X-pand into the Future

eurex circular 065/17

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Recipients: All Trading Participants of Eurex Deutschland and Eurex Zürich and Vendors
Authorized by: Michael Peters

⚠ **High priority**

Amendments to the Trading Conditions: Completion of late entry framework for off-book transactions

Related Eurex Circulars: 033/17, 042/17

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Content may be most important for:

➲ All departments

Attachments:

Amended sections of the Conditions for Trading at Eurex Deutschland and Eurex Zurich (Trading Conditions)

Summary:

With this circular, Eurex Deutschland and Eurex Zürich AG (collectively: the Eurex Exchanges) announce amendments to the Conditions for Trading at Eurex Deutschland and Eurex Zürich (Trading Conditions) to complete the late entry framework for off-book transactions. In particular, the Eurex Exchanges will include an additional rule in the Trading Conditions, defining a maximum permissible time frame between the agreement of all transaction specific details relating to an off-book transaction and the entering of a related order into T7.

The amended sections of the Trading Conditions are attached to this circular. The amendments will come into effect on **3 July 2017**.

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Amendments to the Trading Conditions: Completion of late entry framework for off-book transactions

With this circular, Eurex Deutschland and Eurex Zürich AG (collectively: the Eurex Exchanges) announce amendments to the Conditions for Trading at Eurex Deutschland and Eurex Zürich (Trading Conditions) to complete the late entry framework for off-book transactions. In particular, the Eurex Exchanges will include an additional rule in the Trading Conditions, defining a maximum permissible time frame between the agreement of all transaction specific details relating to an off-book transaction and the entering of a related order into T7.

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1. Amendments to the Trading Conditions

To foster transparency and market integrity, the Eurex Exchanges require all Trading Participants to process off-book transactions in a timely manner. According to the Trading Conditions, an order relating to an off-book transaction that has been entered into T7 must be approved by all involved Trading Participants within 15 minutes.

Further to this rule, the Eurex Exchanges will implement an additional rule defining a maximum permissible timeframe of 15 minutes, between the agreement of all off-book transaction related details and the entering of a respective order into T7. Jointly, these rules are referred to as the late entry framework.

The additional rule will be included in part 4, Number 4.4 of the Trading Conditions. The amended sections of the Trading Conditions are attached to this circular. The amendments will come into effect on 3 July 2017.

2. Monitoring and sanctioning of potential violations

At the Eurex Exchanges, the Trading Surveillance Office (TSO) is responsible for the monitoring of exchange trading. If the TSO detects any breaches to the provisions governing exchange trading, in particular to the Trading Conditions, respective cases are reported to the Management Board of Eurex Deutschland as well as to the Exchange Supervisory Authority. The Management Board reviews and, as a rule, refers the cases to the Eurex Deutschland Disciplinary Committee, who is in turn responsible for a potential sanctioning of the rule violations.

Please note that the framework for the monitoring of exchange trading and sanctioning of rule violations is also applicable with respect to late entries or late approvals of off-book transactions. Previously applicable contractual fines, issued by Eurex Clearing AG, are no longer in place.

If Trading Participants suspect a violation of the permissible 15 minutes timeframe (between the agreement of transaction specific details and the entering of a respective order into T7) for a particular off-book transaction, they should report the case to the TSO. Notification of the TSO should be done via e-mail at surveillance@eurexchange.com.

3. Notification of breaches to exchange members

The Eurex Exchanges will provide Trading Participants with monthly reports displaying details of those off-book transactions where the permissible 15 minutes between order entry and order approval have been breached. Automated reports are expected to be available with Eurex Release 6.0 (planned for 4 December 2017). Prior to this date, Trading Participants can request to receive the relevant information via e-mail, by contacting their relevant Key Account Manager.

30 June 2017

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AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED

DELETIONS ARE CROSSED OUT

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1 Part: General Provisions

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4 Part: Off-book Trading

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4.1 Eligible Orders

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4.2 Procedure for Off-book Trading

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4.3 Types of Off-book Trades

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4.4 Consummation of Trades

(1) Order matching

A trade is initiated by the offering exchange participant by filling in the input fields (“offer conditions”) and subsequently confirming these. A binding order to conclude the trade is only submitted once the exchange participant initiating the trade confirms the offer conditions as entered. The initiating Exchange Participant must confirm the offer conditions within 15 minutes after the joint agreement to conclude such trade at the Eurex Exchanges. The trade is consummated when the recipient exchange participant confirms the order. If there are multiple exchange participants on the sell or buy side of the trade ("Multilateral Trade"), the trade is only consummated once it

has been confirmed by all exchange participants involved in the trade. The recipient exchange participant shall submit confirmation at the latest 15 minutes after the initiating exchange participant enters the order. Employees of the exchange participant that are not admitted to trading, another exchange participant or a third party information provider pursuant to Number 4.5 may also enter the offer conditions, if appropriately authorised by the exchange participant. However, the offer conditions may only be confirmed by the exchange participant.

(2) Trade confirmation

Trades are consummated once they have been matched pursuant to Paragraph (1) and subsequently saved in the Eurex Exchange system. Immediately after consummation of an off-book trade, exchange participants receive a trade confirmation generated by the Eurex system. Off-book trades are indicated in the daily reports generated by the Eurex system and are designated as trades outside of the order book.

4.5 Third Party Information Provider

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