X-pand into the Future

eurex circular 233/11

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Recipients: All Trading Members of Eurex Deutschland and Eurex Zürich, all Clearing Members of Eurex Clearing AG and Vendors
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⚠ **High priority**

Eurex Release 14.0:
1. Additional Information regarding Interpretation of the new "Maximum Wholesale Quantity"
2. Naming Convention for Clearing Report CD010 "Daily Cash Account CM"

Related Eurex circulars: 073/11, 207/11

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Content may be most important for:	**Attachments:**
➲ All departments	none

Summary:

As announced with Eurex circulars 073/11 and 207/11, the "Advanced Risk Protection" service will be extended with Eurex Release 14.0 to Eurex OTC trade entries by adding a feature called "Risk Adjusted Maximum Order Size". Advanced Risk Protection service is a pre-trade risk management tool enabling Members to define individual risk limits for themselves or their associated Trading Members (NCMs). The new Risk Adjusted Maximum Order Size will replace the current "Maximum Wholesale Quantity" which is maintained via the GUI window **Product Assignment Maintenance**.

Based on the actual margin parameter/current underlying price and the contract size entered, a risk amount in product currency will be calculated with the entered OTC transaction and checked against the maintained risk amount.

This circular gives further details about the planned conversion for this functionality. Objective of the conversion is to ensure that the same contract size is tradable per OTC trade after introduction of Eurex Release 14.0 as before. For this purpose, the Maximum Wholesale Amounts will be translated into the new limit scheme. More details about the new functionality itself can be found in the Final Functional Release Notes for Eurex Release 14.0.

Furthermore, the naming convention for Report CD010 ("Daily Cash Account CM") has been changed with Eurex Release 14.0., in order to ensure a consistent format for Member reports. In Eurex Release 13.1, the report is named CD010.TXTABCFR, whereby ABCFR represents the Clearer ID. In Eurex Release 14.0, the name of the report has been changed to CD010ABCFR.txt (for the text version) and ".xml" (for the xml version). Please note that if the report CD010 is empty, there will be no Clearer ID (ABCFR) contained in the report name. Generally, the content of the report remains unchanged.

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Eurex Release 14.0:
1. Additional Information regarding Interpretation of the new "Maximum Wholesale Quantity"
2. Naming Convention for Clearing Report CD010 "Daily Cash Account CM"

1. Additional Information regarding Interpretation of the new "Maximum Wholesale Quantity"

As announced with Eurex circulars 073/11 and 207/11, the "Advanced Risk Protection" service will be extended with Eurex Release 14.0 to Eurex OTC trade entries by adding a feature called "Risk Adjusted Maximum Order Size". Advanced Risk Protection service is a pre-trade risk management tool enabling Members to define individual risk limits for themselves or their associated Trading Members (NCMs). The new Risk Adjusted Maximum Order Size will replace the current "Maximum Wholesale Quantity" which is maintained via the GUI window **Product Assignment Maintenance**.

Based on the actual margin parameter/current underlying price and the contract size entered, a risk amount in product currency will be calculated with the entered OTC transaction and checked against the maintained risk amount. The calculated risk amount is not identical with the resulting additional margin requirement out of the trade but gives an indication about the risk potential attached to the trade.

Because of the change in interpretation of the field "Max WHS Qty" (Maximum Wholesale Quantity) with the introduction of Eurex Release 14.0 (production launch date: November 7, 2011) from a pure contract size-driven to a risk-driven approach, a conversion will take place on the introduction weekend.

More details about the new functionality itself can be found in the Final Functional Release Notes for Eurex Release 14.0.

To translate the Maximum Wholesale Quantity following modifiable parameters will be taken into account:

a) Maximum Wholesale Quantity – old –, maintained as per end-of-day, November 4, 2011
b) Underlying Closing Price as per end-of-day, November 4, 2011 for products with a percentage Margin Parameter
c) Margin Parameter as per end-of-day, November 4, 2011
d) Multiplier of the product (Trading Unit x Tick Value / Tick Size)

The new limits will be valid from start-of-day on November 7, 2011. They are, however, changeable on the Members' side. Members who do not make intra-day changes on the first business day with Eurex Release 14.0 will be able to see the differences between the maintained amounts in Eurex report RPTTT125.

As an example, the following tables illustrate the impact:

Extract of report RPTTT125 before conversion (End-Of-Day 04.11.2011)

Trader	PrdGrp	Product	Max Ord Qty	Max WHS Qty	Max Cal Sprd Qty
TRD001	BAFHIE	---	0	0	0
	BAFHIE	FGBL - FUT 8 1/2-10 1/2 Y.GOV.BOND 6%	9999	9999	9999
	BAFHIE	FGBM - FUT 4 1/2-5 1/2Y.GOV.BONDS 6%	8888	8888	8888
	BAFHIE	FGBS - FUT 1 3/4-2 1/4 Y.GOV.BONDS 6%	9999	9999	9999
	BAFHIE	OGBL - OPTION ON BUND FUTURE	5555	6666	0
	BAFHIE	OGBM - OPTION ON BOBL FUTURE	6666	5555	0
	BAFHIE	BAFHIE OGBS - OPTION ON SCHATZ FUTURE	5555	5555	0
	ENSOEE	---	0	0	0
	ENSOEE	DBK - OPT ON DEUTSCHE BANK AG	7000	7000	0
....					
	XACFQE	FDAX – FUT ON DAX INDEX	9999	9999	9999
	XACFQE	ODAX - OPT ON THE DAX INDEX	9999	9999	0

Extract of report RPTTT125 after conversion (End-Of-Day 07.11.2011)					
Trader	PrdGrp	Product	Max Ord Qty	Max WHS Qty	Max Cal Sprd Qty
TRD001	BAFHIE	---	0	0	0
	BAFHIE	FGBL - FUT 8 1/2-10 1/2 Y.GOV.BOND 6%	9999	21198	9999
	BAFHIE	FGBM - FUT 4 1/2-5 1/2Y.GOV.BONDS 6%	8888	9244	8888
	BAFHIE	FGBS - FUT 1 3/4-2 1/4 Y.GOV.BONDS 6%	9999	3500	9999
	BAFHIE	OGBL - OPTION ON BUND FUTURE	5555	14132	0
	BAFHIE	OGBM - OPTION ON BOBL FUTURE	6666	5777	0
	BAFHIE	BAFHIE OGBS - OPTION ON SCHATZ FUTURE	5555	1944	0
	ENSOEE	---	0	0	0
	ENSOEE	DBK - OPT ON DEUTSCHE BANK AG	7000	2014	0
	....				
	XACFQE	FDAX - FUT ON DAX INDEX	9999	115713	9999
	XACFQE	ODAX - OPT ON THE DAX INDEX	9999	23143	0

For illustration purposes, the following table shows the parameter values used to calculate the new “Maximum Wholesale Quantity”:

Quantities for the example products above:						
Product	Max WHS Qty	Underlying Closing / Settlement Price	Margin Parameter	Margin Type	Multiplier of Product / Standard Contract Size	New Max WHS Qty
FGBL	9.999		2,12	A	1.000	21.198
FGBM	8.888		1,04	A	1.000	9.244
FGBS	9.999		0,35	A	1.000	3.500
OGBL	5.555		2,12	A	1.000	14.132
OGBM	6.666		1,04	A	1.000	5.777
OGBS	5.555		0,35	A	1.000	1.944
DBK	7.000	28,77	10,00	P	100	2.014
FDAX	9.999		462,90	A	25	115.713
ODAX	9.999		462,90	A	5	23.143

Calculation examples based on the table above:

- FGBL 9.999 × 2.12 × 1.000 = 21.197.880,00 EUR => 21.198
- DBK 7.000 x (28.77 x 10%) x 100 = 2.013.900,00 EUR => 2.014

The new “Maximum Wholesale Amounts”:

- are maintained in product currency (except for GBX, where the risk amount is expressed in GBP)
- needs to be maintained in thousand units (except for KRW, where the multiplier is 1.000.000)

Please be aware that the maximum value for the new “Maximum Wholesale Quantity” is still 999.999(.000), so that calculated quantities larger than the maximum value are subject to a cap.

2. Information regarding the Naming Convention for the Clearing Report CD010 "Daily Cash Account CM"

In order to ensure a consistent format for Member reports, the naming convention for Report CD010 "Daily Cash Account CM" has been changed with Eurex Release 14.0. In Eurex Release 13.1 the report is named CD010.TXTABCFR (whereby ABCFR represents the Clearer ID). In Eurex Release 14.0 the name of the report has been changed to CD010ABCFR.TXT (for the text version) or CD010ABCFR.XML (for the xml version).

Please note that if the report CD010 remains empty, there will be no Clearer ID (ABCFR) contained in the report name. Instead, the reports will be named CD010.TXT or CD010.XML.

The following examples highlight the changes between Eurex Release 13.1 and Eurex Release 14.0:

Eurex 13.1: RPTCD010.TXT, RPTCD010.XML, RPTCD010.TXT**ABCFR***, RPTCD010.XML**ABCFR***

Eurex 14.0: RPTCD010.TXT, RPTCD010.XML, RPTCD010**ABCFR**.TXT*, RPTCD010**ABCFR**.XML*

***ABCFR** represents the Clearer ID

The new naming convention is already being used for the CD010 reports generated in the Eurex 14.0 Release Simulation.

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