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All You Need to Know about Transaction Limits at Eurex

Transaction limits continue to be a constant source of inquiries. Transaction limits were introduced as early as 1995 in response to the increasing use of quote machines and feeder programs. It has never been Eurex' intention to restrict the trading activities of its participants as a result of transaction limits, but rather to prevent exchange operations to be adversely affected by excessive transactions resulting e.g. from inadequately configured front-end systems or other applications connected to the VALUES API.

What is a Transaction?

In this context, the most frequent confusion is with respect to the meaning of the term "transaction". When discussing transaction limits, the term transaction does not refer to the number of contracts that a given participant may trade within a product, but rather to a processing activity within the system.

From a technical point of view, a distinction is made between "synchronous" and "asynchronous" system transactions. Transactions are termed synchronous whenever they are initiated by an exchange participant, triggering an immediate response by the Eurex system. Participants who have initiated such a transaction await a direct (synchronous) system response on their screen. In addition to all order-driven or quote-driven synchronous transactions, (e.g. Add, Change or Delete), a synchronous transaction includes all inquiries which are not related to data stored on the Member Integrated System Server (MISS).

Asynchronous system transactions are all those which cannot be directly attributed to an activity by any individual participant. Predominantly, this includes subsequent Eurex system processes carried out as a result of participants' activities, such as the posting of positions after the conclusion of trades or the broadcast of price information to all participants. Eurex transaction limits apply for synchronous transactions only.

When do Transaction Limits Apply?

Eurex imposes daily upper limits for the number of transactions per product and per participant. In other words, every transaction request that is generated on the participant's front-end and is transmitted to the Eurex back-end is registered as one transaction. The transaction fees are increased if the number of transactions entered in the Eurex system by a participant during one trading day exceeds the limit set by Eurex for:

- the total number of transactions,
- the number of transactions per product, and
- the number of MASS Quote Release transactions.

The current values for transaction limits are available on the Eurex website: **www.eurexchange.com/marketplace/products_funct_overview_2_en.html**.

How are Transaction Limits Calculated?

For Options:

When trading Eurex options, the transaction limits represent a "set" number per participant, product and trading day. The number is set by Eurex.

Transaction Limit for a Specific Option Product = Set Number

For Futures:

When trading Eurex futures, the transaction limit applied per participant, product and trading day varies with the number of trades executed by the participant in a specific futures product.

Independent of its trading activity, each participant has a minimum number of transactions (the "floor") available each day in each futures product. In addition, by means of multiplying a Eurex-defined product specific parameter (the "factor") by the number of trades executed in a particular futures product, a second daily total for a participant's available transactions per product is calculated. The actual transaction limit for each individual participant per futures product per exchange trading day is the larger of the two numbers.

Transaction Limit for a Specific Future Product
=
Maximum (number of executed trades in a specific futures product
x the product's Factor; or Floor for the specific futures product)

Example for Calculating the Transaction Limit for the FDAX

DAX Future (FDAX) Factor	= 5
Floor for the FDAX	= 7,000
Participant A's executed trades in the FDAX on July 10, 2001	= 1,500
Transaction Limit in the FDAX for participant A on July 10, 2001	= Max (1,500 * 5; 7,000)
	= Max (7,500; 7000)
	= 7,500

On July 10, 2001 the transaction limit for participant A in the FDAX is 7,500.

How are Excess Fees Charged?

Excess fees are charged for all transactions exceeding the daily limit as determined above. Non Clearing Members (NCMs) pay their excess fees daily through their respective General Clearing Members (GCM). However there is a maximum outstanding limit per participant (the "cap") determined on a monthly basis. This limit or cap is calculated by multiplying the number of trading days in a month by EUR 1,000 or CHF 1,600. For a month with 21 trading days, the monthly cap is set at EUR 21,000, respectively CHF 33,600.

At the end of the month, Members are reimbursed for any fees paid in excess of the monthly cap. The exchange rate at the end of the month will be used as the basis for calculation of the refund amount.

How to Monitor Your Number of Generated Transactions?

Exchange participants can request the "Transaction Overview Report" (Report RPTCB065) within the Eurex System. The report is automatically generated after the batch run and made available to the respective exchange participants the following trading day. The report includes a daily overview of the number of transactions that were entered into the system during the trading day and the additional fees per participant per trading day. Historical data older then 5 days must be ordered from the Eurex Technical Helpdesk, T +49 (0)69-21 01-12 00, e-mail: eurex-help@eurexchange.com

Frequent Reasons for Exceeding Transaction Limits

There are a number of reasons why participants may exceed their transaction limits. In many cases it is simply linked to configuration or programming errors on the participant's front-end. Most frequently problems arise from incorrect programming of applications connected to the VALUES API or Third Party Vendors' software. In other cases, the configuration settings are the reason for exceeding transaction limits.

A repeatedly encountered issue is that the "Keep Alive Message" cannot be sent to the Local Area Network (LAN) broadcast address because it is blocked by a firewall or because MISSes are in different LAN segments or because MISSes have LAN Network interface cards that point to nonexistent addresses.

Another easy to rectify reason could be that the entries in the "RepublisherInLan" section in the "configmbr.ini" file are in different rows. It could also very well be that the system initiates unintentional refreshing of screens and thus generates permanent transactions.

How to Recognize Transaction Limits Excesses Early?

Check your exception log (elb.local.log) on significant entries (e.g. "unsuccessful try to take over") on a daily basis.

Check, either daily or weekly, your System Transaction Overview Report (RPTCB065), which provides an overview of your up-to-date transaction volumes and fees.

In case of transaction limit excesses verify the proper MISS configuration.

Where to Get Help?

The following technical documentation for the operation and installation of the Eurex system is available:

- Front-end Installation Guide GATE
- Eurex Front-end Installation Guide
- Front-end Operations Guide GATE
- Eurex Front-end Operations Guide

Eurex also offers technical member training, which is geared towards Eurex member staff responsible for the Eurex system administration. The dates and locations for the Eurex Technical Member Training can be found on the Deutsche Börse Trainingscenter website **http://trainingscenter.deutsche-boerse.com**.

Contact the Eurex Technical Helpdesk, T +49 (0)69-21 01-12 00, e-mail: eurex-help@eurexchange.com

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