X-pand into the Future

e u r e x *circular 051/06*

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Recipients: All Eurex members and vendors
Authorized by: Peter Reitz

High Priority

Introduction of Eurex Release 9.0

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Content may be most important for:

- Front Office / Trading
- Middle + Backoffice
- IT / System Administration
- Auditing / Security Coordination

Attachment:

Eurex Release 9.0 Information Schedule

Summary:

Eurex is planning to introduce Eurex Release 9.0 on **November 13, 2006**. Release simulation is scheduled for the period from September 18, 2006 until November 3, 2006. This circular provides initial information about Eurex Release 9.0 with regard to the following areas:

- System Functionalities
- Technical Changes
- Infrastructure Changes

Detailed information on the changes planned in Eurex Release 9.0 will be provided in the Preliminary Functional and Technical Release Notes. The publication date for the Preliminary Release Notes as well as the planned dates for further documentation associated with the new release can be found in the attachment "Eurex Release 9.0 Information Schedule".

Eurex would like to address once again that with the introduction of Eurex Release 9.0 XML will be the only machine-readable report format. The RAW data format will be discontinued with the introduction of Eurex Release 9.0.

The market launch of the individual functionalities is not necessarily the same as the release date of Eurex 9.0. The individual dates will be announced separately by Eurex via circular at a later date.

Introduction of Eurex Release 9.0

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A. System Functionalities

1. Enhanced OTC Facilities

a. Block Auction Request

The Block Auction Request (BAR) facility provides an anonymous auction-style process for executing large orders within the market.

b. Block Trade Non-Disclosure Facility

With the Block Trade Non-Disclosure feature, the disclosure of large OTC Block trades can be restricted intraday.

c. Increased OTC Order Quantity

The introduction of a 6-digit maximum order quantity for OTC trading will allow market participants to enter large-sized OTC transactions efficiently without splitting them into several positions.

d. OTC Flexible Fixed Income Options

By introducing OTC Flexible Fixed Income Options, Eurex will provide full flexibility in choosing the exercise price as well as the expiration date and month while trading Fixed Income Options. The derivatives settlement of OTC Flexible Fixed Income Options will be aligned with the derivatives settlement of standard options in terms of the contract month of the delivered underlying future.

The settlement of OTC Flexible Fixed Income Options will be aligned with the settlement of Standard Fixed Income Options in terms of the contract month of the delivered underlying future, i.e. a flex option with an expiration date later than May 24, 2006 would be settled with the respective September futures contract.

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2. Supporting Order Book Activities

a. Wide Quotes

Eurex will enable traders to enter double-sided quotes for regular option series with any spread. Quotes that do not fulfill the maximum quote spread feature will not be rejected, but marked internally as wide quotes. Compared to normal quotes, wide quotes will not define a price at which market orders may match. Members are free to enter quotes with any spread while retaining adequate protection of market orders.

b. Spread Order Activation

This feature will improve the entry of futures spread orders during the front month roll by effectively supporting spread orders with validity longer than one day. GTD and GTC spread orders will be automatically activated by the system, with their original order numbers and time stamps, at the start of the trading phase continuous trading, immediately after completion of opening auction before processing incoming order transactions.

3. Clearing Enhancements

a. Enhanced Usage of Stock Collateral

The valuation and usage of specific equity collateral in the Risk-Based Margining process will be improved by an advanced linkage of equity collateral with corresponding positions in equity derivatives. As a result efficient use of collateral in comparison to the real market risk will be enhanced.

b. Consideration of the Volatility Curve in Theoretical Prices

Currently, theoretical prices relating to all projected scenarios of a particular series in Risk-Based Margining are based on the same implied volatility. The consideration of the volatility curve will allow for the differentiation of implied volatilities to better reflect the volatility risk of option portfolios. This function will replace the Short Options Adjustment and Short Options Compensation.

c. Clearing GUI Enhancements

In response to feedback from members several modifications and enhancements in the Clearing GUI are planned:

- **Give-up Overview** Window improvements (display of trader ID)
- Increased Number of Trade Separations
- **Position Overview** Filter enhancements (further improvements for the efficient selection, filtering and display of clearing data)
- Improved set-up and maintenance of automatic exercise parameter

B. Technical Changes

1. Supported Report Formats

As previously announced the parallel support for the RAW data report format will be discontinued with the introduction of Eurex 9.0 and RAW data reports will therefore no longer be available. The supported report formats for Eurex 9.0 will consist of existing fixed width format (readable) introduced with Eurex Release 8.0 and XML format (machine-readable).

Automated procedures currently using the RAW data reports must be migrated to use the XML reports as soon as possible and prior to the start of the Eurex 9.0 simulation.

In addition Eurex would like to stress once again that fixed width format reports should not be used for automated processing. All automated procedures should use the XML report format.

C. Infrastructure Changes

1. Supported Operating Systems

Eurex 9.0 will not be compatible with the Solaris 8 Operating System and the installation of the Eurex 9.0 software will not be possible. Migration to the Solaris 10 Operating System is therefore **mandatory** before the start of Eurex 9.0 simulation.

Eurex 9.0 supports the following operating system combinations for MISS servers and workstations:

MISS	SP or HW. Revision	Workstation	SP or HW. Revision
Windows 2000 Standard Server*	4	Windows 2000 Professional*	4
Windows 2000 Standard Server*	4	Windows XP Professional	2
Windows 2003 Server	SP1 (incl. Rollup 2)	Windows XP Professional	2
Solaris 10	03/05 ->	Windows 2000 Professional*	4
Solaris 10	03/05 ->	Windows XP Professional	2
Solaris 10	03/05 ->	Solaris 10	03/05 ->

* Please note: The support for Windows 2000 Server on the MISS and Windows 2000 Professional on the workstation will probably be discontinued at the end of the first quarter 2007.

Further information concerning support for the Windows 2000 Operating System will be announced separately by Eurex at a later date. Please refer to the Preliminary Technical Release Notes for changes concerning MISS/workstation combinations.

2. Introduction of GATE 3.5

The Eurex Release 9.0 software makes use of the GATE Release 3.5 update which will be mandatory for all members.

3. Backwards Compatibility

Eurex Release 9.0 will be a mandatory release. The technical application version number (AVN) will be changed to XEUR_AVN_090 = 90. Layout-level backwards compatibility will be offered to applications built for Eurex Release 8.0.

Applications that use applVersion = XEUR_AVN_080 are expected to send the request layouts used in Eurex Release 8.0 and will still be supplied with Eurex Release 8.0 response layouts.

4. JAVA Runtime Environment

The Eurex software will be provided with the Java Runtime Environment 1.5 (Java™ 2 Platform Standard Edition Runtime Environment Version 5.0).

Further information related to Eurex Release 9.0 will be announced as mentioned in the Information Schedule.

Frankfurt, March 20, 2006

Eurex 9.0: Information Calendar 2006

