Mandatory PIN Procedure for Trading on Behalf (ToB) and further inquiries

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Overview

Trading on Behalf - Initiative & Scope

- Currently, Exchange participants can define how to authorise themselves when requesting a Trading on Behalf (ToB) service with Market Operations, either by providing their active member ID / user ID or, alternatively, by providing member ID / user ID / PIN combination
- The difference in the level of security of both alternatives is significant, as
 the PIN alternative provides an additional level of security that is
 directly associated to the individual person that requires ToB
- Market Operations therefore intents to update the current ToB process by making the member ID / user ID / PIN combination mandatory for ToB requests in order to increase operational security
- This implies respective amendments to the Exchange Rules of Eurex Deutschland



Current versus Future Situation

Current Situation

- Upon a request of an Exchange participant, Eurex Market Operations may delete/ add/ modify or mass delete orders and quotes on behalf
- Currently, Exchange participants can define how to authorise themselves, either by providing their active trading user ID or, alternatively, by providing trading user ID / PIN combination. In those cases where a PIN is assigned to a trading user ID currently, the user ID / PIN combination authentication is mandatory.
- Effective since 3rd December 2018, Eurex has streamlined the functional handling of ToB requests by consistently applying user level validation for each deletion request irrespective of the user ID or user ID / PIN legitimation

Future Situation

- Eurex will further enhance the ToB authentication process such that the trading user ID/PIN legitimation will become mandatory for all Eurex trading users for ToB requests and information specific inquiries via phone implying that
- (a.) All Eurex users will be required to have a dedicated PIN set up
- (b.) The mandatory PIN procedure will apply to the following ToB and further inquiries:
 - 1. On-exchange on-behalf entries (order add / modify / delete / mass deletion)
 - 2. TES on-behalf entries (trade add / approve / modify / delete)
 - 3. Stop / Release User / Business Unit inquiries
- (c.) Eurex Market Supervision will reject above outlined inquiries in case the member ID / user ID / PIN combination is not provided



Mandatory PIN Requests

Customer request	Potential Impact	Mandatory PIN required	No Mandatory PIN required	Rationale
On-exchange on-behalf entries (order add / modify / delete / mass deletion)	High	x		Authorization needed - Immediate impact on member position, order book and market. Erroneous entries will lead to negative market impact or claim risk in most cases.
Stop / Release User / Business Unit	High	x		Authorization needed - Immediate impact on ability to trade for User or Member. Orders are immediately deleted and member set to inactive.
TES on-behalf entries (trade add / approve / modify / delete)	Low	х		Authorization needed - No immediate market impact. Counterpart has to approve the trade. Trades can be entered or cancelled by MS without impact on other members and market, even on following days.
On-exchange order / trade check	Low		x	No impact on order book or market. There are requests from vendors without Trader ID / PIN who authenticate themselves by providing customer-specific order / trade details (e.g. order ID, customer reference etc.).
Mistrade Claim	Low		x	Authorization via PIN not needed since the mistrade claim requires detailed order and trade information to be processed.
TES trade status check	Low		x	Authorization via order ID. No market impact and therefore no claim risk.
TES Reversal	Low		x	Authorization via trade ID. No market impact. Trades can be entered or re-booked by MS without impact on other members and market, even on following days.



Milestones & Timeline

- Currently, the Eurex User Entity Attribute PINCode is an optional four character code that
 can be set by the respective T7 admin user via the T7 Admin GUI and can be maintained by
 him/her for each user belonging to his/her business unit via the T7 "User Maintenance" GUI
 window. Changes to the PINCode can be applied on an intraday basis. There are no restrictions from Eurex side on how to specify the PIN.
- With launch of T7 Release 8.1, the PINCode will become mandatory for Eurex.
 Consequently, new Eurex users can only be set up with a dedicated PINCode immediately after the T7 Release 8.1 is launched. Changes in any user attribute will also require a PIN directly after the introduction of T7 Release 8.1. In addition, with T7 Release 8.1, the T7 "User Main-tenance" GUI window will support the upload functionality in order to allow T7 admin users lean maintenance of the PINCode.

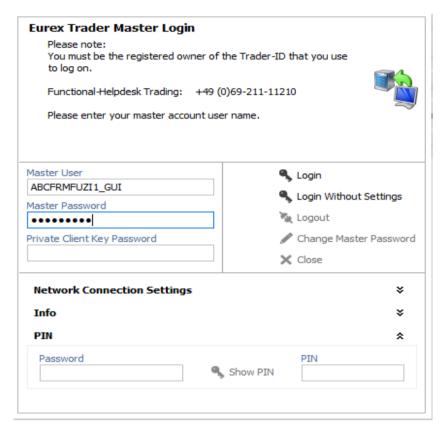
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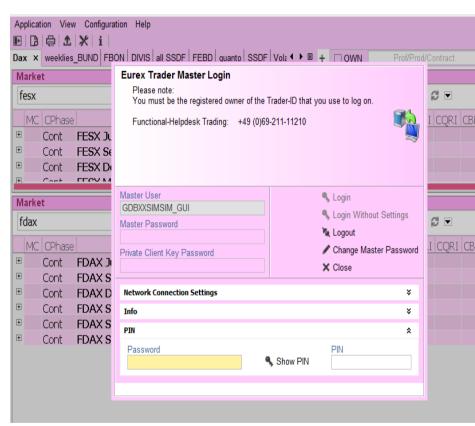
- Please note that Eurex users set up before T7 Release 8.1 are allowed to have no PINCode only until the mandatory PIN Procedure will be enforced by Eurex Market Supervision effective Monday, 03rd August 2020. In case a Eurex user has not set up a dedicated PINCode until the mandatory PIN Procedure enforcement takes place, Eurex will automatically assign a randomized PINCode to the Eurex users with missing PINCode. This automatic assignment will take place on Friday, 31th July 2020, after trading has ended. During this process, the "User Maintenance" GUI window will be locked so no other change can be applied. PINs that were set before will not be overwritten by this process.
- Eurex highly recommends that Exchange participants start as soon as possible (already before the launch of T7 Release 8.1) setting up a *PINCode* for their individual users via the T7 Admin User of the corresponding business unit and familiarizing with the new authentication. This has a special relevance for Exchange participants where traders or trader groups operate from remote locations or are active in the extended trading hours where user admins are not instantly approachable. Please note, once a *PINCode* is set today, the member ID / user ID / PIN combination becomes instantly mandatory for ToB.



Setup Details

T7 Trader GUI





- Following steps need to be performed in order to see the PIN after log-in
 - Click on Application in menu (top left side) and choose Login/Logout
 Type in Password and press Show PIN in the new window that popped up

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Setup Details

T7 Admin GUI

