X-pand into the Future

eurex circular 060/11

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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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⚠ **Action required** ⚠ **High priority**

Eurex Release 13.1: Production Launch: Scope, Information on new Features and Timelines

Related Eurex Circulars: 103/10, 225/10, 017/11, 026/11

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

Summary:

As announced with Eurex circulars 103/10 and 225/10, Eurex will launch Eurex Release 13.1 in production on **April 11, 2011**.

Scope

Eurex Release 13.1 will encompass the following features which will be technically introduced in production with the start of Eurex Release 13.1 on April 11, 2011, whereas some features will be activated later:

- Enhancements to the Risk-Based Margining Calculation Procedure
- Introduction of a Risk-Based Margin Calculation by Contract and Maturity
- Consolidation of Eurex/EEX Margin Procedures
- Enhancements to the Risk Limit Facility of the Risk Protection functionality which was already launched with Eurex Release 13.0
- Removal of Overlapping Mode Support for the Enhanced Broadcast Solution
- Introduction of a Common Report Engine Facility
- Report Changes
- Modification of the Theoretical Price and Margin Parameter Files and Introduction of new Margin Parameter Files

No Front-end Software Kits for Eurex Release 13.1

Eurex Release 13.1 is planned as a back-end release only. There will be no changes in the front-end software with this release. Therefore, Eurex does not plan to distribute front-end software kits for the production launch of Eurex Release 13.1. Members can continue using the Eurex Release 13.0 front-end software.

Eurex Release 13.1: Production Launch
Scope, Information on new Features and Timelines

As announced with Eurex circulars 103/10 and 225/10, Eurex will launch the Eurex Release 13.1 in production on April 11, 2011.

Scope

Eurex Release 13.1 will encompass the following features which will be introduced in production with the start of Eurex Release 13.1 on April 11, 2011:

- Enhancements to the Risk-Based Margining Calculation Procedure
- Introduction of a Risk-Based Margin Calculation by Contract and Maturity
- Consolidation of Eurex/EEX Margin Procedures
- Enhancements to the Risk Limit Facility of the Risk Protection functionality which was already launched with Eurex Release 13.0
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Information on new Features and Timelines

Enhancements to the Risk-Based Margining Calculation Procedure

With Eurex Clearing circular 019/10 “Changes in Implied Volatility for Risk-Based Margining”, Eurex Clearing AG announced on March 31, 2010 that the Risk-Based Margining methods of Eurex Clearing AG have been enhanced such that the risk of changes in implied volatility is considered by calculating two-dimensional scenarios, i.e. simultaneously shifting the underlying price and the implied volatility. With this enhancement, Eurex Clearing has increased the accuracy of the additional margin calculation for options and reflected more accurately a further risk component.

With Eurex Release 13.1 the consideration of the Vega risk by shifting volatilities will be fully integrated in the standard Risk-Based Margin calculation and reporting. Therefore any margin shortfall resulting from the Vega risk will be incorporated and then debited with the usual end-of-day (EOD) and intraday processing.

Due to the integration of the changes for implied volatility for Risk-Based Margining, in the existing reporting structure, the calculation procedure will become more transparent.

Please note that the additional margin amounts booked into the margin class “VEGA1” as well as respective CV* reports will be obsolete with Eurex Release 13.1.

A detailed description of the enhancements can be found in the document “Eurex Release 13.1 - Enhancements to Risk-Based Margining” which can be downloaded from the Eurex website under the following path:

www.eurexchange.com > Member Section > Releases > Eurex 13.1

For easier access to the document, please click on the following link:
https://www.eurexchange.com/members/releases/eurex131/software_changes_de.html

Introduction of a Risk-Based Margin Calculation by Contract and Maturity

With the introduction of Margining by Contract and Maturity Eurex Clearing enhances the margin calculation method for a defined range of products where different maturities need to be treated separately. The new functionality allows defining a maturity factor which scales margin parameters for different maturities in the same margin class. Consequently, the rule which states that only one margin parameter is applied in one margin class is enhanced by this new concept. The maturity factor will always be greater or equal to zero and smaller or equal to one. As a consequence, the margin parameter will continue to serve as a measure for a maximum underlying price movement expected.

A detailed description of the method can be found in the document “Eurex Release 13.1 - Enhancements to Risk-Based Margining” which can be downloaded from the Eurex website under the following path:

www.eurexchange.com > Member Section > Releases > Eurex 13.1

For easier access to the document, please click on the following link:
https://www.eurexchange.com/members/releases/eurex131/software_changes_en.html

Initially, Margining by Contract and Maturity will be enabled for the following product groups:

- Single Stock Dividend Futures
- Agricultural Futures (margin classes EPP, LPI, PIG, HOG, BUT, SMP)

The new calculation method will be applied for the first time in the end-of-day batch of April 15, 2011.
The maturity factors for the products above will be available in the parameter file FPPARA starting with the end-of-day batch on April 15, 2011. The first delivered parameter file FPPARA from April 11, 2011 will already contain the EEX futures products with a maturity factor of 1.00.

Consolidation of Eurex/EEX Margin Procedures

Liquidating values and additional margin calculation for Eurex and EEX derivatives, currently covered by the reports RPTCC042 and RPTCC047, will be integrated in the reports RPTCC040 Liquidating Values and RPTCC045 Additional Margin. Cross-margining on margin group level will become possible between Eurex derivatives and EEX derivatives. Consequently, reports CC042 Liquidating Values EEX and CC047 Additional Margin EEX will be discontinued.

Enhancements to the Risk Limit Facility of the Risk Protection Functionality which was already launched with Eurex Release 13.0

- Intraday limit amounts maintained via the @X-tract Clearing or @X-ceed Trading GUI will become effective immediately.
- While the Risk Monitoring Maintenance window itself remains unchanged, interpretation of the values contained in the fields “Start of Day Amount” and “Modified Amount” on the Limit Maintenance tab will be changed as follows:

Field	New Description
Start of Day Amount	Amount effective at the start of the current business day
Modified Amount	This field holds the modified amount, changes become effective immediately. Please note that this field is empty until the first change is entered on the current business day or if the latest modified amount is equal to the "Start of Day Amount".

Since Eurex Release 13.1 is a back-end only release, neither GUI nor VALUES API will be changed. The VALUES API documentation, however, has been updated to reflect the new description. The new document version does not imply any interface changes.

The following remark is important for customers using the Enhanced Risk Solution for the maintenance of the risk limit amounts: the limits which are sent via Enhanced Risk Solution will only be valid for the current business day. For the next business day, the limit amount that is maintained in the Eurex Clearing GUI will be applied and the limit amount maintained via Enhanced Risk Solution will be ignored.

To support the configuration and calibration of the risk limit facility "Enhanced Risk Protection", a new report RPTCC100-Risk-Values History for Limits will be introduced which will display historical MAX/MIN values for the four available risk limits for the last 30 business days. Please be aware that historical data has to build up during the first 30 business days after the launch. This report needs to be selected via the Eurex-Clearing GUI (Report Selection window).

Technical features

Removal of Overlapping Mode Support for the Enhanced Broadcast Solution

The initial design of the Enhanced Broadcast Solution enabled the interface to be configured to operate in either an overlapping or non-overlapping mode. Since the introduction of the interface in the production environment only the non-overlapping mode, consisting of a single channel carrying order book information for all depth levels, has been in operation. As Eurex will not make use of the overlapping mode in future and in order to facilitate easier maintenance of Members' applications, Eurex will officially withdraw support for the overlapping mode with the introduction of Eurex Release 13.1. The Enhanced Broadcast Solution interface specification document has been updated accordingly to reflect this change. Please note: Eurex will make no changes to the interface's current mode of operation and no further changes to Members' existing applications will be required.

Introduction of a Common Report Engine Facility

Eurex will introduce a Common Report Engine facility together with Eurex Release 13.1 which will allow for centralized provision of reports. The service will be based on a secure FTP (report) server and will provide Members with the ability to easily retrieve all of their reports from a single source. This service will be provided independently from the existing MISS server and will allow Members to choose their preferred hardware platform and operating system. Re-use of the current network connections where an FTP channel is already defined will be possible.

For more information please refer to the document "Common Report Engine-User Guide" which will be available on the Eurex website under the following path from April 11, 2011 onwards:

www.eurexchange.com > Member Section > Releases > Eurex 13.1 > Manuals

For easier access to the document, please click on the following link:

https://www.eurexchange.com/members/releases/eurex131/manuals_technical_en.html

Please note: During the introduction phase, the new Common Report Engine facility is planned to be provided in parallel to the existing report distribution mechanism.

Report Changes

New Report

The following report will be introduced with Eurex Release 13.1:

- RPTCC100-Risk Values History for Limits

Decommissioning of Reports

The following reports will be decommissioned:

- CV050-Daily Margin (Vola), in TXT/XML format
- CV050-Daily Margin (Vola) in LIS/RAW format
- CV055-Daily Margin Offset (Vola) in LIS/RAW format
- CV060-Margin Calculation-Summary (Vola) in LIS/RAW format
- CV042-Margin Call (Vola) in LIS/RAW format

The above-mentioned CV* reports became obsolete because the Vola information is fully incorporated in Risk-Based Margining.

- CC042-Liquidating Values EEX
- CC047-Additional Margin EEX

The above-mentioned CC* reports became obsolete because the margin figures for EEX products are incorporated in the redesigned reports RPTCC040-Liquidating Values and RPTCC045-Additional Margin.

The following reports will remain structurally unchanged as compared to Eurex Release 13.0

The reports below, as well as their intraday counterparts (intraday report IDs in brackets) will contain margin figures as determined by Risk-Based Margining, including changes in the implied volatility.

- CC050 (CI050)-Daily Margin
- CC055 (CI055)-Daily Margin Offset
- CC060 (CI060)-Daily Margin Summary
- CD042 (CI042)-Daily Settlement Statement

Redesign of Reports CC040 and CC045

- RPTCC040-Liquidating Values
- RPTCC045-Additional Margin

Modification of the Theoretical Price and Margin Parameter Files and Introduction of new Margin Parameter Files

As a result of the enhancements to the Risk-Based Margining Calculation Procedure mentioned on the first page of this circular, the file structure of the Theoretical Price file FPTHED as well as some risk reports have been changed.

Members should take into account that the Theoretical Price file will have the new layout from April 11, 2011 onwards (including the intra-day provided versions and the early version of the EOD Theoretical Price file). In order to ensure the operability of these files and these reports Members have to adapt their systems accordingly. Consequently, Eurex Release 13.1 is mandatory for all Members using the Theoretical Price Files and the Eurex risk reports.

Modified/new Files

1. Changed layout for the Theoretical Price file for derivatives FPTHED including intraday snapshot files and the early version of the EOD Theoretical Price file
2. Changed layout for the Theoretical Price file for flex transactions FPTHEF including intraday snapshot files and the early version of the EOD Theoretical Price file
3. Changed layout for the Theoretical Price file for Eurex/ISE link products FPTHEU
4. Changed layout for the margin parameter file FPPARM
5. New maturity factor file FPPARA

As of April 11, 2011, the new maturity factor file FPPARA will be available on the Eurex website and the Eurex Clearing website under the following paths:

www.eurexchange.com > Clearing > Risk & Margining > Risk Parameters & Initial Margins > Maturity Factor Parameters

www.eurexclearing.com > Risk Management > Risk Parameters > Maturity Factor Parameters

In order to provide Members with sufficient testing opportunities in the Eurex Release 13.1 simulation environment and to support the necessary adaptations on the Member/vendor side, Eurex Clearing has published upfront the latest file descriptions and sample files for download on the Eurex website under the following path:

www.eurexchange.com > Member Section > Releases > Eurex 13.1 > Test Data for Simulation

For easier access to the document, please click on the following link:

https://www.eurexchange.com/members/releases/eurex131/testdata_simulation_en.html

Please consider the final version of the “Member Interface Specification – File Interface Layouts” which contains the respective final file description. This document is available on the Eurex website under the following path:

www.eurexchange.com > Member Section > Releases > Eurex 13.1 > Manuals > Technical Manuals

For easier access to the document, please click on the following link:

https://www.eurexchange.com/members/releases/eurex131/manuals_technical_en.html

Documentation

Several Eurex Member documents have been updated to reflect the changes outlined above. All documents are available for download in the Member Section of the Eurex website under the path:

www.eurexchange.com > Member Section > Releases > Eurex 13.1 > Manuals

For easier access to the documents, please click on the following link:

https://www.eurexchange.com/members/releases/eurex131/

Should you experience problems when logging in to the Member Section, please contact the Service Point team at tel. +49-69-211-1 78 88.

If you have questions or require further information, kindly call the Member Services & Admission team at tel. +49-69-211-1 17 00.

For questions with technical background, please refer to your Technical Account Manager using your VIP number or Eurex Customer Technical Support at tel. +49-69-211-1 12 00.

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