X-pand into the Future

eurex circular 160/09

Date: Frankfurt, August 24, 2009
Recipients: All Trading Members of Eurex Deutschland and Eurex Zürich and Vendors
Authorized by: Jürg Spillmann

High priority

Eurex Release 12.0: Important Information about Simulation Start

Related Eurex Circulars: 048/09

Contact: Member Services & Admission team, tel. +49-69-211-1 17 00
e-mail: customer.support@eurexchange.com
Customer Technical Support, tel. +49-69-211-1 12 00, e-mail: eurex-help@deutsche-boerse.com

Content may be most important for:

➲ All departments

Attachments: (on the Eurex website only)

1. Eurex 12.0 Member Simulation Guide
2. Eurex 12.0 Front-End Installation Guide
3. Eurex 12.0 Front-End Operations Guide
4. Eurex 12.0 Front-End Access to Exchange Applications
5. Eurex 12.0 Network Access to Exchange Application
6. Common Sizing Guidelines (Eurex and Xetra/XIM).

Summary:

The Eurex Release 12.0 simulation phase is scheduled from **September 21, 2009** to **November 6, 2009**. Participation in the Eurex Release 12.0 simulation is strongly recommended.

This circular provides details on the distribution of the Eurex Release 12.0 simulation software kits together with additional information about the simulation itself.

Major new and enhanced features to be introduced with Eurex Release 12.0 which require special attention by Members is also provided:

1. New international Eurex links: Eurex/ISE Link and Eurex/KRX Link
2. Enhanced Risk Solution (planned introduction in Q1/2010)
3. Exercise/Assignment Enhancements
4. Consistent Setup of Major/Minor Currency Units (e.g. GBP/GBX)
5. Enhanced Multilateral Trade Facility
6. OTC Volatility Strategy with Cash Equity Leg
7. Matcher Performance Improvement Concept
8. Broadcast Streams Consolidation
9. Enhancements of Trade Volume Information
10. Additional features for the Enhanced Transaction Solution and Enhanced Broadcast Solution interfaces.

Please note: Some of the new and enhanced features are not backward compatible to Eurex Release 11.0.

A complete overview of the scope of Eurex Release 12.0 has been provided with the Final Functional and Technical Release Notes published on the Member Section of the Eurex website on August 17, 2009.

Eurex Release 12.0: Important Information about Simulation Start

Distribution of Software Kits for Eurex Release 12.0 Simulation

From close of trading on Friday, September 11, 2009, until Tuesday, September 15, 2009, Eurex will distribute the following software kits via File Transfer Protocol (ftp) to the member simulation environment for the start of Eurex Release 12.0 simulation on Monday, September 21, 2009:

- Eurex Release 12.0 simulation kits for SUN Solaris and Microsoft Windows
- GATE 3.5 (existing) standard kits for SUN Solaris and Microsoft Windows
  and new x.86 GATE 3.5 simulation kit for Sun SOLARIS x.86 platform users.

Please Note:
In addition to the standard GATE 3.5 software kits, there will be a new x.86 GATE 3.5 software kit provided with the installation kit. The installation of the new x.86 GATE 3.5 simulation software version is not required for *all* members, but it is mandatory for those members intending to use the Sun SOLARIS x.86 platform.

Updated Eurex 12.0 versions of the documents Front-End Installation Guide and Front-End Operations Guide reflecting the above-mentioned changes are available in the Eurex Member Section under the path:

www.eurexchange.com > Member Section > Releases > Eurex 12.0 > Manuals > Technical Manual

Distribution of the software will take place to the registered report nodes only.

Target directories and required storage space for data transfers are:

- SUN Solaris (MISS): /opt/gate/transferdir/release01/sun
  Required storage space: 200 MB
- Microsoft Windows (MISS): <ftp-root directory>\release01\win
  Required storage space: 200 MB

The simulation kits should be installed according to the instructions contained in the *read-me* file that is transferred to the appropriate transfer directory. Please pay special attention to the information contained in the installation guides for both Eurex Release 12.0 and GATE 3.5.

It is imperative that files no longer used are deleted from the transfer directory before the transmission of the software takes place. Please ensure that the report nodes are connected to the Eurex® network as of 21:00 CET on Friday, September 11, 2009.

Please contact Customer Technical Support at tel. +49-69-211-1 12 00 if the software kits have not been received by Tuesday, September 15, 2009.

As of Monday, September 14, 2009, the software will be made available for download in the Member Section of the Eurex website under the path:

www.eurexchange.com > Member Section > Software Kits > Eurex 12.0 Simulation

Should you encounter any difficulties when logging in to the Member Section, please contact our Service Point Team at tel. +49-69-211-1 78 88.

For new installations:

Before installing the simulation kit for Eurex Release 12.0 simulation, the GATE 3.5 software must be installed on all MISSes and workstations. If required, the GATE 3.5 software kits are available for download on the Eurex website. In order to activate the new settings, please restart the system after the installation of the GATE 3.5 software kits.

Major new and enhanced features introduced with Eurex Release 12.0

1. New international Eurex Links: Eurex/ISE Link and Eurex/KRX Link

In Eurex Release 12.0 two new international links will be introduced:

1.1 Eurex/ISE Link

The Eurex/ISE Link will be a transatlantic trading and clearing link between Eurex, the International Securities Exchange (ISE) and the Options Clearing Corporation (OCC) that will allow Eurex Members to access the world's largest equity options market through their existing Eurex membership.

The Eurex/ISE Link will grant Eurex Members full and seamless access to the ISE's options market, making initially available 430 of the following products:

- US Equity Options
- Options on Exchange Traded Funds (ETFs)
- Equity Index Options
- US Cash-settled Foreign Exchange (FX) Options

The Eurex/ISE Link will be implemented with Eurex Release 12.0 and is planned to be technically activated on November 16, 2009 together with Eurex Release 12.0. Order entry and trading will be possible from November 30, 2009.

Three new reports RPTCE077 "Start-of-day Exercise/Assignment Summary", RPTCE090 "Expiration Saturday" and RPTCB194 "ECAG Connections" will be provided for the Eurex/ISE Link.

In order to become familiar with the functionality of the Eurex/ISE Link, please refer to chapter 2 of the Eurex 12.0 Final Functional Release Notes which are available on the Eurex website:

www.eurexchange.com > Member Section > Releases > Eurex 12.0

Simulation scope for the Eurex/ISE Link is described in chapter 2 of the "Eurex 12.0 Member Simulation Guide" (attachment 1) which is available on the Eurex website under the path:

www.eurexchange.com > Member Section > Releases > Eurex 12.0

1.2 Eurex/KRX Link

With the implementation of the Eurex/KRX Link, Eurex Members will be able to trade and clear daily futures on the KOSPI 200 Option. The KOSPI 200 Option, listed at the Korea Exchange (KRX), is the most heavily traded options contract worldwide.

The product will enable international investors and traders to access the KOSPI 200 Option market during European core trading hours when the KRX market is closed.

Daily futures on the KOSPI 200 Option ("Eurex KOSPI Product") will be set up and traded as a futures-style option in the Eurex® system. Legally it is a future which will expire daily into a KOSPI 200 Option position at KRX prior to the KRX market opening. The KOSPI 200 Option listed on KRX will legally be the underlying of the Eurex KOSPI Product.

The Eurex/KRX Link will be technically implemented with Eurex Release 12.0. Eurex intends to launch its daily futures in the KOSPI 200 Options on the Eurex® platform in January 2010.

The new report "RPTCB430 KRX Position Report" will be provided for the Eurex/KRX Link.

In order to become familiar with the detailed functionality of the Eurex/KRX Link, please refer to chapter 3 of the Eurex 12.0 Final Functional Release Notes (on the Eurex website, see above). Simulation scope for the Eurex/KRX Link is described in chapter 2 of the Eurex 12.0 Member Simulation Guide (attachment 1).

2. Enhanced Risk Solution (planned introduction in Q1/2010)

As a further development of the Event-Driven Risk Management features (introduced with Eurex Release 11.0 in 2008), a near-time risk data distribution service will be established with Eurex Release 12.0. In addition to the existing VALUES API-based interface, a new FIXML-based connection over an AMQP ("Advanced Message Queuing Protocol") transport will be provided for this service. The new interface is planned to be introduced in the first quarter of 2010. An adequate simulation phase will be scheduled prior to production start.

3. Exercise/Assignment Enhancements

Eurex Release 12.0 will implement an optional four-eye principle to prevent the unintended exercise of out-of-the-money (OTM) options and abandonment of in-the-money (ITM) options. When an initiator wishes to abandon their positions from automatic exercise, or confirm an OTM option exercise, depending on the RAL settings a new **Approve Message** window will be displayed requesting a second different user to confirm the exercise/abandonment. Related Resource Access Level (RAL) for user settings will automatically be set to four-eye principle enabled.

4. Consistent Setup of Major/Minor Currency Units (e.g. GBP/GBX)

Eurex Release 12.0 will introduce the support of minor currency units. The first currency to be affected will be the British Pound (GBP), which will be enhanced to support the minor unit, pence (GBX).

As a result, the following changes will be made:

- The structure of the haircut file "FPHCPA" will change.
- Haircut exchange rates for the minor currency (GBp) will be available in FPHCPA.
- Cash amounts will be displayed in the reports (i.e. variation margin) and in the Clearing GUI in the minor currency unit whereas cash flow-related reports will show the major currency unit.

Please note:
Within this context, the following modifications will be performed during the main conversion from Eurex Release 11.0 to Eurex Release 12.0:

- All OSTK and FSTK products with major currency GBP will be converted to the new minor currency unit GBX.
- The product parameters' tick size and tick value will be modified.

Members are requested to consider these adjustments during their internal preparations for the new release.

5. Enhanced Multilateral Trade Facility

The Multilateral Trade Registration interface will be enhanced with the following features:

- The restriction of 1:n trade will be removed allowing the broker to enter up to a maximum of 50 buyers and sellers in one transaction (n:m).
- It will be possible to register the following additional trade types using multilateral trades:
  - Option strategy block trades and option volatility strategy block trades.
  - OTC EFP-Fin, OTC EFP Index and OTC EFS trades.
- When specifying a multilateral trade by the broker, the entry of the subgroup of a member involved in the multilateral trade is mandatory.

- The broadcast requesting the approval of a multilateral trade will be exclusively available for those traders belonging to the member subgroup specified by the broker. In addition, only these traders are able to inquire the trade before its approval.

Please note:
The Multilateral Trade Registration interface will not be backward-compatible since the subgroup ID is a new, mandatory field which needs to be filled in by the broker when entering a multilateral trade.

6. OTC Volatility Strategy with Cash Equity Leg

The definition of equity options volatility strategies used in OTC trades will be modified in Eurex Release 12.0, i.e. the LEPO will be replaced by the underlying itself. Once an OTC volatility strategy trade for an equity option has been approved, a strategy matching event broadcast containing the derivative leg(s) and the equity cash leg will be sent to the front-office applications. A unique leg identifier will allow the member to identify the different legs in their processing.

Please Note:
On-exchange trading of equity options volatility strategies will no longer be possible. That is, equity options volatility strategies will be exclusively available as OTC block trades.

7. Matcher Performance Improvement Concept

With Eurex Release 12.0, the processing time of non-persistent orders and quotes will be significantly reduced by the introduction of a different back-end processing for non-persistent orders and quotes versus persistent orders. In short:

- Unreliable order response information for persistent orders will be sent out after the transaction has been completed.
- Unreliable order response information for non-persistent orders and quotes will be sent out immediately after the order/quote has been processed by the core matching process, but before the transaction is finally completed.

The expression “unreliable order response information” summarizes the information provided by the:

- Synchronous responses and all order/quote confirmation broadcasts via VALUES.
- Synchronous response notification and information notification via the Enhanced Transaction Solution.

Please note:
The Enhanced Transaction Solution interface and VALUES API will be enhanced in order to support members in the event of a Market Reallocation Event.

8. Broadcast Streams Consolidation

In Eurex 12.0, back-end broadcast stream subscription will be simplified. As shown in the table below, six subscription groups will be introduced, comprising 19 individual private broadcast streams. A subscription to one of the subscription groups will be equivalent to subscribing to all the streams in the group.

Private unreliable streams

New backend stream name	New stream letter Eurex 12.0	Old backend stream name	Old stream letter Eurex 11.0
Unreliable Order Confirmation	L	Unreliable Single Leg Order Confirmation	N
		Unreliable double leg order confirmation	O
		Unreliable Strategy Order Confirmation	P
Unreliable Quote Confirmation	M	Unreliable Single Leg Quote Confirmation	T
		Unreliable Double Leg Quote Confirmation	U
		Unreliable Strategy Quote Confirmation	S
Unreliable Low Volume Information	K	Unreliable Marin Request Information	K
		Unreliable Collateral Transaction Information	L
		Unreliable Block Trade Information	M
		Unreliable OTC Block Auction Information	Q
		Unreliable Give-up/Take-up Information	W

Private reliable streams

New backend stream name	New stream letter Eurex 12.0	Old backend stream name	Old stream letter Eurex 11.0
Recoverable Order Confirmation	B	Recoverable Single Leg Order Confirmation	B
		Recoverable double leg order confirmation	C
		Recoverable Strategy Order Confirmation	D
Recoverable Matching Event Information	C	Recoverable Single Leg Matching Event Information	H
		Recoverable Double Leg Matching Event Information	I
		Recoverable Strategy Matching Event Information	J
Recoverable Low Volume Information	D	Recoverable Flexible Option Information	E
		Recoverable Member Message Information	G

Please note:
The individual subscription to a broadcast stream that is to a member of a group will no longer be possible.
The stream “Unreliable Block Trade Information” (‘M’) will be renamed to “Unreliable MTF Trade Approval”.
Eurex will no longer support the broadcast stream Execution (“V”) provided via VALUES API.

9. Enhancements of Trade Volume Information

In Eurex Release 12.0, the trade volume information will be consistently aligned between the Enhanced Broadcast Solution interface and VALUES API. Additional enhancements will affect both interfaces and are aimed at providing the same information. In this context, the new VALUES API requests *Inquire All Single Leg Trades* and *Inquire All Strategy Trades* will complement the existing Inquire All Double Leg Trades.

10. Additional Features for the Enhanced Transaction and Enhanced Broadcast Solution Interfaces

For the Enhanced Transaction Solution and Enhanced Broadcast Solution interfaces new features and enhancements will be introduced.

10.1 Modifications for the Enhanced Transaction Solution

The Enhanced Transaction Solution interface will be enhanced by the following features:

- Lifecycle for Quotes
  - lifecycle for quotes similar to that of orders together with the concept of total quantities for quotes
- Single-Sided Quotes (SSQs)
  - SSQs for options (Single Leg) and option strategies in the Enhanced Transaction Solution Single and Mass Quote requests can be specified
- Text Fields for Quotes
  - Enter Quote, Enter Mass Quote, Modify Quote and Modify Mass Quote requests will be extended by three customer-related, free-format text fields
- Maximum Possible Number of Single Quotes per Request changed
- Mass Deletion of Orders
  - order request function will allow multiple deletions of futures (SLeg/DLeg) and options (SLeg) orders

- Trade Reversal Processing
  - A trade reversal of an options or futures trade entered via the Enhanced Transaction Solution will be reported by an Event Notification

10.2 Modifications for the Enhanced Broadcast Solution

- Data field “Contract Status Type “enhancement:
  - new valid value “S” for “Start”
- New fields in the Reference Data Stream:
  - Product Display Decimals (prodDispDcml)
  - Exercise Price Decimal (exerPrcDcml)
  - Low Exercise Price Options (LEPO) Indicator (lepoInd)

For further information on the Enhanced Transaction Solution and Enhanced Broadcast Solution interfaces modifications, please refer to the Eurex 12.0 Final Technical Release Notes or to the updated versions of the documents “Enhanced Transaction Solution - Interface Specification” and “Enhanced Transaction Solution - XML Data Model” provided in the Member Section of the Eurex website under the paths:

www.eurexchange.com > Member Section > Releases > Eurex 12.0 > Interfaces > Enhanced Transaction Solution

and respectively

Interfaces > Enhanced Broadcast Solution

Should you have any questions, please contact the Member Services & Admission team at +49-69-211-1 17 00.

Frankfurt, August 24, 2009