X-pand into the Future

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Recipients: All Trading Participants of Eurex Deutschland and Eurex Zürich and Vendors
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Introduction of T7 Release 6.0 on 4 December 2017

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

Summary:

T7 Release 6.0 is planned to be launched on **4 December 2017**. The simulation period for T7 Release 6.0 is currently planned to start on 22 September 2017.

This circular provides Trading Participants and Independent Software Vendors (ISVs) with an overview of the enhancements planned for T7 Release 6.0, including:

- MiFID II regulatory requirements.
- Technical enhancement regarding partition specific gateways.
- For Eurex:
  - A new Request for Quote (RfQ) based platform.
  - Entry of leg trade prices for TES trades in complex instruments.
  - Initial boundary price based on settlement price and quote spreads.
  - Delta validation for option volatility strategies.

Please note that with T7 Release 6.0, the ETI version 5.0 will no longer be supported. The T7 FIX interface will not be backwards compatible to the FIX interface for Release 5.0 as well.

Introduction of T7 Release 6.0 on 4 December 2017

The launch of T7 Release 6.0 is planned for 4 December 2017. An overview of the release content relevant for Eurex Members is provided in this circular.

Eurex is committed to providing Participants and ISVs with information updates throughout the development of T7 Release 6.0 in order to support adequate planning and to ensure a successful launch. The T7 documentation currently available on the website www.eurexchange.com will be updated for T7 Release 6.0 and published well in advance of the launch. Please see the implementation and communication schedule in section 5.

To ensure effective information distribution, we kindly ask Participants to register contact persons in the Member Section on www.eurexchange.com.

1 MiFID II regulatory requirements

In order to satisfy the regulatory MiFID II/MiFIR requirements, which will be effective from 3 January 2018, Deutsche Börse AG introduces several enhancements with T7 6.0.

- Pre-trade Controls: order price check, maximum order value, maximum order quantity (according to RTS 7 Art. 20).
- Market making handling (RTS 8 for ESMA/2015/1464):
  - Market making obligation flag for liquid financial instruments that are defined by ESMA.
  - Liquidity Provision Indicator in order and quote maintenance requests for market makers to mark their orders and quotes for the purpose of liquidity provision.
  - Introduction of Stressed Market Conditions based on the market conditions in an instrument, under which relaxed obligations for market making apply.
  - Introduction of exceptional market conditions, which have a major impact on the trading environment and under which obligations for market making do not apply.
- Pre-trade and post-trade transparency provision (RTS 1 and 2):
  - market depth of at least five for all products,
  - illiquid instrument flag and limited information flag on product level.
- Audit Trail Reporting: several new fields (for example ClientID for customer identification) are introduced to provide the necessary input for the Audit Trail Reporting required by ESMA (RTS 24).

2 Technical enhancements – partition specific gateways

With Release 6.0, T7 will implement the so-called partition specific gateways. Partition specific gateways will replace the existing high frequency gateways and will allow routing only to a specific partition. Sessions may login to only one partition specific gateway at a time and have to specify the partition Id in their initial connection request. During a transition period high frequency and partition, specific gateways will be offered in parallel.

Low frequency gateways will stay in place and allow routing to all partitions.

3 T7 enhancements for the derivatives markets

Several enhancements relevant for the T7 derivatives markets are introduced with the new T7 6.0 release:

- **A Request for Quote based platform**

  With the upcoming MiFID II regulation there will be an increased requirement on investment firms to prove Best Execution. Eurex wants to provide its members tools to meet these challenges. For this purpose, T7 will be enhanced with a selective RfQ platform to negotiate off-book transactions electronically. Aimed are both Brokers and Market Makers in Fixed Income Options for the initial release, the service helps to provide all necessary data to prove Best Execution, while also streamlining the current voice driven market.

- **Entry of leg trade prices for TES trades in complex instruments**

  TES trade entry and modification for complex instruments is enhanced to allow the initiating user to enter leg prices. The leg trades generated from these TES trades will apply the prefilled prices for the legs.

- **Initial boundary price based on settlement price and quote spreads**

  The price validations for TES trading are enhanced to allow the use of the previous day settlement price as reference price and calculate minimum and maximum price boundaries around it by using quote spreads.

- **Delta validation for option volatility strategies**

  To prevent the setup of wrongly defined options volatility strategies with respect to their delta neutrality, an optional validation of the delta neutrality of options volatility strategies is introduced with T7 6.0.

4 Reports

The following new reports are introduced with T7 6.0:

- TE600 – Daily Selective RfQ Maintenance
- TE960 – Regulatory Market Conditions Maintenance
- TR160 – Identifier Mapping Error
- TR161 – Identifier Mapping Status

There are changes in the following existing derivatives market reports:

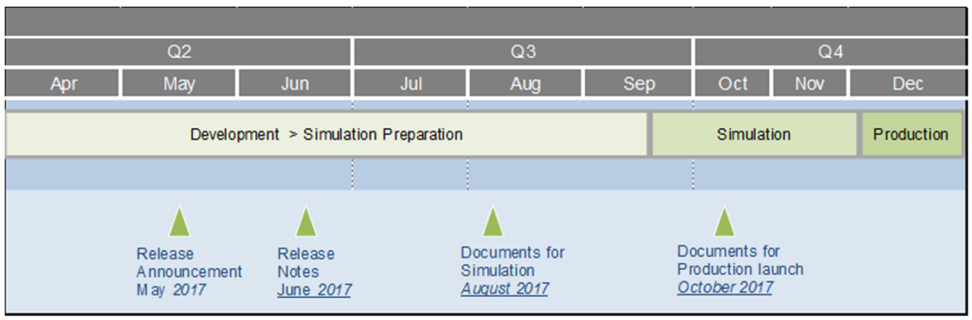
- TE540 – Daily Order Maintenance
- TE545 – Daily TES Maintenance
- TE550 – Open Order Detail
- TE810 – T7 Daily Trade Confirmation
- TR900 – Daily Order and Quote Transactions

Please note that the list of affected reports might change until the publication of the Release Notes.

5 Implementation and communication schedule

The production launch of T7 Release 6.0 is currently planned for 4 December 2017.

The following diagram gives an overview of the introduction schedule:



Deutsche Börse AG will provide a dedicated release simulation environment in order to give Trading Participants the opportunity to perform comprehensive testing of their trading applications, independent from the T7 production environment. The simulation period for T7 Release 6.0 is currently planned to start on 22 September 2017.

In addition to T7's release simulation, participants can also use the T7 Cloud Simulation that allows Trading Participants and Independent Software Vendors (ISVs) to test against the current T7 production and simulation environment. In this environment, participants can initiate predefined market scenarios and test specific strategies more easily than in a shared environment. The T7 Cloud simulation is available 24/7 for a fixed price per hour and is accessible using an SSL-encrypted internet connection. For more information on the T7 Cloud Simulation, please refer to the Eurex website www.eurexchange.com under the following link:

Technology > Eurex Exchange's T7 > Eurex T7 Cloud Simulation

In June 2017, Eurex will publish detailed release notes listing all functional and technical enhancements that will be available in T7 Release 6.0.

The following existing documents will be revised for T7 Release 6.0. Preliminary versions (identified by ◆) will be published in June 2017, simulation versions (identified by ■) will be published in August and September 2017, and final versions (identified by ●) will be published in September, October and November 2017 prior to the production launch.

T7 Release 6.0	Eurex	Xetra	Combined	Q1 2017			Q2 2017			Q3 2017			Q4 2017		
				Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Release Notes															
T7 Release 6.0, Release Notes	x	x							◆				●		
Simulation															
Participant Simulation Guide	x	x										●			
Overview and Functionality															
T7 Functional and Interface Overview			x									●			
T7 Cross System Traceability			x									●			
T7 Funtional Reference			x									●			
Participant and User Maintenance Manual	x	x											●		
Market Model Xetra		x										●			
GUI Solutions															
Trader, Admin and Clearer GUI - Manual	x	x										■		●	
T7 Trader, Admin and Clearer GUI - Installation Manual			x									■		●	
Trading Interfaces															
T7 Enhanced Trading Interface – Manual incl. Repository and Header files			x								■		●		
T7 Enhanced Trading Interface – XML Representation			x								■		●		
T7 FIX Gateway - FIX 4.2 and 4.4 Manual incl. Fiximate and Repository			x								■		●		
Market and Reference Data Interfaces															
T7 Market-, Enhanced Order Book- and Reference Data Interfaces, Manual incl. Fast Message Template and Repository			x								■		●		
Reference Data File – FIXML Schema Files	x	x											●		
Xetra Instrument Reference Data Guide		x										●			
T7 Extended Market Data Services – Manual incl. Fast Message Template and Underlying Ticker Data			x								■		●		
Reports															
XML Reports - Reference Manual	x	x										■		●	
Common Report Engine User Guide			x										●		
Network Access															
Network Access Guide			x									●			
Rules & Regulations															
Xetra Rules & Regulations		x												●	

The documents will be available on the Eurex website under the link:

Technology > Eurex Exchange's T7 > System documentation > Release 6.0

Please note that dates are preliminary and subject to change.

6 Contacts

If you have any questions or require further information, please contact your Global Key Account Manager Trading. Alternatively, please contact your Technical Key Account Manager using your VIP number or via e-mail to: cts@deutsche-boerse.com.

24 May 2017