X-pand into the Future

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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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⚠ **Action required for all Members who participate in (multilateral) OTC Trading at Eurex**

Multilateral Trade Registration Facility: Introduction

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Content may be most important for:	**Attachment:**
➲ All departments	Document: "Eurex Release 10.0 - Registration of Multilateral Wholesale Transactions – Introduction Notes"

Summary:

Eurex will introduce a new OTC trade entry facility that will allow the registration of multilateral block trades in equity options on **July 1, 2008**. The simulation for this new facility is planned to commence on **May 13, 2008.**

This circular provides information on the following topics:

1. Introduction of the Multilateral Trade Registration facility
2. Modifications and enhancements due to the introduction of the Multilateral Trade Registration facility:
   - new window **Multilateral Trade Registration**
   - new Trade Type "M" for "multilateral" trades – already integrated technically
   - introduction of the new report TC549 – "EBI Trade Maintenance Report"
   - new VALUES Requests – already integrated technically
   - new broadcast stream
   - necessary documentation updates
   - information on changes to Eurex Rules & Regulations

Please note that there is no software upgrade necessary on the member front-end. The new window will be available in the Eurex @X-ceed Trading GUI as soon as Eurex Market Supervision has granted Members the necessary resource access rights and Members have assigned this access right to the related traders (RAL 213 – EBI Trade).

Members wanting to make use of the Multilateral Trade Registration facility via a third party application are requested to contact the vendor of that application as soon as possible in order to evaluate the impact on their systems.

Multilateral Trade Registration Facility: Introduction

1. Introduction of the Multilateral Trade Registration facility

Eurex will introduce a new interface for the registration of multilateral wholesale transactions in equity options on July 1, 2008. This new facility will further improve process efficiency particularly for brokers.

Currently, Eurex provides members with the OTC Block Trade Entry a facility to enter and clear bilateral OTC trades. The Multilateral Trade Registration facility will allow members to register OTC block trades involving several counterparties. A multilateral trade in this sense is a block trade for one buyer or one seller and multiple counterparties. Furthermore, the Multilateral Trade Registration facility allows a broker to directly enter the partial trades for the actual beneficiaries of the trade, so the broker has not necessarily to be a counterparty itself to the multilateral trade entered. Multilateral Trades will be accepted and cleared by Eurex after all counterparties involved have approved the trade. The new facility is supported for equity options only. Different from the OTC Block Trade Entry facility, the Multilateral Trade Registration facility does not support options strategy trades.

The Multilateral Trade Registration facility is based on the so-called E-Brokerage Interface (EBI), summarizing the required enhancements to Eurex' programmable and file-based interfaces for supporting this new facility. Members wanting to make use of the Multilateral Trade Registration facility via a third party application are requested to contact the vendor of that application as soon as possible in order to evaluate the impact on their systems.

As of May 13, 2008, Members and vendors will have the opportunity to familiarize themselves with the new facility in the Eurex simulation. In simulation, the Multilateral Trade Entry facility will be initially available to all Members and traders that are already assigned to the OTC Block Trade Entry facility.

2. Modifications and enhancements due to the introduction of the Multilateral Trade Registration facility

Due to the introduction of the Multilateral Trade Registration facility the following modifications and enhancements in the below-mentioned areas will become necessary. Please note, that there is no software upgrade necessary on the member front-end. The new window will be available in the Eurex @X-ceed Trading GUI as soon as Eurex Market Supervision has granted the member the necessary resource access rights and the member has delegated this right to the related traders (RAL 213 – EBI Trade).

- **New window "Multilateral Trade Registration"**

This new Eurex trading front-end window will allow members the registration, modification and deletion of multilateral transactions.

- **New Trade Type "M" for "Multilateral" trades –** already integrated technically

A new trade type "M" for "Multilateral" trades which was already integrated technically with the introduction of Eurex Release 10.0 will be used to identify the transactions after all involved parties approved the transaction.

This new trade type can be displayed in the following reports:

- CB010 – "Position Detail Report"

- TC545 – "OTC Trade Maintenance Report"

- TC549 – "EBI Trade Maintenance Report"

- CB165 – "Eurex Fee Statement"

- CB196 – "Daily Overall Fee Summary"

- CB192 – "Monthly Fee Statement"

- CB110 – “Account Transfer Exception”

- CB130 – “Give-Up Trades History”

- CB140 – “Accepted Give-Up Trades”

- CB150 – “Take-Up Trades History”

- CB160 – “Accepted Take-Up Trades”

- TC810 – “Daily Trade Confirmation”

- **Introduction of the new report TC549 “EBI Trade Maintenance Report”**

In order to provide details of multilateral trades entered by a Member the new report TC549 – “EBI Trade Maintenance Report” will be introduced in simulation on May 13, 2008. The production introduction is scheduled for July 1, 2008.

Please note that this new report may require adjustments in applications using the XML reports.

- **New VALUES Requests** – already integrated technically

The new VALUES Requests are already contained in the existing “VALUES API Member Front End Development Guide – Final Version” which is available under the following path:

www.eurexchange.com > Member Section > Releases > Eurex 10.0 > Manuals > VALUES API

- **New broadcast stream**

A new private, unreliable broadcast stream ”M” (“Block Trades to Approve”) will be provided.

The new broadcast stream will cover messages on pending approval of multilateral transactions.

Within the Eurex @X-ceed Trading GUI the new broadcast will be subscribed by the **OTC Block Trade Entry** window. Block trades that are part of a multilateral trade automatically show up in the **OTC Block Trade Entry** window for approval, provided this window was open at the time of trade entry.

In order to receive the new broadcast stream, the appropriate broadcast subscription must be added to the “eurexsublist.dat“-file. The new entry can be added either by using “Configuration Utility“, or by means of an editor (“vi“ or “Notepad“).

- **Necessary documentation updates**

In order to reflect the above mentioned modifications and enhancements the attached document “Eurex Release 10.0 - Multilateral Wholesale Transactions” has been created which summarizes all changes for the following documents:

- Eurex User Manual System Security

- Eurex User Manual System Overview & Information Manual

- Eurex @X-ceed Trading User Guide

The mentioned affected documents will be updated with the introduction of Eurex Release 11.0.

The current version of the Eurex XML Report Reference Manual already contains the changes in conjunction with the new facility. It is available under the following path:

www.eurexchange.com > Member Section > Releases > Eurex 10.0 > Manuals > Technical Manuals

- **Information on changes to Eurex Rules & Regulations**

The Eurex Rules & Regulations will have to be updated due to the introduction of the new Multilateral Trade Registration facility. The updated versions of the affected documents will be published in a separate information prior to the introduction of the new facility on July 1, 2008.

If you have any further questions please do not hesitate to contact the Eurex Customer Technical Support on tel. +49-69-211-1 12 00 or Gregor Althoff on +49-69-211-1 89 22.

Frankfurt, May 7, 2008

Registration of Multilateral Wholesale Transactions

Introduction Notes

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1 General Information

Currently, Eurex provides members the facility to enter and clear OTC trades negotiated bilaterally. Eurex will introduce a new facility, the Multilateral Trade Registration, which allows members, to register OTC block trades involving several counterparties. A multilateral trade in this sense is a block trade for one buyer or seller and multiple counterparties, i.e. a 1:n series of partial trade executions. Furthermore, the Multilateral Trade Registration facility allows a broker to directly enter the half-trades for the actual beneficiaries of the trade. So, in the following it is referred to the “broker” as the member that enters the multilateral trade. This member may or may not be counterpart to the trade itself.

The Multilateral Trade Registration facility is based on the so-called E-Brokerage Interface (EBI), summarizing the required enhancements to Eurex’s programmable and file-based interfaces for supporting this new facility.

Multilateral Trades will be accepted and cleared by Eurex after all counterparties involved have approved the trade. The new facility is supported for equity options only.

2 Functional Changes

The details of the new functionality “Multilateral Trade Registration” which will be introduced 01 July 2008 are outlined in the following sections.

⇒ **Please note, that there will be no SW update necessary on the member front-end. The new window will be available in the Eurex @X-ceed Trading GUI as soon as the Eurex Market Supervision has granted the member the necessary resource access right and the member has delegated this right (via the RAL 213 – EBI Trade settings) to the related traders.**

⇒ **Please note, that there will be no change to existing reports or VALUES requests.**

2.1 Processing Overview:

A new interface for the registration of multilateral OTC transactions negotiated by a Broker between two or more counterparties will be introduced. The interface will be similar to the existing Block Trade Facility and allows registration of block trades in Eurex listed equity options.

A transaction registered via the new interface will be pending until all counterparties involved approve the trade. To facilitate processing, all counterparties will be informed of the open approval with a new private broadcast.

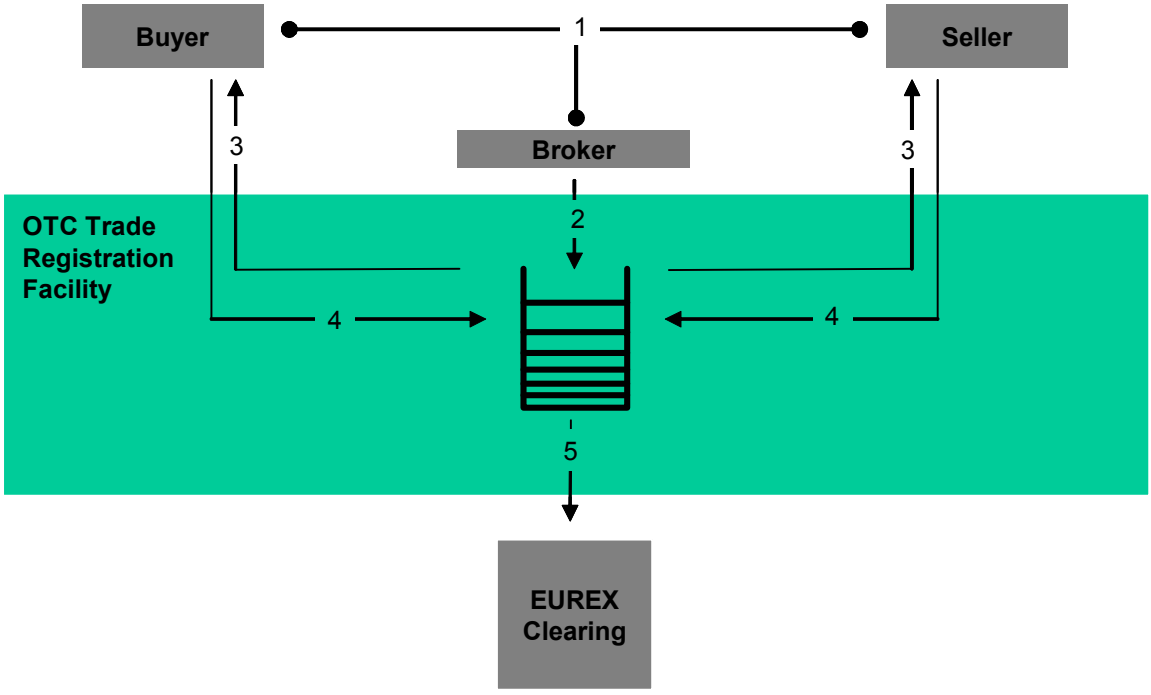
A new window “Multilateral Trade Registration” will be introduced for the Eurex trading front-end to allow registration, modification and deletion of Multilateral transactions. Counterparties to such transactions will use the existing OTC Block Trade window to approve their part of the transaction.

The Broker will add the involved counterparties one by one to a table on a new Multilateral Trade Registration window, including their function (buyer/seller) and the respective quantity. In addition, information common to all counterparties (contract/series traded, the price at which the deal was closed) will be entered for the first counterparty and be kept until the complete transaction has been entered. After entering the complete transaction as a sequence of individual counterparty transactions the Broker will submit the trade for counterparty approval and registration with Eurex Clearing.

Individual counterparties will be informed via a new private broadcast about a new Block Trade transaction pending their approval. Each counterparty will see a bilateral transaction with the Broker and their own trade quantity. Each counterparty may add its own trade details (open/close, account, free text fields, take-up member in case account G2 is used) prior to approval.

In case the Broker needs to modify trade details after submitting the transaction, he can retrieve the complete transaction, modify it and then submit it again. However, in this case the transaction needs to be approved again by all counterparties that are affected by the changes (i.e. if a counterparty specific detail like the quantity was changed that member needs to approve again. If the price was changed, this affects all members involved in the transaction, therefore all counterparties would have to re-approve their half-trade). A modification of the contract details used in the EBI transaction is not possible, in case of an error the whole transaction needs to be deleted and entered again by the Broker.

Multilateral Trade message flow:



1. Deal arranged/intermediated between trading counterparties via Broker and deal confirmed to Broker.
2. Broker registers the transaction via EBI.
3. EBI broadcast informs counterparties listed by Broker about a new Block Trade transaction with approval pending.
4. The counterparties enter their own trade details approve their respective part of the multilateral transaction via the Block Trade facility.
5. Eurex accepts the trade after all counterparties approved the transaction and if the total quantities of buy- and sell-side offset each other and updates the positions of Buyer and Seller A and B.

2.2 Processing Details

2.2.1 Entry of Trades

The member entering the trade (=broker) needs to add the complete trade as a sequence of individual trades to the new Multilateral Trade Registration window. There can be only one buyer or one seller trading against up to 49 counterparties (i.e. 50 entries in total). For each trade, the buy or sell side and the quantity to be traded needs to be provided at the time of trade entry. The total quantity at the buy side must offset the total quantity at the sell side of the trade. The contract to be traded will be common for all trades and needs to be entered only for the first trade. After all the trade details have been entered, the broker submits the trade for approval to all counterparties.

2.2.2 Approval of Trades

The counterparties will be notified by a broadcast in the OTC Block Trade Entry window about trades pending their approval. The approver will be able to view the following details of a trade submitted for approval:

- Trade quantity
- Side of the trade
- Broker who submitted the trade

The trade entry is anonymous, i.e. the approver will only see the member who negotiated the trade as the counterparty to the trade but not the other trading parties. The approver enters own trade details in the OTC Block Trade Entry window and approves his part of the trade. The window is enhanced to approve both the buy and sell sides of an OTC trade. A trade has to be approved by all counterparties within a time frame of 30 minutes or it will automatically expire.

2.2.3 Modification of Trades

The broker can modify the trade entered either partially or fully before all the counterparties approve it.

A trade can be fully modified by retrieving the complete transaction and applying the required modifications. The modified trade needs to be submitted to all the clients for approval. All the approvals provided to a trade before it was fully modified become invalid. A partially modified trade will also require the approval of all clients if the modification affects the whole trade, for example a change in price. If a trade is partially modified and only the client specific details are changed, for example the quantity, then only the affected client needs to re-approve the trade. In case of an error, the broker should delete the whole trade and enter a new one.

2.2.4 Deletion of Transactions

Deletion of trades can only be performed by the broker who entered it, i.e. it will not be possible for the approving counterparties to delete the transaction. The transaction can be deleted by the broker only before all the counterparties have approved it.

2.3 Enhancements to @X-ceed Trading GUI

2.3.1 Multilateral Trade Registration Window

2.3.1.1 Window description

Description

The Multilateral Trade Registration window allows members to enter, modify or delete off-exchange trades in regular equity options series that the member arranged between two or more counterparties.

The counterparties participating in a trade registered by a broker are informed about pending approval of such transactions via broadcast and can inquire such pending transactions using the transaction number as a reference. Each counterparty can then add their own trade details and approve the trade.

New for R10.0

New Window.

Functionality

The window allows a Broker to register a multilateral transaction in Eurex listed equity options as a series of bilateral block trade transactions, and to inquire and delete a multilateral transaction.

When entering a multilateral transaction, the Broker will enter the product/series, the price at which the Wholesale transaction was executed and the Broker ID (=Trader ID). The Platform field is disabled to the logged in member. The half-trades are represented as rows in the table. To add some more half-trades in the multilateral transaction, the user can press “Add” button. For each half-trade, the broker has to enter data in columns Cpty, B/S and Qty. A row will be editable only when the data in the upper rows is specified fully. To remove a half-trade, the broker has to select the row and then press “Remove” button.

Once all half-trades of the multilateral transaction are entered, the Broker can press the “Apply” button and the transaction will be sent to the back end. The back end will then validate the transaction and, if it is accepted, returns a reference number for the multilateral transaction and the transaction number for each half-trade. The action for each half-trade will change from “TO BE SUBMITTED” to “SUBMITTED”. If the transaction is not accepted, an error message is displayed. If a half-trade contains any error, the corresponding row will be highlighted in red. By selecting this row, the error message is displayed.

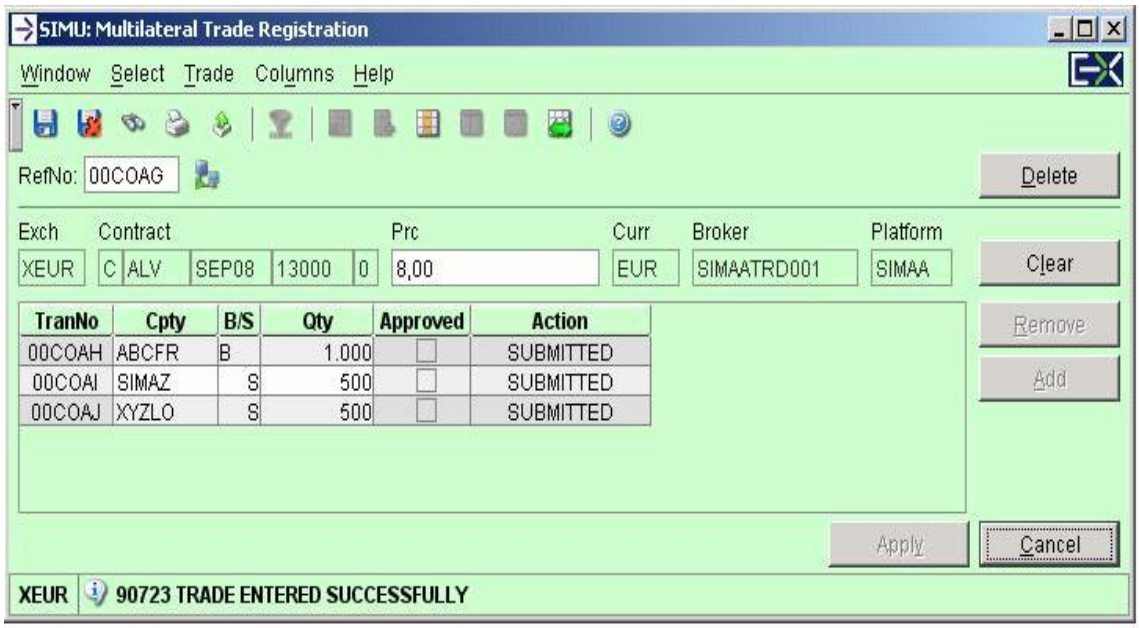
Once the multilateral transaction is entered, the contract series field will be disabled. The Broker can change the Cpty, B/S and Qty data of any half-trade until the transaction is fully approved by all the counterparties.

The addition or removal of half-trades from the multilateral transaction will only be possible prior to submitting the transaction to the back end. However, the Broker will be able to replace the Cpty with another member ID including his own member ID in case he wants to step in and take a position.

A Broker can inquire a multilateral transaction by entering the reference number for that transaction in the RefNo field and pressing enter key. The Approved column shows if the half-trade is approved by the counterparty.

Deletion of a multilateral transaction will be possible after inquiring it and then pressing the “Delete” button. To clear the entire window and restore the window to defaults, the user can press “Clear” button.

Multilateral Trade Registration Window



Menu Bar	Item	Description	Shortcut
Window	Save Settings	Saves the current settings	Crtl+S
	Clear Settings	Returns all window settings to the default values	
	[Separator]		
	Find…	Calls the Find Window to find table data	Ctrl + F
	Print…	Calls the Print Table window to print table data.	Crtl+P
	Export…	Opens a file chooser dialogue to specify a file to receive the data.	Crtl+E
	[Separator]		
	Close	Closes the window without any further action	Shift+F4
Select	Contract	Opens the Contract selection window.	
Trade	Delete	Deletes the Multilateral transaction.	
	Clear	Restores the window to its defaults, by clearing appropriate fields and rows.	
	Remove	Deletes the selected half-trade	
	Add	Adds a new half-trade to the table	
Columns	Delete	Removes the selected columns from the table	
	Add All	Includes all the columns in the table	
	Select…	Opens the Column Selection window	
	Freeze	Freezes the selected columns in the table	
	Unfreeze all	Unfreezes all of the columns in the table	
	Autofit All	Resizes all visible columns according to their content	
Help	On this window…	Opens the Help window	F1

2.3.1.2 Fields

Field	Type	Description
RefNo	E	Multilateral transaction reference number
Exch	D	Logged in Exchange
Contract	E/D	The contract specification. Entry field until first half-trade is added or a half-trade is selected in the table. Display only when inquiring / modifying a trade.
Prc	E/D	Price at which the multilateral transaction was executed. Entry field when adding a multilateral transaction, display only when the multilateral transaction is fully approved
Curr	D	Currency
Broker	E/D	Broker on behalf the multilateral transaction is entered. Display only when an already entered transaction is inquired.
Platform	D	Disabled to the logged in member

Half-Trade List Table

Field	Type	Description
TranNo	D	Transaction number of the half-trade
Cpty	E	Counterparty identifier
B/S	E	Buy/Sell code
Qty	E	Quantity of the half-trade
Approved	D	Checkbox display. Displays whether the half-trade is approved by the counter party.
Action	D	Shows the status of the half-trade (to be submitted, submitted, Retrieved).

Buttons

Identifier	Description
Delete	Deletes the complete multilateral transaction
Apply	Submits the Multilateral transaction for entry/modification.
Cancel	Cancels/closes the window. A confirmation dialog is displayed if there are unapplied changes in the window.
Clear	Restores the window to its defaults, by clearing appropriate fields and rows.

Identifier	Description
Add	Adds a new half-trade to the table at the end of the table
Remove	Deletes the selected half-trade.

2.3.1.3 Dependency of Widgets

Identifier	Description
Contract	Only enabled for the first half-trade of a multilateral transaction; fix for all following half-trades. Not enabled for change when inquiring / modifying a trade.
Prc	Only enabled until all the half trades are approved.
Broker	Field is initialized with ID of member registering the trade.
Delete	Button is disabled when the transaction is not fully approved.
Table Editing	A row will be editable only when the upper rows are completely filled

2.3.2 Block Trade Window

2.3.2.1 Window description

The existing Block Trade Window will use the new EBI approval broadcast stream and needs to be opened in order to update the block trade details automatically.

2.4 New Report

A new report will be provided to list all details of multilateral trades entered by a Broker. Details are already described in the existing **XML Report Reference Manual** in the following chapter:

- 4.9.8 TC549 EBI Trade Maintenance

Please note, that existing reports, provided with the release introduction Eurex 10.0, will not be changed.

Positions, resulting from EBI trade entries will be listed with the trade type (XML tag trdTyp) “M” for EBI Multilateral Trade on these reports:

- CB010 – Position Detail Report

- TC545 – OTC Trade Maintenance Report

- TC549 – “EBI Trade Maintenance Report”

- CB165 – “Eurex Fee Statement“

- CB196 – “Daily Overall Fee Summary“

- CB192 – “Monthly Fee Statement“

- CB110 – “Account Transfer Exception”

- CB130 – “Give-Up Trades History”

- CB140 – “Accepted Give-Up Trades”

- CB150 – “Take-Up Trades History”

- CB160 – “Accepted Take-Up Trades”

- TC810 – “Daily Trade Confirmation”

2.5 New VALUES Requests

The new VALUES Requests are already contained in the existing **VALUES API Member Front End Development Guide – Final Version**. See following chapters for details:

- 5.15.6 – Enter EBI Trade
- 5.15.7 – Modify EBI Trade
- 5.15.8 – Delete EBI Trade
- 5.15.9 – Inquire EBI Trade

2.6 New Broadcast Stream

An unreliable broadcast stream "Block Trades to Approve" (Stream 'M') will be provided. In order to receive this broadcast, a new VALUES request “Subscribe Block Trade Approval” must be used by Eurex front end applications. The new broadcast stream will cover messages on pending approval of Multilateral OTC Transactions. To receive the broadcasts, the new stream needs to be added to the file eurexsublist.dat on the Member’s MISS. Please refer to the VALUES documentation for further details:

5.2.28 – Subscribe Block Trade Approval