements will only exist during Asian trading hours, i.e. the report only covers the Asian trading hours.
 - There will be no changes to the format of the existing LP reports.
- Products where Eurex already has a commercial LP scheme during regular hours (e.g. MSCI Futures, mini-Dax Futures):
 - There will be an additional report (in parallel to existing report during the regular trading hours) displaying the coverage during Asian trading hours.
 - The respective additional programs will be visible in Report TD957.
 - There will be no changes to the format of the existing LP reports.

Order to Trade Ratio (OTR) / Excessive System Usage (ESU) reports:

OTR / ESU reports will not differentiate between the regular and Asian trading hours. Hence, the same rules apply throughout the trading day. To account for the additional trading hours, Eurex will increase the OTR limits as a whole. Furthermore, Eurex will create two additional intraday reports (report CB069) during the Asian trading hours.

Report TA111 (“All active/inactive series”):

As of 10 Dec 2018, Report TA111 will be available earlier between 9.30 p.m. and 10.00 p.m. CET of the previous day.

All other reports as well as their respective delivery time shall remain unchanged.

6. Will all risk management and clearing related functionalities be available?

Yes, generally all risk management related functionalities currently used during the regular trading hours shall be applied during the Asian trading hours. Advanced Risk Protection handling (level 1: alert, level 2: slow down, level 3: halt) based on PRISMA calculations shall be available.

An additional pre-trade risk functionality will be implemented in T7 as an additional protection level. More information can be found in [Eurex Circular 076/18](#).

7. Will there be any intra-night margin calls throughout the Asian trading hours (European evening/night)?

Eurex will minimize the probability of an intra-night margin call, but will retain the right to issue margin calls throughout the entire trading day, including the Asian trading hours. Eurex Clearing plans to only issue a margin call in case of position changes during the Asian trading hours and when the intraday margin limit has been exceeded (in general 10% of the Clearing Member's overnight margin requirement per pool).

8. In which currency can a potential margin call be fulfilled during the Asian trading hours and which correspondent banks will be available for potential margin calls?

Margin calls during the Asian trading hours can be fulfilled in AUD or via existing USD payment infrastructure, or alternatively via a manual cash transfer.

Available correspondent banks for AUD are:

- ANZ Banking Group Limited
- Westpac Banking Corporation

Available correspondent banks for USD are:

- Citibank N.A.
- Deutsche Bank Trust
- Bank of New York Mellon
- JP Morgan Chase Bank N.A.
- Bank of America

9. How can a Eurex Clearing Member avoid an intra-night margin call?

Margin calls during Asian trading hours are only issued in case of position changes during the extended service hours (i.e. no intra-night margin call will be issued merely based on market movements).

To decrease the risk of a margin call during the Asian trading hours, Clearing Members can:

- Pledge additional cash and non-cash collateral with Eurex (i.e. over-collateralization) during regular hours on the preceding business day, or
- by defining a Permanent Cash Balance (PCB) to establish a cash buffer, which is automatically restored on a daily basis, or
- actively manage the total margin requirement by entering risk reducing trades, or
- depending on your business, strategies and the needs of your clients, it may also be an option to delete your own open orders from the order book prior to Asian trading hours before market opening to avoid position changes and hence margin calls during Asian trading hours.

10. Will the T7 Trade Entry Service (TES) functionality be open during the entire trading day?

Yes, all trading functionalities around TES (block trading) will be available during the entire trading day. Eurex Trade Entry Services (TES, i.e. Block Trades, EFP, EFS etc.) will be available daily from Monday to Friday at 1.15 a.m. CET (2.15 a.m. CEST), 8.15 a.m. SGT/HKT.

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