eurexbonds circular 07/07

Date: Frankfurt, 30 January 2007
Recipients: All Eurex Bonds members and vendors
Authorized by: Werner Striegler

U **Action Required**

Enhanced Market Maker Protection

Contact: Werner Striegler: tel. +49-69-211 1 5038

Content may be most important for:	**Attachments:**
Ü Front Office / Trading Ü IT / System Administration	Connection Monitor – Application Form Heartbeat - Application Form

Eurex Bonds currently offers the following Market Making protection mechanism to its Members:

Market Maker Connection Monitor

Software that monitors the connection between the Xetra back-end and a dedicated MISS of a Eurex Bonds member. In case of connectivity loss between the back-end and the dedicated MISS a deletion of all quotes of the member will be triggered.

With the introduction of the Xetra Release 8 scheduled for **end of April 2007** the following mechanism will be added:

Market Making Heartbeat

The Market-Making Heartbeat limits the operational risk of continuously quoting Market Makers. A predefined "Keep Alive" signal between the Market Maker's quote machine, via the respective MISS to the back-end, delivers protection against technical failure of either the customer software or the Eurex Bonds infrastructure. An interruption of the signal triggers an immediate deletion of all remaining quotes entered by this trader subgroup if no further signal arrives in a preset period of time.

More information can be found in the documents "VALUES API Member Front End Development Guide" and "Xetra Release 8.0 Technical Description".

It is planned that the new Heartbeat functionality will be available in the simulation environment as of **19 February 2007**.

Please use the attached forms to apply for the usage of both Market Making protection mechanisms in simulation and production.

Connection Monitor

Automatic Quote Deletion for Market Makers in Case of Connection Breakdown
between Member MISS and Eurex Bonds Back End

Eurex Bonds GmbH

60284 Frankfurt am Main

FAX: +49-(0) 69- 211- 17003

Member's Details

Name of Member

Department

Name of technical contact person (System Administrator)

E-mail address of technical contact person

if so, name of second technical contact person

Street or Post Box

Zip code, place

Eurex Bonds Member ID	Telephone no.	Fax no.

With this application a Eurex Bonds Market Maker applies for having the connection of one member MISS in its production environment monitored and, in case of a connection breakdown between the Eurex Bonds back end and the specified MISS, having immediately deleted all its quotes entered under the abovementioned Eurex Bonds Member ID. Please note that the deletion automatism will be activated even if the built-in system failover mechanism should re-establish the connection!

Eurex Bonds explicitly points out that the appropriate deletion will be made automatically and that Eurex Bonds will not take any liability with regard to the time of the deletion. In case of a breakdown of the deletion automatism, liability of Eurex Bonds will be determined by section 6 of the Eurex Bonds Connection Agreement.

Electronic monitoring of the MISS connection to Eurex Bonds may only be applied for and claimed by a Eurex Bonds member that accepts the present conditions by signing and returning this fax form to the above number.

☐ We are connected to the Eurex Bonds system and apply for electronic monitoring of our MISS connection to Eurex Bonds.

☐ We are connected to the Eurex Bonds system and wish to terminate electronic monitoring of our MISS connection to Eurex Bonds.

One Dedicated Quote Machine MISS to be monitored:

MISS logical ID Production:

MISS logical ID Simulation:

We herewith confirm that the contact person indicated above is authorized to confirm the deletion of quotes to Eurex Bonds Market Supervision.

The participant undertakes to inform about any changes of the dedicated MISS and to request termination of monitoring connection of the member's Quote Machines at least three exchange trading days in advance of the requested change.

Date, company stamp and name in capitals *Signature*

Heartbeat

Automatic Quote Deletion for Market Makers in Case of Connection Breakdown
between Market Makers Quoting Applications and Eurex Bonds Back End

Eurex Bonds GmbH

60284 Frankfurt am Main

FAX: +49-(0) 69- 211- 17003

Member's Details

Name of Member

Department

Name of technical contact person (System Administrator)

E-mail address of technical contact person

if so, name of second technical contact person

Street or Post Box

Zip code, place

Eurex Bonds Member ID	Telephone no.	Fax no.

With this application, a Eurex Bonds Market Maker applies for having the connection of its Quote Machine Applications in its production environment monitored and, in case of a connection breakdown between the Eurex Bonds backend and the Quote Machine Applications connected to the Heartbeat Interface, having immediately deleted all its quotes entered under the abovementioned Eurex Bonds Member ID.

Member Applications using the heartbeat monitoring must send heartbeat messages in a dedicated frequency. In case of a connection failure or any other situation causing a heartbeat interrupt, quotes will be deleted on the Eurex Bonds backend.

Eurex Bonds explicitly points out that the appropriate deletion will be made automatically and that Eurex Bonds will not take any liability with regard to the time of the deletion. In case of a breakdown of the deletion automatism, liability of Eurex Bonds will be determined by section 6 of the Eurex Bonds Connection Agreement.

Market Maker/Heartbeat - Automatic Quote Deletion may only be applied for and claimed by a Eurex Bonds member, who accepts the present conditions.

☐ We are connected to the Eurex Bonds system and apply for heartbeat monitoring of our Quote Machine Application.

☐ We are connected to the Eurex Bonds system and wish to terminate the heartbeat monitoring of our Quote Machine Application.

With this application form the Member will be authorized to use the Heartbeat Functionality. Please note that it lies in the responsibility of the member to authorize its trader groups for usage of the Heartbeat and that the maximum number of Trader Subgroups per Eurex Bonds member being monitored by the Heartbeat functionality is limited to two.

Heartbeat monitoring will be started for a Member, Trader Subgroup combination after the successful submission of at least one start heartbeat request and a subsequent enter heartbeat request for the member, trader subgroup by the Market Makers Quoting Application.

We herewith confirm that the contact person indicated above is authorized to confirm the deletion of quotes to Eurex Bonds Market Supervision.

Date, company stamp and name in capitals *Signature*